

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

July 28, 2023

Company name: ARCLAND SERVICE HOLDINGS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 3085 URL <https://www.arclandservice.co.jp/>  
 Representative: Representative Director, President Moritaka Sakamoto  
 Executive Officer, General Manager of  
 Inquiries: Corporate Planning Office Satoshi Ohara TEL 03-5217-1531  
 Scheduled date to file Quarterly Securities Report: August 10, 2023  
 Scheduled date to commence dividend payments: August 31, 2023  
 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 six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(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 June 30, 2023	24,707	11.4	2,482	3.5	2,554	(11.6)	1,677	(6.1)
Six months ended June 30, 2022	22,179	4.8	2,398	5.1	2,890	(27.1)	1,786	(28.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	52.21	–
Six months ended June 30, 2022	56.10	54.52

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	35,962	28,210	77.1	846.18
As of December 31, 2022	35,465	24,939	69.0	768.94

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 December 31, 2022	–	15.00	–	15.00	30.00
Year ending December 31, 2023	–	15.00			
Year ending December 31, 2023 (Forecast)			–	15.00	30.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	49,500	5.0	5,500	11.5	5,600	1.6	3,300	10.0	100.75

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023  
 (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 June 30, 2023	33,096,000 shares	As of December 31, 2022	33,096,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	340,067 shares	As of December 31, 2022	1,261,445 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	32,126,282 shares	Six months ended June 30, 2022	31,834,555 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	19,416	21,113
Accounts receivable - trade	3,446	2,665
Merchandise and finished goods	742	703
Raw materials and supplies	234	230
Other	1,442	1,015
Allowance for doubtful accounts	(22)	(20)
Total current assets	25,259	25,708
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,687	5,732
Machinery and equipment, net	417	426
Other, net	501	514
Total property, plant and equipment	6,606	6,673
Intangible assets		
Goodwill	185	149
Trademark right	5	4
Other	43	36
Total intangible assets	233	190
Investments and other assets		
Investment securities	398	428
Deferred tax assets	612	588
Leasehold and guarantee deposits	2,287	2,302
Other	67	71
Total investments and other assets	3,365	3,389
Total non-current assets	10,205	10,253
Total assets	35,465	35,962
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,017	2,373
Current portion of bonds payable	2,009	–
Accounts payable - other	678	386
Accrued expenses	1,227	1,016
Contract liabilities	396	360
Accrued consumption taxes	252	314
Income taxes payable	760	927
Provision for bonuses	–	154
Provision for shareholder benefit program	121	116
Other	420	475
Total current liabilities	8,883	6,124
Non-current liabilities		
Bonds payable	100	100
Guarantee deposits received	876	856
Asset retirement obligations	612	627
Other	53	44
Total non-current liabilities	1,641	1,627
Total liabilities	10,525	7,751

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,334	3,284
Retained earnings	21,256	22,455
Treasury shares	(79)	(22)
Total shareholders' equity	24,442	27,649
Accumulated other comprehensive income		
Foreign currency translation adjustment	35	67
Total accumulated other comprehensive income	35	67
Non-controlling interests	461	493
Total net assets	24,939	28,210
Total liabilities and net assets	35,465	35,962

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

### Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	22,179	24,707
Cost of sales	10,815	12,242
Gross profit	11,364	12,464
Selling, general and administrative expenses	8,965	9,982
Operating profit	2,398	2,482
Non-operating income		
Interest income	2	3
Rebate income	7	8
Sponsorship money income	2	9
Share of profit of entities accounted for using equity method	12	28
Subsidy income	453	–
Miscellaneous income	21	30
Total non-operating income	499	79
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	4	2
Miscellaneous losses	2	4
Total non-operating expenses	7	7
Ordinary profit	2,890	2,554
Extraordinary income		
Gain on sale of non-current assets	13	1
Gain on transfer of store	–	73
Compensation income	9	–
Other	–	0
Total extraordinary income	22	76
Extraordinary losses		
Loss on retirement of non-current assets	17	3
Loss on store closings	129	3
Other	0	–
Total extraordinary losses	147	7
Profit before income taxes	2,766	2,623
Income taxes - current	896	889
Income taxes - deferred	58	24
Total income taxes	954	914
Profit	1,811	1,709
Profit attributable to non-controlling interests	25	32
Profit attributable to owners of parent	1,786	1,677

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

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	1,811	1,709
Other comprehensive income		
Foreign currency translation adjustment	53	25
Share of other comprehensive income of entities accounted for using equity method	8	5
Total other comprehensive income	62	31
Comprehensive income	1,873	1,741
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,848	1,708
Comprehensive income attributable to non-controlling interests	25	32

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,766	2,623
Depreciation	304	320
Amortization of goodwill	35	35
Increase (decrease) in allowance for doubtful accounts	(8)	(2)
Increase (decrease) in provision for bonuses	134	154
Loss on retirement of non-current assets	17	3
Loss on store closings	129	3
Share of loss (profit) of entities accounted for using equity method	(12)	(28)
Interest income	(2)	(3)
Subsidy income	(453)	–
Gain on transfer of store	–	(73)
Decrease (increase) in trade receivables	487	782
Decrease (increase) in inventories	(53)	42
Decrease (increase) in other assets	88	268
Increase (decrease) in trade payables	(268)	(644)
Increase (decrease) in other liabilities	(380)	(379)
Other, net	(9)	(3)
Subtotal	2,773	3,099
Interest received	0	0
Interest paid	(0)	(0)
Income taxes paid	(1,619)	(413)
Subsidies received	508	–
Net cash provided by (used in) operating activities	1,661	2,686
Cash flows from investing activities		
Purchase of property, plant and equipment	(812)	(513)
Proceeds from sale of property, plant and equipment	62	45
Payments of leasehold and guarantee deposits	(78)	(71)
Proceeds from refund of leasehold and guarantee deposits	31	27
Other, net	(4)	(1)
Net cash provided by (used in) investing activities	(800)	(513)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	–
Proceeds from guarantee deposits received	14	11
Dividends paid	(477)	(477)
Other, net	(12)	(34)
Net cash provided by (used in) financing activities	(575)	(500)
Effect of exchange rate change on cash and cash equivalents	52	26
Net increase (decrease) in cash and cash equivalents	337	1,697
Cash and cash equivalents at beginning of period	18,924	19,416
Cash and cash equivalents at end of period	19,262	21,113