

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended August 31, 2022  
(Based on Japanese GAAP)**

October 3, 2022

Company name: ARCLANDS CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 9842 URL <https://www.arcland.co.jp/>  
 Representative: President and COO Haruhiko Sakamoto  
 Director, General Manager, Administration Headquarters Mitsuki Shida TEL 0256-33-6000  
 Scheduled date to file Quarterly Securities Report: October 4, 2022  
 Scheduled date to commence dividend payments: October 24, 2022  
 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, 2022 (from March 1, 2022 to August 31, 2022)

(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, 2022	159,917	–	11,853	–	12,340	–	7,400	–
Six months ended August 20, 2021	161,479	154.8	11,329	47.1	12,740	56.8	13,943	195.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2022	182.48		–	
Six months ended August 20, 2021	343.80		–	

(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, 2022	370,572	114,932	28.0	2,559.86
As of February 28, 2022	371,769	107,403	26.0	2,386.98

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, 2022	–	15.00	–	20.00	35.00
Year ending February 28, 2023	–	20.00	–	–	–
Year ending February 28, 2023 (Forecast)	–	–	–	20.00	40.00

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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	330,000	–	25,650	–	25,000	–	14,000	–	345.19

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2022  
 (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: Yes
- 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, 2022	41,381,686 shares	As of February 28, 2022	41,381,686 shares
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Number of treasury shares at the end of the period

As of August 31, 2022	824,077 shares	As of February 28, 2022	824,077 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, 2022	40,557,609 shares	Six months ended August 20, 2021	40,557,657 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	30,362	26,236
Notes and accounts receivable - trade	8,687	9,513
Merchandise and finished goods	50,514	53,890
Other	7,461	9,035
Allowance for doubtful accounts	(32)	(24)
Total current assets	96,992	98,651
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	98,077	96,458
Land	72,485	71,040
Leased assets, net	23,270	22,422
Other, net	7,459	9,593
Total property, plant and equipment	201,292	199,514
Intangible assets		
Goodwill	20,452	19,682
Trademark right	9,081	8,836
Other	7,344	6,995
Total intangible assets	36,878	35,514
Investments and other assets		
Investment securities	9,200	9,970
Leasehold and guarantee deposits	23,901	23,520
Other	3,523	3,421
Allowance for doubtful accounts	(19)	(18)
Total investments and other assets	36,606	36,893
Total non-current assets	274,777	271,921
Total assets	371,769	370,572
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	19,145	22,507
Electronically recorded obligations - operating	25,554	17,064
Short-term borrowings	56,100	38,000
Current portion of long-term borrowings	27,000	13,000
Lease obligations	1,881	1,871
Income taxes payable	4,115	4,774
Provision for bonuses	1,317	1,462
Contract liabilities	–	741
Provision for point card certificates	259	–
Asset retirement obligations	45	24
Other	11,641	14,012
Total current liabilities	147,061	113,457

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Non-current liabilities		
Bonds payable	2,109	2,109
Long-term borrowings	56,500	82,000
Lease obligations	29,711	28,779
Long-term guarantee deposits	14,107	14,204
Retirement benefit liability	481	507
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	5,047	5,084
Other	9,166	9,317
Total non-current liabilities	117,304	142,182
Total liabilities	264,366	255,640

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,274	6,274
Retained earnings	83,139	89,576
Treasury shares	(641)	(641)
Total shareholders' equity	95,235	101,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,552	2,015
Foreign currency translation adjustment	(61)	(38)
Deferred gains or losses on hedges	83	172
Total accumulated other comprehensive income	1,574	2,149
Non-controlling interests	10,593	11,110
Total net assets	107,403	114,932
Total liabilities and net assets	371,769	370,572

