

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2019 (Based on Japanese GAAP)

April 26, 2019

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 10, 2019
 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, 2019 (from January 1, 2019 to March 31, 2019)

(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, 2019	7,990	10.4	1,229	20.0	1,232	18.7	721	9.4
Three months ended March 31, 2018	7,239	16.3	1,023	1.7	1,037	0.2	659	0.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2019	22.66		22.03	
Three months ended March 31, 2018	20.72		–	

(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, 2019	25,548	18,840	72.1	578.40
As of December 31, 2018	25,854	18,402	69.7	566.25

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, 2018	–	10.00	–	10.00	20.00
Year ending December 31, 2019	–				
Year ending December 31, 2019 (Forecast)		10.00	–	10.00	20.00

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

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, 2019	16,000	10.6	2,080	4.9	2,090	4.3	1,278	0.7	40.14
Full year	34,000	11.1	4,480	8.8	4,500	8.8	2,600	3.2	81.67

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2019
(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, 2019	33,096,000 shares	As of December 31, 2018	33,096,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	1,261,400 shares	As of December 31, 2018	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, 2019	31,834,600 shares	Three months ended March 31, 2018	31,834,672 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	15,869	15,650
Accounts receivable - trade	1,446	1,483
Merchandise and finished goods	339	251
Raw materials and supplies	95	61
Other	543	660
Allowance for doubtful accounts	(5)	(5)
Total current assets	18,289	18,102
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,935	3,855
Machinery and equipment, net	225	212
Other, net	99	86
Total property, plant and equipment	4,260	4,154
Intangible assets		
Goodwill	134	145
Other	28	29
Total intangible assets	162	175
Investments and other assets		
Investment securities	387	388
Deferred tax assets	379	352
Lease and guarantee deposits	1,350	1,368
Construction assistance fund receivables	742	726
Long-term loans receivable	141	141
Other	140	138
Total investments and other assets	3,142	3,116
Total non-current assets	7,565	7,446
Total assets	25,854	25,548
Liabilities		
Current liabilities		
Accounts payable - trade	1,704	1,518
Accrued expenses	755	697
Income taxes payable	824	373
Provision for bonuses	–	37
Provision for shareholder benefit program	65	43
Other	934	859
Total current liabilities	4,283	3,529
Non-current liabilities		
Bonds payable	2,010	2,010
Guarantee deposits received	760	770
Asset retirement obligations	382	386
Other	14	11
Total non-current liabilities	3,168	3,178
Total liabilities	7,452	6,707

(Millions of yen)

	As of December 31, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Capital stock	1,932	1,932
Capital surplus	1,889	1,889
Retained earnings	14,282	14,685
Treasury shares	(79)	(79)
Total shareholders' equity	18,024	18,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Foreign currency translation adjustment	(0)	(18)
Total accumulated other comprehensive income	1	(14)
Non-controlling interests	376	427
Total net assets	18,402	18,840
Total liabilities and net assets	25,854	25,548

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, 2018	Three months ended March 31, 2019
Net sales	7,239	7,990
Cost of sales	3,421	3,759
Gross profit	3,817	4,231
Selling, general and administrative expenses	2,794	3,002
Operating profit	1,023	1,229
Non-operating income		
Interest income	2	2
Co-sponsor fee	4	7
Share of profit of entities accounted for using equity method	10	–
Miscellaneous income	9	8
Total non-operating income	26	18
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	14
Foreign exchange losses	11	–
Miscellaneous loss	0	0
Total non-operating expenses	12	15
Ordinary profit	1,037	1,232
Extraordinary income		
Gain on transfer of store	11	18
Other	2	–
Total extraordinary income	13	18
Extraordinary losses		
Loss on retirement of non-current assets	9	3
Loss on closing of stores	0	23
Total extraordinary losses	10	27
Profit before income taxes	1,040	1,223
Income taxes - current	365	424
Income taxes - deferred	(8)	26
Total income taxes	357	450
Profit	683	772
Profit attributable to non-controlling interests	23	51
Profit attributable to owners of parent	659	721

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Profit	683	772
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(16)	(4)
Share of other comprehensive income of entities accounted for using equity method	(14)	(13)
Total other comprehensive income	(30)	(16)
Comprehensive income	652	756
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	629	705
Comprehensive income attributable to non-controlling interests	23	51