

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 20, 2017 (Based on Japanese GAAP)

December 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: December 28, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 20, 2017 (from February 21, 2017 to November 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 | % |
| Nine months ended November 20, 2017 | 79,735 | 2.0 | 7,302 | 7.5 | 7,862 | 6.6 | 4,375 | 8.2 |
| Nine months ended November 20, 2016 | 78,187 | 1.5 | 6,792 | 0.3 | 7,373 | 1.0 | 4,042 | 4.0 |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended November 20, 2017 | 107.88 | | – | |
| Nine months ended November 20, 2016 | 99.67 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of November 20, 2017 | 89,717 | 72,606 | 72.9 | 1,612.06 |
| 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 | | | | |
| Year ended February 20, 2017 | – | 12.50 | – | 12.50 | 25.00 |
| Year ending February 20, 2018 | – | 12.50 | – | | |
| Year ending February 20, 2018 (Forecast) | | | | 15.00 | 27.50 |

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 nine months ended November 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 November 20, 2017 | 41,381,686 shares | As of February 20, 2017 | 41,381,686 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|-------------------------|----------------|
| As of November 20, 2017 | 823,900 shares | As of February 20, 2017 | 823,900 shares |
|-------------------------|----------------|-------------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended November 20, 2017 | 40,557,786 shares | Nine months ended November 20, 2016 | 40,557,830 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of February 20, 2017 | As of November 20, 2017 |
|---------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,993 | 11,632 |
| Notes and accounts receivable - trade | 3,546 | 3,797 |
| Merchandise and finished goods | 11,899 | 12,824 |
| Securities | 3,600 | 2,000 |
| Other | 1,636 | 1,981 |
| Allowance for doubtful accounts | (8) | (6) |
| Total current assets | 30,668 | 32,228 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 29,859 | 29,282 |
| Land | 8,840 | 11,173 |
| Other, net | 947 | 932 |
| Total property, plant and equipment | 39,647 | 41,388 |
| Intangible assets | | |
| Goodwill | 270 | 383 |
| Other | 1,908 | 1,899 |
| Total intangible assets | 2,179 | 2,283 |
| Investments and other assets | | |
| Investment securities | 9,775 | 8,901 |
| Lease and guarantee deposits | 4,595 | 4,400 |
| Other | 477 | 521 |
| Allowance for doubtful accounts | (7) | (7) |
| Total investments and other assets | 14,840 | 13,816 |
| Total non-current assets | 56,668 | 57,488 |
| Total assets | 87,336 | 89,717 |

(Millions of yen)

| | As of February 20, 2017 | As of November 20, 2017 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 4,101 | 6,149 |
| Short-term loans payable | 2,300 | 300 |
| Current portion of long-term loans payable | 500 | 500 |
| Income taxes payable | 1,552 | 1,081 |
| Provision for bonuses | 232 | 553 |
| Asset retirement obligations | 23 | – |
| Other | 3,276 | 3,075 |
| Total current liabilities | 11,986 | 11,659 |
| Non-current liabilities | | |
| Long-term loans payable | 500 | 125 |
| Long-term guarantee deposited | 3,303 | 3,276 |
| Net defined benefit liability | 264 | 257 |
| Provision for directors' retirement benefits | 180 | 180 |
| Asset retirement obligations | 1,478 | 1,525 |
| Other | 319 | 86 |
| Total non-current liabilities | 6,046 | 5,451 |
| Total liabilities | 18,032 | 17,110 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,462 | 6,462 |
| Capital surplus | 6,603 | 6,603 |
| Retained earnings | 48,372 | 51,684 |
| Treasury shares | (641) | (641) |
| Total shareholders' equity | 60,798 | 64,110 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,923 | 1,280 |
| Foreign currency translation adjustment | (18) | (9) |
| Total accumulated other comprehensive income | 1,904 | 1,271 |
| Non-controlling interests | 6,600 | 7,225 |
| Total net assets | 69,303 | 72,606 |
| Total liabilities and net assets | 87,336 | 89,717 |

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

Consolidated statements of income (cumulative)

(Millions of yen)

| | Nine months ended November 20, 2016 | Nine months ended November 20, 2017 |
|---|--|--|
| Net sales | 78,187 | 79,735 |
| Cost of sales | 49,487 | 50,031 |
| Gross profit | 28,699 | 29,703 |
| Selling, general and administrative expenses | 21,907 | 22,401 |
| Operating income | 6,792 | 7,302 |
| Non-operating income | | |
| Interest income | 41 | 25 |
| Purchase discounts | 243 | 231 |
| Share of profit of entities accounted for using equity method | 71 | 80 |
| Other | 263 | 240 |
| Total non-operating income | 620 | 578 |
| Non-operating expenses | | |
| Interest expenses | 4 | 2 |
| Foreign exchange losses | 24 | 8 |
| Other | 10 | 8 |
| Total non-operating expenses | 39 | 19 |
| Ordinary income | 7,373 | 7,862 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 17 | 3 |
| Settlement received | - | 13 |
| Gain on donation of non-current assets | 2 | - |
| Other | 5 | 6 |
| Total extraordinary income | 25 | 22 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 83 | 36 |
| Loss on closing of stores | 15 | 39 |
| Dismantlement expanses | 16 | 19 |
| Other | 23 | 21 |
| Total extraordinary losses | 139 | 116 |
| Profit before income taxes | 7,259 | 7,767 |
| Income taxes - current | 2,448 | 2,594 |
| Income taxes - deferred | 75 | (52) |
| Total income taxes | 2,524 | 2,541 |
| Profit | 4,735 | 5,225 |
| Profit attributable to non-controlling interests | 692 | 850 |
| Profit attributable to owners of parent | 4,042 | 4,375 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended November 20, 2016 | Nine months ended November 20, 2017 |
|--|--|--|
| Profit | 4,735 | 5,225 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 603 | (642) |
| Foreign currency translation adjustment | (21) | 5 |
| Share of other comprehensive income of entities accounted for using equity method | – | (2) |
| Total other comprehensive income | 581 | (639) |
| Comprehensive income | 5,316 | 4,585 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,633 | 3,734 |
| Comprehensive income attributable to non-controlling interests | 683 | 851 |