

Translation

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

June 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
 Inquiries: Headquarters TEL 0256-33-6000
 Scheduled date to file Quarterly Securities Report: June 28, 2019
 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, 2019 (from February 21, 2019 to May 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	%
Three months ended May 20, 2019	28,004	2.1	2,869	4.2	3,072	3.6	1,560	(8.5)
Three months ended May 20, 2018	27,425	3.3	2,754	3.9	2,964	6.1	1,705	11.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 20, 2019	38.48	–
Three months ended May 20, 2018	42.05	–

(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, 2019	100,936	79,256	69.9	1,739.45
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	–				
Year ending February 20, 2020 (Forecast)		15.00	–	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
Six months ending August 20, 2019	57,000	2.8	5,450	0.3	6,000	2.7	3,350	0.0	82.60
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 three months ended May 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 May 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 May 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)

Three months ended May 20, 2019	40,557,721 shares	Three months ended May 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 May 20, 2019
Assets		
Current assets		
Cash and deposits	18,354	18,237
Notes and accounts receivable - trade	3,778	4,447
Merchandise and finished goods	11,594	13,032
Other	1,340	1,717
Allowance for doubtful accounts	(8)	(8)
Total current assets	35,060	37,427
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,084	29,052
Land	13,101	13,124
Other, net	1,902	4,388
Total property, plant and equipment	44,088	46,565
Intangible assets		
Goodwill	134	145
Other	1,877	1,868
Total intangible assets	2,012	2,014
Investments and other assets		
Investment securities	10,033	8,844
Lease and guarantee deposits	4,599	4,615
Other	1,280	1,474
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	15,907	14,928
Total non-current assets	62,008	63,509
Total assets	97,069	100,936
Liabilities		
Current liabilities		
Accounts payable - trade	4,691	6,478
Short-term loans payable	—	1,600
Income taxes payable	1,996	1,005
Provision for bonuses	238	518
Asset retirement obligations	3	—
Other	3,597	4,537
Total current liabilities	10,527	14,139
Non-current liabilities		
Bonds payable	2,010	2,010
Long-term guarantee deposited	3,434	3,420
Net defined benefit liability	272	274
Provision for directors' retirement benefits	180	180
Asset retirement obligations	1,614	1,623
Other	37	30
Total non-current liabilities	7,550	7,540
Total liabilities	18,077	21,679

	(Millions of yen)	
	As of February 20, 2019	As of May 20, 2019
Net assets		
Shareholders' equity		
Capital stock	6,462	6,462
Capital surplus	6,606	6,594
Retained earnings	57,191	57,979
Treasury shares	(641)	(641)
Total shareholders' equity	69,619	70,396
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	889	161
Foreign currency translation adjustment	(0)	(10)
Total accumulated other comprehensive income	889	151
Non-controlling interests	8,482	8,708
Total net assets	78,991	79,256
Total liabilities and net assets	97,069	100,936

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, 2018	Three months ended May 20, 2019
Net sales	27,425	28,004
Cost of sales	16,908	17,047
Gross profit	10,517	10,957
Selling, general and administrative expenses	7,762	8,087
Operating profit	2,754	2,869
Non-operating income		
Interest income	2	2
Dividend income	53	55
Purchase discounts	76	73
Share of profit of entities accounted for using equity method	49	37
Other	44	58
Total non-operating income	226	227
Non-operating expenses		
Interest expenses	0	1
Foreign exchange losses	11	21
Other	4	2
Total non-operating expenses	16	25
Ordinary profit	2,964	3,072
Extraordinary income		
Gain on transfer of store	11	18
Income from exited tenant	27	—
Other	9	—
Total extraordinary income	47	18
Extraordinary losses		
Loss on retirement of non-current assets	11	4
Loss on closing of stores	0	23
Dismantlement expanses	7	1
Total extraordinary losses	19	28
Profit before income taxes	2,993	3,061
Income taxes - current	985	1,006
Income taxes - deferred	(17)	119
Total income taxes	967	1,126
Profit	2,025	1,935
Profit attributable to non-controlling interests	320	374
Profit attributable to owners of parent	1,705	1,560

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 20, 2018	Three months ended May 20, 2019
Profit	2,025	1,935
Other comprehensive income		
Valuation difference on available-for-sale securities	612	(727)
Foreign currency translation adjustment	(16)	14
Share of other comprehensive income of entities accounted for using equity method	(14)	(13)
Total other comprehensive income	581	(726)
Comprehensive income	2,607	1,209
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,300	841
Comprehensive income attributable to non-controlling interests	306	367