

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Based on Japanese GAAP)

October 30, 2020

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 administration headquarters Yasuhiro Kuwabara TEL 03-5217-1531
 Scheduled date to file Quarterly Securities Report: November 11, 2020
 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, 2020 (from January 1, 2020 to September 30, 2020)

(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, 2020	27,189	11.6	3,100	(6.1)	3,307	(0.5)	1,714	(7.1)
Nine months ended September 30, 2019	24,369	9.7	3,303	10.1	3,322	10.5	1,844	(1.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2020	53.85		52.33	
Nine months ended September 30, 2019	57.94		56.31	

(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, 2020	32,323	21,363	64.3	653.24
As of December 31, 2019	29,064	20,444	68.4	624.25

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2019	–	12.00	–	12.00	24.00
Year ending December 31, 2020	–	12.00	–		
Year ending December 31, 2020 (Forecast)				12.00	24.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	38,000	14.0	4,080	(9.1)	4,100	(9.6)	1,800	(29.3)	56.54

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2020
(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 September 30, 2020	33,096,000 shares	As of December 31, 2019	33,096,000 shares
--------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2020	1,261,445 shares	As of December 31, 2019	1,261,400 shares
--------------------------	------------------	-------------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2020	31,834,558 shares	Nine months ended September 30, 2019	31,834,600 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	18,358	16,271
Accounts receivable - trade	1,959	1,925
Merchandise and finished goods	266	489
Raw materials and supplies	84	152
Other	596	851
Allowance for doubtful accounts	(6)	(10)
Total current assets	21,259	19,678
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,182	5,592
Machinery and equipment, net	203	301
Land	–	704
Other, net	83	167
Total property, plant and equipment	4,469	6,766
Intangible assets		
Goodwill	66	2,202
Other	29	47
Total intangible assets	96	2,249
Investments and other assets		
Investment securities	529	420
Deferred tax assets	406	449
Leasehold and guarantee deposits	2,028	2,514
Long-term loans receivable	140	115
Other	133	140
Allowance for doubtful accounts	–	(12)
Total investments and other assets	3,239	3,628
Total non-current assets	7,805	12,644
Total assets	29,064	32,323
Liabilities		
Current liabilities		
Accounts payable - trade	1,921	1,751
Short-term borrowings	800	1,900
Accounts payable - other	289	328
Accrued expenses	722	877
Accrued consumption taxes	278	247
Income taxes payable	820	579
Provision for bonuses	–	45
Provision for shareholder benefit program	94	80
Other	465	679
Total current liabilities	5,393	6,489

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Non-current liabilities		
Bonds payable	2,010	2,110
Long-term borrowings	–	741
Guarantee deposits received	784	807
Asset retirement obligations	418	601
Deferred tax liabilities	–	103
Other	13	105
Total non-current liabilities	3,227	4,469
Total liabilities	8,620	10,959
Net assets		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,889	1,889
Retained earnings	16,128	17,078
Treasury shares	(79)	(79)
Total shareholders' equity	19,870	20,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	–
Foreign currency translation adjustment	(10)	(25)
Total accumulated other comprehensive income	2	(25)
Non-controlling interests	571	568
Total net assets	20,444	21,363
Total liabilities and net assets	29,064	32,323

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, 2019	Nine months ended September 30, 2020
Net sales	24,369	27,189
Cost of sales	11,567	12,990
Gross profit	12,801	14,198
Selling, general and administrative expenses	9,498	11,097
Operating profit	3,303	3,100
Non-operating income		
Interest income	6	6
Rebate income	12	12
Sponsorship money income	17	12
Subsidies for employment adjustment	–	136
Miscellaneous income	18	54
Total non-operating income	54	222
Non-operating expenses		
Share of loss of entities accounted for using equity method	23	4
Foreign exchange losses	7	6
Miscellaneous loss	2	5
Total non-operating expenses	34	16
Ordinary profit	3,322	3,307
Extraordinary income		
Gain on transfer of store	18	–
Gain on sales of investment securities	–	14
Other	–	4
Total extraordinary income	18	18
Extraordinary losses		
Loss on retirement of non-current assets	15	6
Loss on store closings	143	18
Impairment loss	26	174
Other	5	26
Total extraordinary losses	189	226
Profit before income taxes	3,151	3,099
Income taxes - current	1,161	1,261
Income taxes - deferred	1	(37)
Total income taxes	1,163	1,224
Profit	1,987	1,875
Profit attributable to non-controlling interests	143	160
Profit attributable to owners of parent	1,844	1,714

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit	1,987	1,875
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(12)
Foreign currency translation adjustment	(23)	(7)
Share of other comprehensive income of entities accounted for using equity method	(8)	(7)
Total other comprehensive income	(29)	(27)
Comprehensive income	1,958	1,847
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,815	1,686
Comprehensive income attributable to non-controlling interests	143	160