

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended December 31, 2020  
(Based on Japanese GAAP)**

February 8, 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 Kenichiro Usui  
 Director and General Manager of  
 Inquiries: administration headquarters Yasuhiro Kuwabara TEL 03-5217-1531  
 Scheduled date of ordinary general meeting of shareholders: March 26, 2021  
 Scheduled date to file Securities Report: March 29, 2021  
 Scheduled date to commence dividend payments: March 29, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Consolidated operating results

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	%
Year ended December 31, 2020	38,634	15.9	4,538	1.2	4,868	7.3	2,366	(7.0)
Year ended December 31, 2019	33,327	8.9	4,486	9.0	4,536	9.7	2,546	1.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2020	74.34	72.24	11.6	15.8	11.7
Year ended December 31, 2019	79.98	77.72	13.4	16.5	13.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	32,723	21,215	63.8	655.65
As of December 31, 2019	29,064	20,444	68.4	624.25

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2020	4,054	(3,872)	(2,600)	15,933
Year ended December 31, 2019	3,497	(1,154)	149	18,358

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2019	–	12.00	–	12.00	24.00	764	30.0	4.0
Year ended December 31, 2020	–	12.00	–	12.00	24.00	764	32.3	3.8
Year ending December 31, 2021 (Forecast)	–	12.00	–	12.00	24.00		27.3	

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
Six months ending June 30, 2021	21,400	28.2	2,150	8.2	2,280	12.0	1,300	9.2	40.84
Full year	44,000	13.9	4,750	4.6	5,000	2.7	2,800	18.3	87.95

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2020	33,096,000 shares	As of December 31, 2019	33,096,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	1,261,445 shares	As of December 31, 2019	1,261,400 shares
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Average number of shares during the period

Year ended December 31, 2020	31,834,558 shares	Year ended December 31, 2019	31,834,600 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	18,358	15,933
Accounts receivable - trade	1,959	2,603
Merchandise and finished goods	266	606
Raw materials and supplies	84	162
Other	596	1,021
Allowance for doubtful accounts	(6)	(20)
Total current assets	21,259	20,306
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,226	8,974
Accumulated depreciation	(2,044)	(3,428)
Buildings and structures, net	4,182	5,545
Machinery and equipment	682	1,117
Accumulated depreciation	(478)	(823)
Machinery and equipment, net	203	294
Land	–	681
Construction in progress	12	11
Other	316	693
Accumulated depreciation	(246)	(555)
Other, net	70	138
Total property, plant and equipment	4,469	6,670
Intangible assets		
Goodwill	66	2,042
Other	29	296
Total intangible assets	96	2,338
Investments and other assets		
Investment securities	529	240
Deferred tax assets	406	524
Leasehold and guarantee deposits	2,028	2,405
Long-term loans receivable	140	112
Other	133	124
Total investments and other assets	3,239	3,407
Total non-current assets	7,805	12,416
Total assets	29,064	32,723

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,921	2,387
Short-term borrowings	800	1,165
Accounts payable - other	289	374
Accrued expenses	722	1,059
Accrued consumption taxes	278	303
Income taxes payable	820	1,144
Provision for shareholder benefit program	94	111
Other	465	658
Total current liabilities	5,393	7,206
Non-current liabilities		
Bonds payable	2,010	2,110
Long-term borrowings	–	600
Guarantee deposits received	784	817
Asset retirement obligations	418	612
Deferred tax liabilities	–	84
Other	13	74
Total non-current liabilities	3,227	4,300
<b>Total liabilities</b>	<b>8,620</b>	<b>11,507</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,889	1,334
Retained earnings	16,128	17,730
Treasury shares	(79)	(79)
Total shareholders' equity	19,870	20,917
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	–
Foreign currency translation adjustment	(10)	(45)
Total accumulated other comprehensive income	2	(45)
Non-controlling interests	571	343
<b>Total net assets</b>	<b>20,444</b>	<b>21,215</b>
<b>Total liabilities and net assets</b>	<b>29,064</b>	<b>32,723</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	33,327	38,634
Cost of sales	15,909	18,380
Gross profit	17,417	20,254
Selling, general and administrative expenses	12,930	15,715
Operating profit	4,486	4,538
Non-operating income		
Interest income	17	8
Share of profit of entities accounted for using equity method	–	16
Rebate income	16	17
Sponsorship money income	23	38
Subsidies for employment adjustment	–	202
Miscellaneous income	23	66
Total non-operating income	81	349
Non-operating expenses		
Interest expenses	–	4
Share of loss of entities accounted for using equity method	23	–
Foreign exchange losses	3	6
Miscellaneous loss	4	9
Total non-operating expenses	32	20
Ordinary profit	4,536	4,868
Extraordinary income		
Gain on sales of non-current assets	–	2
Gain on sales of investment securities	–	14
Reversal of allowance for doubtful accounts	–	4
Gain on transfer of store	17	31
Other	–	2
Total extraordinary income	17	55
Extraordinary losses		
Loss on retirement of non-current assets	17	23
Loss on store closings	174	130
Impairment loss	53	378
Loss on valuation of investment securities	–	37
Other	9	95
Total extraordinary losses	254	666
Profit before income taxes	4,298	4,257
Income taxes - current	1,588	1,830
Income taxes - deferred	(31)	(119)
Total income taxes	1,556	1,711
Profit	2,741	2,546
Profit attributable to non-controlling interests	195	179
Profit attributable to owners of parent	2,546	2,366

