

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2018 (Based on Japanese GAAP)

April 27, 2018

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
 Managing Director and General Manager of Administration Headquarters Yoshiharu Tamaki TEL 03-5217-1531
 Scheduled date to file Quarterly Securities Report: May 11, 2018
 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, 2018 (from January 1, 2018 to March 31, 2018)

(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, 2018	7,239	16.3	1,023	1.7	1,037	0.2	659	0.5
Three months ended March 31, 2017	6,223	12.0	1,007	23.2	1,035	26.3	656	39.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2018	20.72		–	
Three months ended March 31, 2017	20.63		–	

(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, 2018	20,985	16,745	78.4	516.80
As of December 31, 2017	21,248	16,347	75.7	505.03

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, 2017	–	16.00	–	8.00	–
Year ending December 31, 2018	–	–	–	–	–
Year ending December 31, 2018 (Forecast)	–	8.00	–	8.00	16.00

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

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, 2018	14,200	14.0	1,900	2.0	1,920	0.7	1,220	2.1	38.32
Full year	30,000	13.0	4,170	10.8	4,200	10.0	2,500	7.6	78.53

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2018
 (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, 2018	33,096,000 shares	As of December 31, 2017	33,096,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	1,261,328 shares	As of December 31, 2017	1,261,328 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, 2018	31,834,672 shares	Three months ended March 31, 2017	31,834,742 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	11,967	11,896
Accounts receivable - trade	1,496	1,275
Merchandise and finished goods	292	240
Raw materials and supplies	73	63
Other	616	618
Allowance for doubtful accounts	(6)	(5)
Total current assets	14,440	14,088
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,341	3,428
Other, net	385	352
Total property, plant and equipment	3,727	3,780
Intangible assets		
Goodwill	358	332
Other	7	7
Total intangible assets	365	340
Investments and other assets		
Investment securities	377	404
Lease and guarantee deposits	1,293	1,316
Construction assistance fund receivables	631	646
Long-term loans receivable	144	135
Other	267	272
Total investments and other assets	2,714	2,775
Total non-current assets	6,808	6,896
Total assets	21,248	20,985
Liabilities		
Current liabilities		
Accounts payable - trade	1,690	1,405
Income taxes payable	660	375
Provision for bonuses	–	34
Provision for shareholder benefit program	38	27
Other	1,496	1,360
Total current liabilities	3,885	3,203
Non-current liabilities		
Guarantee deposits received	644	660
Asset retirement obligations	340	349
Other	30	26
Total non-current liabilities	1,015	1,036
Total liabilities	4,900	4,239

(Millions of yen)

	As of December 31, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	1,932	1,932
Capital surplus	1,884	1,884
Retained earnings	12,336	12,741
Treasury shares	(79)	(79)
Total shareholders' equity	16,073	16,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Foreign currency translation adjustment	1	(29)
Total accumulated other comprehensive income	3	(26)
Non-controlling interests	270	293
Total net assets	16,347	16,745
Total liabilities and net assets	21,248	20,985

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, 2017	Three months ended March 31, 2018
Net sales	6,223	7,239
Cost of sales	2,917	3,421
Gross profit	3,305	3,817
Selling, general and administrative expenses	2,298	2,794
Operating profit	1,007	1,023
Non-operating income		
Interest income	8	2
Co-sponsor fee	4	4
Share of profit of entities accounted for using equity method	16	10
Miscellaneous income	6	9
Total non-operating income	36	26
Non-operating expenses		
Foreign exchange losses	7	11
Miscellaneous loss	0	0
Total non-operating expenses	8	12
Ordinary profit	1,035	1,037
Extraordinary income		
Gain on sales of non-current assets	3	–
Gain on transfer of store	–	11
Other	1	2
Total extraordinary income	4	13
Extraordinary losses		
Loss on retirement of non-current assets	1	9
Loss on closing of stores	–	0
Total extraordinary losses	1	10
Profit before income taxes	1,038	1,040
Income taxes - current	353	365
Income taxes - deferred	6	(8)
Total income taxes	359	357
Profit	678	683
Profit attributable to non-controlling interests	21	23
Profit attributable to owners of parent	656	659

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Profit	678	683
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	8	(16)
Share of other comprehensive income of entities accounted for using equity method	(3)	(14)
Total other comprehensive income	6	(30)
Comprehensive income	684	652
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	662	629
Comprehensive income attributable to non-controlling interests	21	23