

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 20, 2019 (Based on Japanese GAAP)

September 17, 2019

Company name: ARCLAND SAKAMOTO CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9842 URL <http://www.arcland.co.jp/>
 Representative: President and COO Masatoshi Sakamoto
 Director, General Manager, Administration Mitsuki Shida TEL 0256-33-6000
 Headquarters
 Scheduled date to file Quarterly Securities Report: September 27, 2019
 Scheduled date to commence dividend payments: October 15, 2019
 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 20, 2019 (from February 21, 2019 to August 20, 2019)

(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 20, 2019	56,437	1.8	5,217	(4.0)	5,602	(4.1)	2,900	(13.4)
Six months ended August 20, 2018	55,448	3.3	5,435	4.4	5,841	5.2	3,348	7.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 20, 2019	71.53	—
Six months ended August 20, 2018	82.57	—

(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, 2019	104,073	81,003	69.2	1,776.35
As of February 20, 2019	97,069	78,991	72.6	1,738.48

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, 2019	—	15.00	—	15.00	30.00
Year ending February 20, 2020	—	15.00			
Year ending February 20, 2020 (Forecast)			—	15.00	30.00

3. Forecast of consolidated financial results for the year ending February 20, 2020 (from February 21, 2019 to February 20, 2020)

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	115,000	4.6	10,000	1.0	11,000	3.3	5,800	1.9	143.01

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 20, 2019
 (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, 2019	41,381,686 shares	As of February 20, 2019	41,381,686 shares
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Number of treasury shares at the end of the period

As of August 20, 2019	823,983 shares	As of February 20, 2019	823,948 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, 2019	40,557,712 shares	Six months ended August 20, 2018	40,557,738 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2019	As of August 20, 2019
Assets		
Current assets		
Cash and deposits	18,354	18,814
Notes and accounts receivable - trade	3,778	4,322
Merchandise and finished goods	11,594	13,482
Other	1,340	1,864
Allowance for doubtful accounts	(8)	(7)
Total current assets	35,060	38,476
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,084	33,930
Land	13,101	13,393
Other, net	1,902	1,457
Total property, plant and equipment	44,088	48,781
Intangible assets		
Goodwill	134	100
Other	1,877	1,865
Total intangible assets	2,012	1,966
Investments and other assets		
Investment securities	10,033	8,726
Lease and guarantee deposits	4,599	4,576
Other	1,280	1,552
Allowance for doubtful accounts	(6)	(5)
Total investments and other assets	15,907	14,849
Total non-current assets	62,008	65,596
Total assets	97,069	104,073
Liabilities		
Current liabilities		
Accounts payable - trade	4,691	6,423
Short-term loans payable	-	2,200
Income taxes payable	1,996	2,064
Provision for bonuses	238	337
Asset retirement obligations	3	-
Other	3,597	4,489
Total current liabilities	10,527	15,515
Non-current liabilities		
Bonds payable	2,010	2,010
Long-term guarantee deposited	3,434	3,419
Net defined benefit liability	272	280
Provision for directors' retirement benefits	180	180
Asset retirement obligations	1,614	1,653
Other	37	9
Total non-current liabilities	7,550	7,553
Total liabilities	18,077	23,069

(Millions of yen)

	As of February 20, 2019	As of August 20, 2019
Net assets		
Shareholders' equity		
Capital stock	6,462	6,462
Capital surplus	6,606	6,594
Retained earnings	57,191	59,320
Treasury shares	(641)	(641)
Total shareholders' equity	69,619	71,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	889	321
Foreign currency translation adjustment	(0)	(13)
Total accumulated other comprehensive income	889	307
Non-controlling interests	8,482	8,958
Total net assets	78,991	81,003
Total liabilities and net assets	97,069	104,073

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, 2018	Six months ended August 20, 2019
Net sales	55,448	56,437
Cost of sales	34,453	34,544
Gross profit	20,995	21,893
Selling, general and administrative expenses	15,559	16,676
Operating profit	5,435	5,217
Non-operating income		
Interest income	4	5
Dividend income	59	96
Purchase discounts	158	150
Share of profit of entities accounted for using equity method	81	67
Other	113	130
Total non-operating income	418	449
Non-operating expenses		
Interest expenses	0	1
Foreign exchange losses	5	52
Other	6	10
Total non-operating expenses	12	64
Ordinary profit	5,841	5,602
Extraordinary income		
Income from exited tenant	27	–
Gain on transfer of store	34	18
Gain on reversal of asset retirement obligations	–	21
Other	9	19
Total extraordinary income	71	59
Extraordinary losses		
Loss on retirement of non-current assets	23	9
Loss on closing of stores	1	86
Dismantlement expenses	17	19
Impairment loss	–	26
Other	4	24
Total extraordinary losses	46	165
Profit before income taxes	5,865	5,496
Income taxes - current	1,978	1,997
Income taxes - deferred	(79)	(37)
Total income taxes	1,899	1,960
Profit	3,966	3,536
Profit attributable to non-controlling interests	617	635
Profit attributable to owners of parent	3,348	2,900

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 20, 2018	Six months ended August 20, 2019
Profit	3,966	3,536
Other comprehensive income		
Valuation difference on available-for-sale securities	(489)	(568)
Foreign currency translation adjustment	(16)	9
Share of other comprehensive income of entities accounted for using equity method	(6)	(21)
Total other comprehensive income	(512)	(580)
Comprehensive income	3,453	2,956
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,845	2,338
Comprehensive income attributable to non-controlling interests	608	617

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 20, 2018	Six months ended August 20, 2019
Cash flows from operating activities		
Profit before income taxes	5,865	5,496
Depreciation	1,129	1,200
Amortization of goodwill	50	35
Interest and dividend income	(64)	(101)
Interest expenses	0	1
Decrease (increase) in notes and accounts receivable - trade	(71)	(532)
Decrease (increase) in inventories	(175)	(1,603)
Increase (decrease) in notes and accounts payable - trade	585	1,703
Other, net	316	(222)
Subtotal	7,638	5,977
Interest and dividend income received	61	98
Interest expenses paid	(0)	(1)
Income taxes paid	(1,588)	(1,928)
Net cash provided by (used in) operating activities	6,110	4,146
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,154)	(4,761)
Purchase of intangible assets	(11)	(11)
Payments for lease and guarantee deposits	(200)	(130)
Proceeds from collection of lease and guarantee deposits	140	182
Purchase of investment securities	(390)	(122)
Proceeds from sales of shares of subsidiaries and associates	–	461
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(55)
Other, net	(16)	50
Net cash provided by (used in) investing activities	(1,633)	(4,386)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	1,412
Repayments of long-term loans payable	(250)	–
Cash dividends paid	(608)	(608)
Dividends paid to non-controlling interests	(114)	(143)
Other, net	65	(15)
Net cash provided by (used in) financing activities	(906)	645
Effect of exchange rate change on cash and cash equivalents	(3)	(7)
Net increase (decrease) in cash and cash equivalents	3,567	397
Cash and cash equivalents at beginning of period	14,777	18,354
Increase in cash and cash equivalents from newly consolidated subsidiary	–	52
Cash and cash equivalents at end of period	18,344	18,805