

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended August 20, 2017 (Based on Japanese GAAP)

September 19, 2017

Company name: ARCLAND SAKAMOTO CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 9842 URL <http://www.arcland.co.jp/>  
 Representative: President Masatoshi Sakamoto  
 Inquiries: Director, General Manager Accounting Dept. Toshiyuki Kuribayashi TEL 0256-33-6000  
 Scheduled date to file Quarterly Securities Report: September 29, 2017  
 Scheduled date to commence dividend payments: October 16, 2017  
 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, 2017 (from February 21, 2017 to August 20, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 20, 2017	53,688	1.7	5,207	8.9	5,551	8.2	3,120	11.3
Six months ended August 20, 2016	52,778	2.2	4,781	3.6	5,130	3.0	2,803	5.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 20, 2017	76.93	–
Six months ended August 20, 2016	69.12	–

(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, 2017	88,722	71,678	72.8	1,593.38
As of February 20, 2017	87,336	69,303	71.8	1,546.02

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, 2017	–	12.50	–	12.50	25.00
Year ending February 20, 2018	–	12.50			
Year ending February 20, 2018 (Forecast)			–	12.50	25.00

3. Forecast of consolidated financial results for the year ending February 20, 2018 (from February 21, 2017 to February 20, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	105,000	1.9	9,250	4.6	10,000	4.4	5,200	3.8	128.21

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 20, 2017  
(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, 2017	41,381,686 shares	As of February 20, 2017	41,381,686 shares
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Number of treasury shares at the end of the period

As of August 20, 2017	823,900 shares	As of February 20, 2017	823,900 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, 2017	40,557,786 shares	Six months ended August 20, 2016	40,557,851 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 20, 2017	As of August 20, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,993	13,468
Notes and accounts receivable - trade	3,546	3,796
Merchandise and finished goods	11,899	12,244
Securities	3,600	2,000
Other	1,636	1,856
Allowance for doubtful accounts	(8)	(6)
<b>Total current assets</b>	<b>30,668</b>	<b>33,358</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	29,859	29,424
Land	8,840	8,873
Other, net	947	959
<b>Total property, plant and equipment</b>	<b>39,647</b>	<b>39,257</b>
<b>Intangible assets</b>		
Goodwill	270	236
Other	1,908	1,906
<b>Total intangible assets</b>	<b>2,179</b>	<b>2,143</b>
<b>Investments and other assets</b>		
Investment securities	9,775	8,853
Lease and guarantee deposits	4,595	4,598
Other	477	518
Allowance for doubtful accounts	(7)	(7)
<b>Total investments and other assets</b>	<b>14,840</b>	<b>13,962</b>
<b>Total non-current assets</b>	<b>56,668</b>	<b>55,363</b>
<b>Total assets</b>	<b>87,336</b>	<b>88,722</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	4,101	5,451
Short-term loans payable	2,300	300
Current portion of long-term loans payable	500	500
Income taxes payable	1,552	1,934
Provision for bonuses	232	319
Asset retirement obligations	23	–
Other	3,276	3,051
<b>Total current liabilities</b>	<b>11,986</b>	<b>11,557</b>
<b>Non-current liabilities</b>		
Long-term loans payable	500	250
Long-term guarantee deposited	3,303	3,206
Net defined benefit liability	264	253
Provision for directors' retirement benefits	180	180
Asset retirement obligations	1,478	1,502
Other	319	93
<b>Total non-current liabilities</b>	<b>6,046</b>	<b>5,486</b>
<b>Total liabilities</b>	<b>18,032</b>	<b>17,044</b>

(Millions of yen)

	As of February 20, 2017	As of August 20, 2017
Net assets		
Shareholders' equity		
Capital stock	6,462	6,462
Capital surplus	6,603	6,603
Retained earnings	48,372	50,936
Treasury shares	(641)	(641)
Total shareholders' equity	60,798	63,362
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,923	1,272
Foreign currency translation adjustment	(18)	(11)
Total accumulated other comprehensive income	1,904	1,261
Non-controlling interests	6,600	7,054
Total net assets	69,303	71,678
Total liabilities and net assets	87,336	88,722

**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, 2016	Six months ended August 20, 2017
Net sales	52,778	53,688
Cost of sales	33,431	33,704
Gross profit	19,346	19,983
Selling, general and administrative expenses	14,565	14,776
Operating income	4,781	5,207
Non-operating income		
Interest income	27	17
Purchase discounts	166	157
Share of profit of entities accounted for using equity method	46	63
Other	139	121
Total non-operating income	379	360
Non-operating expenses		
Interest expenses	3	1
Foreign exchange losses	20	8
Other	6	5
Total non-operating expenses	30	15
Ordinary income	5,130	5,551
Extraordinary income		
Gain on sales of non-current assets	–	3
Settlement received	–	13
Gain on donation of non-current assets	2	–
Other	2	6
Total extraordinary income	4	22
Extraordinary losses		
Loss on retirement of non-current assets	52	21
Loss on closing of stores	15	18
Dismantlement expanses	15	19
Other	25	18
Total extraordinary losses	109	78
Profit before income taxes	5,026	5,496
Income taxes - current	1,754	1,810
Income taxes - deferred	17	(11)
Total income taxes	1,771	1,799
Profit	3,254	3,697
Profit attributable to non-controlling interests	450	576
Profit attributable to owners of parent	2,803	3,120

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

(Millions of yen)

	Six months ended August 20, 2016	Six months ended August 20, 2017
Profit	3,254	3,697
Other comprehensive income		
Valuation difference on available-for-sale securities	15	(650)
Foreign currency translation adjustment	(28)	3
Share of other comprehensive income of entities accounted for using equity method	–	(3)
Total other comprehensive income	(13)	(650)
Comprehensive income	3,241	3,046
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,802	2,469
Comprehensive income attributable to non-controlling interests	438	577

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 20, 2016	Six months ended August 20, 2017
Cash flows from operating activities		
Profit before income taxes	5,026	5,496
Depreciation	1,201	1,165
Amortization of goodwill	34	34
Interest and dividend income	(31)	(22)
Interest expenses	3	1
Decrease (increase) in notes and accounts receivable - trade	(195)	(250)
Decrease (increase) in inventories	(480)	(343)
Increase (decrease) in notes and accounts payable - trade	1,277	1,350
Other, net	(308)	(252)
Subtotal	6,525	7,179
Interest and dividend income received	25	19
Interest expenses paid	(3)	(1)
Settlement package received	–	15
Income taxes paid	(1,527)	(1,455)
Net cash provided by (used in) operating activities	5,020	5,756
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,770)	(910)
Purchase of intangible assets	(24)	(16)
Payments for lease and guarantee deposits	(113)	(170)
Proceeds from collection of lease and guarantee deposits	116	168
Purchase of investment securities	(4,076)	(35)
Proceeds from sales of securities	–	1,010
Proceeds from redemption of securities	–	592
Other, net	(180)	26
Net cash provided by (used in) investing activities	(6,049)	664
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,700	(2,000)
Repayments of long-term loans payable	(250)	(250)
Cash dividends paid	(506)	(506)
Dividends paid to non-controlling interests	(89)	(89)
Other, net	(157)	(96)
Net cash provided by (used in) financing activities	1,695	(2,943)
Effect of exchange rate change on cash and cash equivalents	(10)	(2)
Net increase (decrease) in cash and cash equivalents	656	3,475
Cash and cash equivalents at beginning of period	6,163	9,993
Cash and cash equivalents at end of period	6,819	13,468