

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

April 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: Director and General Manager of administration headquarters
 Scheduled date to file Quarterly Securities Report: May 10, 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 three months ended March 31, 2022 (from January 1, 2022 to March 31, 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	%
Three months ended March 31, 2022	10,888	2.5	1,175	(9.3)	1,523	(30.3)	974	(30.9)
Three months ended March 31, 2021	10,627	21.4	1,295	6.2	2,186	76.9	1,410	92.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	30.61		29.75	
Three months ended March 31, 2021	44.31		43.07	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	32,514	23,317	70.4	719.23
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	–				
Year ending December 31, 2022 (Forecast)		15.00	–	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
Six months ending June 30, 2022	22,175	4.8	2,365	3.6	2,380	(40.0)	1,450	(42.3)	45.55
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 three months ended March 31, 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 March 31, 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 March 31, 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)

Three months ended March 31, 2022	31,834,555 shares	Three months ended March 31, 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 March 31, 2022
Assets		
Current assets		
Cash and deposits	18,924	18,181
Accounts receivable - trade	2,759	2,461
Merchandise and finished goods	545	637
Raw materials and supplies	205	198
Other	1,147	1,174
Allowance for doubtful accounts	(27)	(26)
Total current assets	23,554	22,626
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,228	5,158
Machinery and equipment, net	347	338
Other, net	547	559
Total property, plant and equipment	6,124	6,057
Intangible assets		
Goodwill	330	311
Trademark right	244	240
Other	34	31
Total intangible assets	609	583
Investments and other assets		
Investment securities	364	378
Deferred tax assets	423	445
Leasehold and guarantee deposits	2,321	2,332
Other	88	90
Total investments and other assets	3,197	3,247
Total non-current assets	9,931	9,887
Total assets	33,486	32,514
Liabilities		
Current liabilities		
Accounts payable - trade	2,438	2,388
Short-term borrowings	100	50
Accounts payable - other	454	397
Accrued expenses	1,124	996
Contract liabilities	–	450
Accrued consumption taxes	240	281
Income taxes payable	1,669	429
Provision for bonuses	–	75
Provision for shareholder benefit program	127	95
Other	597	383
Total current liabilities	6,753	5,548
Non-current liabilities		
Bonds payable	2,109	2,109
Guarantee deposits received	861	861
Asset retirement obligations	634	611
Other	69	65
Total non-current liabilities	3,674	3,648
Total liabilities	10,428	9,197

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,334	1,334
Retained earnings	19,487	19,706
Treasury shares	(79)	(79)
Total shareholders' equity	22,674	22,893
Accumulated other comprehensive income		
Foreign currency translation adjustment	(21)	2
Total accumulated other comprehensive income	(21)	2
Non-controlling interests	404	420
Total net assets	23,057	23,317
Total liabilities and net assets	33,486	32,514

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	10,627	10,888
Cost of sales	5,026	5,254
Gross profit	5,601	5,634
Selling, general and administrative expenses	4,305	4,459
Operating profit	1,295	1,175
Non-operating income		
Interest income	2	1
Rebate income	3	3
Sponsorship money income	4	0
Share of profit of entities accounted for using equity method	44	9
Foreign exchange gains	0	–
Subsidy income	827	331
Miscellaneous income	8	10
Total non-operating income	892	355
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	–	6
Miscellaneous losses	0	1
Total non-operating expenses	2	7
Ordinary profit	2,186	1,523
Extraordinary income		
Gain on sale of non-current assets	24	–
Other	0	–
Total extraordinary income	25	–
Extraordinary losses		
Loss on retirement of non-current assets	15	2
Loss on store closings	11	5
Other	6	–
Total extraordinary losses	33	7
Profit before income taxes	2,177	1,515
Income taxes - current	703	399
Income taxes - deferred	49	125
Total income taxes	753	525
Profit	1,424	990
Profit attributable to non-controlling interests	13	15
Profit attributable to owners of parent	1,410	974

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	1,424	990
Other comprehensive income		
Foreign currency translation adjustment	15	21
Share of other comprehensive income of entities accounted for using equity method	3	2
Total other comprehensive income	18	24
Comprehensive income	1,443	1,014
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,429	998
Comprehensive income attributable to non-controlling interests	13	15