

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2020 (Based on Japanese GAAP)

April 28, 2020

Company name: ARCLAND SERVICE HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 3085 URL <http://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: May 8, 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 three months ended March 31, 2020 (from January 1, 2020 to March 31, 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	%
Three months ended March 31, 2020	8,753	9.5	1,220	(0.7)	1,235	0.3	733	1.6
Three months ended March 31, 2019	7,990	10.4	1,229	20.0	1,232	18.7	721	9.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2020	23.03	22.38
Three months ended March 31, 2019	22.66	22.03

(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, 2020	28,673	20,825	70.4	634.44
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	–				
Year ending December 31, 2020 (Forecast)		12.00	–	12.00	24.00

3. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 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 March 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 March 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 (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2020	31,834,558 shares	Three months ended March 31, 2019	31,834,600 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	18,358	18,306
Accounts receivable - trade	1,959	1,711
Merchandise and finished goods	266	264
Raw materials and supplies	84	70
Other	596	509
Allowance for doubtful accounts	(6)	(6)
Total current assets	21,259	20,855
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,182	4,259
Machinery and equipment, net	203	201
Other, net	83	101
Total property, plant and equipment	4,469	4,562
Intangible assets		
Goodwill	66	50
Other	29	27
Total intangible assets	96	77
Investments and other assets		
Investment securities	529	479
Deferred tax assets	406	397
Leasehold and guarantee deposits	2,028	2,050
Long-term loans receivable	140	118
Other	133	131
Total investments and other assets	3,239	3,177
Total non-current assets	7,805	7,817
Total assets	29,064	28,673
Liabilities		
Current liabilities		
Accounts payable - trade	1,921	1,591
Short-term borrowings	800	800
Accounts payable - other	289	280
Accrued expenses	722	671
Accrued consumption taxes	278	267
Income taxes payable	820	425
Provision for bonuses	–	37
Provision for shareholder benefit program	94	72
Other	465	455
Total current liabilities	5,393	4,601
Non-current liabilities		
Bonds payable	2,010	2,010
Guarantee deposits received	784	790
Asset retirement obligations	418	426
Other	13	18
Total non-current liabilities	3,227	3,246
Total liabilities	8,620	7,848

(Millions of yen)

	As of December 31, 2019	As of March 31, 2020
Net assets		
Shareholders' equity		
Share capital	1,932	1,932
Capital surplus	1,889	1,889
Retained earnings	16,128	16,479
Treasury shares	(79)	(79)
Total shareholders' equity	19,870	20,221
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	(4)
Foreign currency translation adjustment	(10)	(19)
Total accumulated other comprehensive income	2	(24)
Non-controlling interests	571	627
Total net assets	20,444	20,825
Total liabilities and net assets	29,064	28,673

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, 2019	Three months ended March 31, 2020
Net sales	7,990	8,753
Cost of sales	3,759	4,164
Gross profit	4,231	4,589
Selling, general and administrative expenses	3,002	3,368
Operating profit	1,229	1,220
Non-operating income		
Interest income	2	2
Rebate income	3	3
Sponsorship money income	7	4
Share of profit of entities accounted for using equity method	–	1
Miscellaneous income	4	6
Total non-operating income	18	18
Non-operating expenses		
Share of loss of entities accounted for using equity method	14	–
Foreign exchange losses	–	1
Miscellaneous loss	0	1
Total non-operating expenses	15	2
Ordinary profit	1,232	1,235
Extraordinary income		
Gain on transfer of store	18	–
Gain on sales of investment securities	–	0
Total extraordinary income	18	0
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Loss on store closings	23	0
Impairment loss	–	29
Total extraordinary losses	27	29
Profit before income taxes	1,223	1,206
Income taxes - current	424	400
Income taxes - deferred	26	16
Total income taxes	450	417
Profit	772	788
Profit attributable to non-controlling interests	51	55
Profit attributable to owners of parent	721	733

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit	772	788
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(17)
Foreign currency translation adjustment	(4)	(6)
Share of other comprehensive income of entities accounted for using equity method	(13)	(1)
Total other comprehensive income	(16)	(25)
Comprehensive income	756	763
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	705	707
Comprehensive income attributable to non-controlling interests	51	55