

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

July 29, 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  
 Scheduled date to file Quarterly Securities Report: August 10, 2022  
 Scheduled date to commence dividend payments: September 12, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 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	%
Six months ended June 30, 2022	22,179	4.8	2,398	5.1	2,890	(27.1)	1,786	(28.9)
Six months ended June 30, 2021	21,165	26.8	2,282	14.8	3,966	94.8	2,513	111.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	56.10		54.52	
Six months ended June 30, 2021	78.95		76.72	

(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, 2022	33,628	24,176	70.6	745.92
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 six months ended June 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
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|--|-----|
| 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 June 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 June 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)

Six months ended June 30, 2022	31,834,555 shares	Six months ended June 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 June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	18,924	19,262
Accounts receivable - trade	2,759	2,276
Merchandise and finished goods	545	546
Raw materials and supplies	205	258
Other	1,147	1,086
Allowance for doubtful accounts	(27)	(19)
Total current assets	23,554	23,410
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,228	5,333
Machinery and equipment, net	347	347
Other, net	547	666
Total property, plant and equipment	6,124	6,347
Intangible assets		
Goodwill	330	292
Trademark right	244	235
Other	34	32
Total intangible assets	609	560
Investments and other assets		
Investment securities	364	397
Deferred tax assets	423	514
Leasehold and guarantee deposits	2,321	2,334
Other	88	63
Total investments and other assets	3,197	3,309
Total non-current assets	9,931	10,217
Total assets	33,486	33,628
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,438	2,170
Short-term borrowings	100	–
Accounts payable - other	454	360
Accrued expenses	1,124	971
Contract liabilities	–	414
Accrued consumption taxes	240	180
Income taxes payable	1,669	941
Provision for bonuses	–	134
Provision for shareholder benefit program	127	135
Other	597	471
Total current liabilities	6,753	5,781
Non-current liabilities		
Bonds payable	2,109	2,109
Guarantee deposits received	861	867
Asset retirement obligations	634	623
Other	69	69
Total non-current liabilities	3,674	3,670
Total liabilities	10,428	9,451

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,334	1,334
Retained earnings	19,487	20,518
Treasury shares	(79)	(79)
Total shareholders' equity	22,674	23,705
Accumulated other comprehensive income		
Foreign currency translation adjustment	(21)	40
Total accumulated other comprehensive income	(21)	40
Non-controlling interests	404	430
Total net assets	23,057	24,176
Total liabilities and net assets	33,486	33,628

**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, 2021	Six months ended June 30, 2022
Net sales	21,165	22,179
Cost of sales	10,053	10,815
Gross profit	11,112	11,364
Selling, general and administrative expenses	8,829	8,965
Operating profit	2,282	2,398
Non-operating income		
Interest income	4	2
Rebate income	8	7
Sponsorship money income	4	2
Share of profit of entities accounted for using equity method	50	12
Subsidy income	1,599	453
Miscellaneous income	30	21
Total non-operating income	1,697	499
Non-operating expenses		
Interest expenses	2	0
Provision of allowance for doubtful accounts	7	–
Foreign exchange losses	0	4
Miscellaneous losses	4	2
Total non-operating expenses	14	7
Ordinary profit	3,966	2,890
Extraordinary income		
Gain on sale of non-current assets	9	13
Gain on receipt of donated non-current assets	10	–
Compensation income	–	9
Other	2	–
Total extraordinary income	22	22
Extraordinary losses		
Loss on retirement of non-current assets	28	17
Loss on store closings	42	129
Office relocation expenses	25	–
Other	7	0
Total extraordinary losses	103	147
Profit before income taxes	3,885	2,766
Income taxes - current	1,379	896
Income taxes - deferred	(35)	58
Total income taxes	1,343	954
Profit	2,542	1,811
Profit attributable to non-controlling interests	28	25
Profit attributable to owners of parent	2,513	1,786

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

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	2,542	1,811
Other comprehensive income		
Foreign currency translation adjustment	15	53
Share of other comprehensive income of entities accounted for using equity method	2	8
Total other comprehensive income	17	62
Comprehensive income	2,560	1,873
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,531	1,848
Comprehensive income attributable to non-controlling interests	28	25

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,885	2,766
Depreciation	312	304
Amortization of goodwill	91	35
Increase (decrease) in allowance for doubtful accounts	1	(8)
Increase (decrease) in provision for bonuses	91	134
Loss on retirement of non-current assets	28	17
Loss on store closings	42	129
Share of loss (profit) of entities accounted for using equity method	(50)	(12)
Interest income	(4)	(2)
Subsidy income	(1,599)	(453)
Decrease (increase) in trade receivables	630	487
Decrease (increase) in inventories	116	(53)
Decrease (increase) in other assets	169	88
Increase (decrease) in trade payables	(654)	(268)
Increase (decrease) in other liabilities	(277)	(380)
Other, net	30	(9)
Subtotal	2,812	2,773
Interest received	2	0
Interest paid	(2)	(0)
Income taxes paid	(1,096)	(1,619)
Subsidies received	1,036	508
Net cash provided by (used in) operating activities	2,753	1,661
Cash flows from investing activities		
Purchase of property, plant and equipment	(601)	(812)
Proceeds from sale of property, plant and equipment	387	62
Proceeds from collection of loans receivable	46	–
Payments of leasehold and guarantee deposits	(64)	(78)
Proceeds from refund of leasehold and guarantee deposits	47	31
Other, net	(5)	(4)
Net cash provided by (used in) investing activities	(191)	(800)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(650)	(100)
Repayments of long-term borrowings	(538)	–
Proceeds from guarantee deposits received	25	14
Dividends paid	(382)	(477)
Other, net	(13)	(12)
Net cash provided by (used in) financing activities	(1,558)	(575)
Effect of exchange rate change on cash and cash equivalents	10	52
Net increase (decrease) in cash and cash equivalents	1,013	337
Cash and cash equivalents at beginning of period	15,933	18,924
Cash and cash equivalents at end of period	16,946	19,262