

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Based on Japanese GAAP)

October 28, 2022

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
 Director and General Manager of administration headquarters Yasuhiro Kuwabara TEL 03-5217-1531
 Inquiries: TEL 03-5217-1531
 Scheduled date to file Quarterly Securities Report: November 9, 2022
 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 September 30, 2022 (from January 1, 2022 to September 30, 2022)

(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	%
Nine months ended September 30, 2022	34,230	5.9	3,621	0.9	4,168	(29.2)	2,540	(30.6)
Nine months ended September 30, 2021	32,323	18.9	3,588	15.8	5,884	77.9	3,663	113.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	79.82		77.56	
Nine months ended September 30, 2021	115.08		111.83	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	33,411	24,491	72.0	755.26
As of December 31, 2021	33,486	23,057	67.6	711.58

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2021	–	15.00	–	15.00	30.00
Year ending December 31, 2022	–	15.00	–		
Year ending December 31, 2022 (Forecast)				15.00	30.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	46,500	5.2	5,470	11.5	5,500	(28.8)	3,300	26.1	103.66

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2022
(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: Yes
- 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 September 30, 2022	33,096,000 shares	As of December 31, 2021	33,096,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,261,445 shares	As of December 31, 2021	1,261,445 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2022	31,834,555 shares	Nine months ended September 30, 2021	31,834,555 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	18,924	18,316
Accounts receivable - trade	2,759	2,512
Merchandise and finished goods	545	624
Raw materials and supplies	205	239
Other	1,147	1,291
Allowance for doubtful accounts	(27)	(19)
Total current assets	23,554	22,964
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,228	5,789
Machinery and equipment, net	347	381
Other, net	547	529
Total property, plant and equipment	6,124	6,699
Intangible assets		
Goodwill	330	273
Trademark right	244	230
Other	34	29
Total intangible assets	609	533
Investments and other assets		
Investment securities	364	411
Deferred tax assets	423	410
Leasehold and guarantee deposits	2,321	2,328
Other	88	63
Total investments and other assets	3,197	3,214
Total non-current assets	9,931	10,447
Total assets	33,486	33,411
Liabilities		
Current liabilities		
Accounts payable - trade	2,438	2,257
Short-term borrowings	100	-
Current portion of bonds payable	-	2,009
Accounts payable - other	454	405
Accrued expenses	1,124	1,044
Contract liabilities	-	396
Accrued consumption taxes	240	150
Income taxes payable	1,669	321
Provision for bonuses	-	72
Provision for shareholder benefit program	127	99
Other	597	488
Total current liabilities	6,753	7,246
Non-current liabilities		
Bonds payable	2,109	100
Guarantee deposits received	861	871
Asset retirement obligations	634	639
Other	69	62
Total non-current liabilities	3,674	1,673
Total liabilities	10,428	8,920

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,334	1,334
Retained earnings	19,487	20,795
Treasury shares	(79)	(79)
Total shareholders' equity	22,674	23,982
Accumulated other comprehensive income		
Foreign currency translation adjustment	(21)	60
Total accumulated other comprehensive income	(21)	60
Non-controlling interests	404	447
Total net assets	23,057	24,491
Total liabilities and net assets	33,486	33,411

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	32,323	34,230
Cost of sales	15,427	16,807
Gross profit	16,895	17,423
Selling, general and administrative expenses	13,306	13,801
Operating profit	3,588	3,621
Non-operating income		
Interest income	6	3
Rebate income	12	12
Sponsorship money income	4	2
Subsidy income	2,175	477
Share of profit of entities accounted for using equity method	75	30
Miscellaneous income	39	35
Total non-operating income	2,314	561
Non-operating expenses		
Interest expenses	2	0
Provision of allowance for doubtful accounts	7	–
Foreign exchange losses	1	8
Miscellaneous losses	7	6
Total non-operating expenses	18	15
Ordinary profit	5,884	4,168
Extraordinary income		
Gain on sale of non-current assets	9	13
Gain on receipt of donated non-current assets	10	24
Compensation income	–	9
Other	2	–
Total extraordinary income	22	47
Extraordinary losses		
Loss on retirement of non-current assets	35	21
Loss on store closings	160	202
Office relocation expenses	25	–
Impairment losses	15	0
Other	7	0
Total extraordinary losses	243	225
Profit before income taxes	5,663	3,989
Income taxes - current	1,931	1,248
Income taxes - deferred	24	157
Total income taxes	1,956	1,406
Profit	3,707	2,583
Profit attributable to non-controlling interests	44	42
Profit attributable to owners of parent	3,663	2,540

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	3,707	2,583
Other comprehensive income		
Foreign currency translation adjustment	15	68
Share of other comprehensive income of entities accounted for using equity method	2	13
Total other comprehensive income	17	82
Comprehensive income	3,725	2,665
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,681	2,622
Comprehensive income attributable to non-controlling interests	44	42