

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

July 30, 2021

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, 2021  
 Scheduled date to commence dividend payments: September 13, 2021  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (institutional investors and for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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, 2021	21,165	26.8	2,282	14.8	3,966	94.8	2,513	111.1
Six months ended June 30, 2020	16,696	5.0	1,987	(8.7)	2,035	(7.0)	1,190	(2.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	78.95		76.72	
Six months ended June 30, 2020	37.40		36.34	

(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, 2021	33,098	23,393	69.6	723.16
As of December 31, 2020	32,723	21,215	63.8	655.65

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, 2020	–	12.00	–	12.00	24.00
Year ending December 31, 2021	–	15.00			
Year ending December 31, 2021 (Forecast)			–	15.00	30.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	44,000	13.9	4,750	4.6	6,200	27.4	3,800	60.6	119.37

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021  
 (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, 2021	33,096,000 shares	As of December 31, 2020	33,096,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	1,261,445 shares	As of December 31, 2020	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, 2021	31,834,555 shares	Six months ended June 30, 2020	31,834,560 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	15,933	16,946
Accounts receivable - trade	2,603	1,973
Merchandise and finished goods	606	498
Raw materials and supplies	162	153
Other	1,021	1,437
Allowance for doubtful accounts	(20)	(24)
Total current assets	20,306	20,985
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,545	5,567
Machinery and equipment, net	294	304
Other, net	830	626
Total property, plant and equipment	6,670	6,498
Intangible assets		
Goodwill	2,042	1,941
Trademark right	257	252
Other	38	37
Total intangible assets	2,338	2,232
Investments and other assets		
Investment securities	240	315
Deferred tax assets	524	484
Leasehold and guarantee deposits	2,405	2,388
Long-term loans receivable	112	72
Other	124	119
Total investments and other assets	3,407	3,381
Total non-current assets	12,416	12,112
Total assets	32,723	33,098
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,387	1,733
Short-term borrowings	1,050	400
Current portion of long-term borrowings	115	177
Accounts payable - other	374	400
Accrued expenses	1,059	894
Accrued consumption taxes	303	243
Income taxes payable	1,144	1,425
Provision for bonuses	–	91
Provision for shareholder benefit program	111	127
Other	658	556
Total current liabilities	7,206	6,051

	(Millions of yen)	
	As of December 31, 2020	As of June 30, 2021
Non-current liabilities		
Bonds payable	2,110	2,109
Long-term borrowings	600	–
Guarantee deposits received	817	839
Asset retirement obligations	612	632
Other	159	71
Total non-current liabilities	4,300	3,653
Total liabilities	11,507	9,704

	(Millions of yen)	
	As of December 31, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,334	1,334
Retained earnings	17,730	19,862
Treasury shares	(79)	(79)
Total shareholders' equity	20,917	23,048
Accumulated other comprehensive income		
Foreign currency translation adjustment	(45)	(27)
Total accumulated other comprehensive income	(45)	(27)
Non-controlling interests	343	372
Total net assets	21,215	23,393
Total liabilities and net assets	32,723	33,098

## 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, 2020	Six months ended June 30, 2021
Net sales	16,696	21,165
Cost of sales	8,024	10,053
Gross profit	8,671	11,112
Selling, general and administrative expenses	6,683	8,829
Operating profit	1,987	2,282
Non-operating income		
Interest income	4	4
Rebate income	7	8
Sponsorship money income	8	4
Share of profit of entities accounted for using equity method	0	50
Subsidy income	–	1,599
Miscellaneous income	30	30
Total non-operating income	52	1,697
Non-operating expenses		
Interest expenses	0	2
Provision of allowance for doubtful accounts	–	7
Foreign exchange losses	2	0
Miscellaneous loss	1	4
Total non-operating expenses	4	14
Ordinary profit	2,035	3,966
Extraordinary income		
Gain on sales of non-current assets	–	9
Gain on donation of non-current assets	–	10
Gain on sales of investment securities	14	–
Other	–	2
Total extraordinary income	14	22
Extraordinary losses		
Loss on retirement of non-current assets	4	28
Loss on store closings	9	42
Office relocation expenses	–	25
Impairment loss	29	–
Other	–	7
Total extraordinary losses	43	103
Profit before income taxes	2,006	3,885
Income taxes - current	785	1,379
Income taxes - deferred	(73)	(35)
Total income taxes	712	1,343
Profit	1,294	2,542
Profit attributable to non-controlling interests	103	28
Profit attributable to owners of parent	1,190	2,513

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

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	1,294	2,542
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	–
Foreign currency translation adjustment	(8)	15
Share of other comprehensive income of entities accounted for using equity method	(3)	2
Total other comprehensive income	(24)	17
Comprehensive income	1,269	2,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,166	2,531
Comprehensive income attributable to non-controlling interests	103	28

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,006	3,885
Depreciation	226	312
Amortization of goodwill	33	91
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in provision for bonuses	71	91
Loss on retirement of non-current assets	4	28
Loss on store closings	9	42
Impairment loss	29	–
Share of loss (profit) of entities accounted for using equity method	(0)	(50)
Interest income	(4)	(4)
Subsidy income	–	(1,599)
Decrease (increase) in trade receivables	147	630
Decrease (increase) in inventories	71	116
Decrease (increase) in other assets	53	169
Increase (decrease) in trade payables	(452)	(654)
Increase (decrease) in other liabilities	(209)	(277)
Other, net	7	30
Subtotal	1,995	2,812
Interest received	2	2
Interest paid	(0)	(2)
Income taxes paid	(788)	(1,096)
Proceeds from subsidy income	–	1,036
Net cash provided by (used in) operating activities	1,208	2,753
Cash flows from investing activities		
Purchase of property, plant and equipment	(596)	(601)
Proceeds from sales of property, plant and equipment	–	387
Proceeds from sales of investment securities	146	–
Loan advances	(2,520)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(701)	–
Collection of loans receivable	–	46
Payments of leasehold and guarantee deposits	(72)	(64)
Proceeds from refund of leasehold and guarantee deposits	13	47
Other, net	(2)	(5)
Net cash provided by (used in) investing activities	(3,732)	(191)



(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(650)
Repayments of long-term borrowings	–	(538)
Proceeds from guarantee deposits received	47	25
Repayments of guarantee deposits received	(8)	–
Dividends paid	(382)	(382)
Other, net	(5)	(13)
Net cash provided by (used in) financing activities	(348)	(1,558)
Effect of exchange rate change on cash and cash equivalents	(4)	10
Net increase (decrease) in cash and cash equivalents	(2,877)	1,013
Cash and cash equivalents at beginning of period	18,358	15,933
Cash and cash equivalents at end of period	15,481	16,946