## 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, 2021	Six months ended August 31, 2022
Net sales	161,479	159,917
Cost of sales	100,833	99,519
Gross profit	60,646	60,397
Operating revenue		
Lease revenue	5,694	6,671
Other	102	28
Operating gross profit	66,442	67,097
Selling, general and administrative expenses	55,113	55,243
Operating profit	11,329	11,853
Non-operating income		
Interest income	35	30
Dividend income	124	143
Purchase discounts	162	180
Foreign exchange gains	29	–
Subsidy income	1,599	471
Share of profit of entities accounted for using equity method	152	103
Other	201	266
Total non-operating income	2,305	1,195
Non-operating expenses		
Interest expenses	622	607
Foreign exchange losses	–	48
Commission for syndicated loans	251	–
Other	21	53
Total non-operating expenses	894	709
Ordinary profit	12,740	12,340
Extraordinary income		
Gain on sale of non-current assets	10,234	634
Income from exited tenant	4	–
Other	12	44
Total extraordinary income	10,251	678
Extraordinary losses		
Loss on retirement of non-current assets	65	82
Loss on disaster	69	238
Impairment losses	22	–
compensation from tenant transfer	119	–
Loss on store closings	140	141
Other	79	64
Total extraordinary losses	494	527
Profit before income taxes	22,497	12,491
Income taxes - current	8,052	4,279
Income taxes - deferred	(657)	(17)
Total income taxes	7,394	4,261
Profit	15,102	8,229
Profit attributable to non-controlling interests	1,158	828
Profit attributable to owners of parent	13,943	7,400

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

(Millions of yen)

	Six months ended August 20, 2021	Six months ended August 31, 2022
Profit	15,102	8,229
Other comprehensive income		
Valuation difference on available-for-sale securities	(58)	463
Foreign currency translation adjustment	14	41
Deferred gains or losses on hedges	142	89
Share of other comprehensive income of entities accounted for using equity method	2	8
Total other comprehensive income	101	602
Comprehensive income	15,203	8,832
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,037	7,975
Comprehensive income attributable to non-controlling interests	1,166	856

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 20, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	22,497	12,491
Depreciation	5,115	5,377
Amortization of goodwill	825	767
Increase (decrease) in provision for bonuses	1,433	144
Interest and dividend income	(159)	(173)
Interest expenses	622	607
Subsidy income	(1,599)	(471)
Loss (gain) on sale of non-current assets	(10,234)	(634)
Decrease (increase) in trade receivables	754	(820)
Decrease (increase) in inventories	(2,161)	(3,352)
Decrease (increase) in other assets	(1,162)	(1,517)
Increase (decrease) in trade payables	2,367	202
Increase (decrease) in other liabilities	(2,551)	1,751
Other, net	625	333
Subtotal	16,373	14,707
Interest and dividends received	172	158
Interest paid	(622)	(579)
Subsidies received	1,036	527
Income taxes paid	(4,980)	(3,693)
Net cash provided by (used in) operating activities	11,979	11,120
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,258)	(11,885)
Proceeds from sale of property, plant and equipment	16,102	4,972
Purchase of intangible assets	(1,261)	(180)
Payments of leasehold and guarantee deposits	(264)	(108)
Proceeds from refund of leasehold and guarantee deposits	433	475
Loan advances	(1)	(15)
Guarantee deposits received	576	276
Refund of guarantee deposits received	(207)	(180)
Other, net	362	(84)
Net cash provided by (used in) investing activities	(11,518)	(6,730)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(49,630)	(18,100)
Proceeds from long-term borrowings	73,000	28,000
Repayments of long-term borrowings	(19,538)	(16,500)
Repayments of lease obligations	(951)	(946)
Dividends paid	(811)	(811)
Dividends paid to non-controlling interests	(171)	(214)
Net cash provided by (used in) financing activities	1,897	(8,572)
Effect of exchange rate change on cash and cash equivalents	11	55
Net increase (decrease) in cash and cash equivalents	2,369	(4,127)
Cash and cash equivalents at beginning of period	25,605	30,353
Cash and cash equivalents at end of period	27,974	26,226