

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 20, 2020 (Based on Japanese GAAP)

June 15, 2020

Company name: ARCLAND SAKAMOTO CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9842 URL <http://www.arcland.co.jp/>
 Representative: Chairman & CEO Katsuji Sakamoto
 Director, General Manager, Administration Mitsuki Shida
 Inquiries: Headquarters TEL 0256-33-6000
 Scheduled date to file Quarterly Securities Report: June 26, 2020
 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 three months ended May 20, 2020 (from February 21, 2020 to May 20, 2020)

(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	%
Three months ended May 20, 2020	32,326	15.4	3,952	37.7	4,187	36.3	2,322	48.8
Three months ended May 20, 2019	28,004	2.1	2,869	4.2	3,072	3.6	1,560	(8.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 20, 2020	57.26	–
Three months ended May 20, 2019	38.48	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 20, 2020	109,072	84,973	69.0	1,855.68
As of February 20, 2020	105,608	83,105	69.7	1,814.60

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, 2020	–	15.00	–	15.00	30.00
Year ending February 20, 2021	–				
Year ending February 20, 2021 (Forecast)		15.00	–	15.00	30.00

3. Forecast of consolidated financial results for the year ending February 20, 2021 (from February 21, 2020 to February 20, 2021)

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
Six months ending August 20, 2020	58,000	2.8	5,300	1.6	6,000	7.1	3,000	3.4	73.97
Full year	115,000	2.1	9,800	2.3	11,000	5.8	5,200	7.3	128.21

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 20, 2020
(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 May 20, 2020	41,381,686 shares	As of February 20, 2020	41,381,686 shares
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Number of treasury shares at the end of the period

As of May 20, 2020	823,983 shares	As of February 20, 2020	823,983 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 20, 2020	40,557,703 shares	Three months ended May 20, 2019	40,557,721 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of February 20, 2020	As of May 20, 2020
Assets		
Current assets		
Cash and deposits	20,127	21,034
Notes and accounts receivable - trade	4,574	5,695
Merchandise and finished goods	12,285	13,427
Other	1,434	1,657
Allowance for doubtful accounts	(9)	(8)
Total current assets	38,413	41,804
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,872	34,404
Land	13,472	13,472
Other, net	1,692	1,448
Total property, plant and equipment	49,037	49,326
Intangible assets		
Goodwill	541	498
Other	2,173	2,147
Total intangible assets	2,714	2,646
Investments and other assets		
Investment securities	9,162	8,965
Leasehold and guarantee deposits	4,513	4,498
Other	1,771	1,836
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	15,442	15,294
Total non-current assets	67,194	67,267
Total assets	105,608	109,072
Liabilities		
Current liabilities		
Accounts payable - trade	5,077	7,997
Short-term borrowings	3,800	1,600
Income taxes payable	1,855	1,413
Provision for bonuses	241	521
Other	3,678	4,388
Total current liabilities	14,653	15,920
Non-current liabilities		
Bonds payable	2,010	2,010
Long-term guarantee deposits	3,632	3,855
Retirement benefit liability	270	267
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	1,697	1,711
Other	58	151
Total non-current liabilities	7,849	8,177
Total liabilities	22,502	24,098

	(Millions of yen)	
	As of February 20, 2020	As of May 20, 2020
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,582	6,582
Retained earnings	60,657	62,371
Treasury shares	(641)	(641)
Total shareholders' equity	73,061	74,775
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	576	531
Foreign currency translation adjustment	(42)	(45)
Total accumulated other comprehensive income	534	486
Non-controlling interests	9,509	9,711
Total net assets	83,105	84,973
Total liabilities and net assets	105,608	109,072

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 20, 2019	Three months ended May 20, 2020
Net sales	28,004	32,326
Cost of sales	17,047	19,583
Gross profit	10,957	12,742
Selling, general and administrative expenses	8,087	8,790
Operating profit	2,869	3,952
Non-operating income		
Interest income	2	2
Dividend income	55	57
Purchase discounts	73	69
Share of profit of entities accounted for using equity method	37	58
Other	58	63
Total non-operating income	227	251
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	21	12
Other	2	2
Total non-operating expenses	25	15
Ordinary profit	3,072	4,187
Extraordinary income		
Gain on transfer of store	18	—
Income from exited tenant	—	11
Other	—	0
Total extraordinary income	18	11
Extraordinary losses		
Loss on valuation of investment securities	—	152
Impairment loss	—	29
Other	28	36
Total extraordinary losses	28	218
Profit before income taxes	3,061	3,980
Income taxes - current	1,006	1,328
Income taxes - deferred	119	(55)
Total income taxes	1,126	1,272
Profit	1,935	2,707
Profit attributable to non-controlling interests	374	385
Profit attributable to owners of parent	1,560	2,322

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 20, 2019	Three months ended May 20, 2020
Profit	1,935	2,707
Other comprehensive income		
Valuation difference on available-for-sale securities	(727)	(52)
Foreign currency translation adjustment	14	(5)
Share of other comprehensive income of entities accounted for using equity method	(13)	(1)
Total other comprehensive income	(726)	(59)
Comprehensive income	1,209	2,648
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	841	2,274
Comprehensive income attributable to non-controlling interests	367	373