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	2,741	2,546
Other comprehensive income		
Valuation difference on available-for-sale securities	10	(12)
Foreign currency translation adjustment	(14)	(22)
Share of other comprehensive income of entities accounted for using equity method	4	(11)
Total other comprehensive income	0	(47)
Comprehensive income	2,742	2,498
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,546	2,319
Comprehensive income attributable to non-controlling interests	195	179

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,932	1,889	14,282	(79)	18,024
Changes during period					
Dividends of surplus			(700)		(700)
Profit attributable to owners of parent			2,546		2,546
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,845	–	1,845
Balance at end of period	1,932	1,889	16,128	(79)	19,870

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2	(0)	1	376	18,402
Changes during period					
Dividends of surplus					(700)
Profit attributable to owners of parent					2,546
Net changes in items other than shareholders' equity	10	(9)	0	195	196
Total changes during period	10	(9)	0	195	2,041
Balance at end of period	12	(10)	2	571	20,444

Fiscal year ended December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,932	1,889	16,128	(79)	19,870
Changes during period					
Purchase of shares of consolidated subsidiaries		(555)			(555)
Dividends of surplus			(764)		(764)
Profit attributable to owners of parent			2,366		2,366
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(555)	1,602	(0)	1,047
Balance at end of period	1,932	1,334	17,730	(79)	20,917

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	12	(10)	2	571	20,444
Changes during period					
Purchase of shares of consolidated subsidiaries				(408)	(963)
Dividends of surplus					(764)
Profit attributable to owners of parent					2,366
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(12)	(34)	(47)	179	132
Total changes during period	(12)	(34)	(47)	(228)	771
Balance at end of period	–	(45)	(45)	343	21,215

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	4,298	4,257
Depreciation	446	564
Amortization of goodwill	69	172
Increase (decrease) in allowance for doubtful accounts	1	(2)
Increase (decrease) in provision for shareholder benefit program	28	17
Loss on retirement of non-current assets	17	23
Loss on store closings	174	130
Gain on transfer of store	(17)	(31)
Impairment loss	53	378
Subsidies for employment adjustment	–	(202)
Interest income	(17)	(8)
Decrease (increase) in trade receivables	(512)	(306)
Decrease (increase) in inventories	84	(79)
Decrease (increase) in other assets	55	427
Increase (decrease) in trade payables	216	152
Increase (decrease) in other liabilities	144	(205)
Other, net	36	104
Subtotal	5,079	5,392
Interest received	2	2
Income taxes paid	(1,585)	(1,503)
Proceeds from subsidies for employment adjustment	–	163
Net cash provided by (used in) operating activities	3,497	4,054
Cash flows from investing activities		
Purchase of property, plant and equipment	(933)	(1,226)
Loan advances	–	(2,520)
Collection of loans receivable	–	314
Proceeds from liquidation of subsidiaries and associates	–	129
Payments of leasehold and guarantee deposits	(195)	(108)
Proceeds from refund of leasehold and guarantee deposits	116	60
Purchase of investment securities	(127)	–
Proceeds from sales of investment securities	–	156
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(55)	(701)
Other, net	40	23
Net cash provided by (used in) investing activities	(1,154)	(3,872)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	800	(865)
Repayments of long-term borrowings	–	(38)
Proceeds from guarantee deposits received	73	68
Repayments of guarantee deposits received	(7)	(12)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(963)
Dividends paid	(700)	(764)
Other, net	(15)	(24)
Net cash provided by (used in) financing activities	149	(2,600)
Effect of exchange rate change on cash and cash equivalents	(2)	(8)
Net increase (decrease) in cash and cash equivalents	2,489	(2,425)
Cash and cash equivalents at beginning of period	15,869	18,358
Cash and cash equivalents at end of period	18,358	15,933