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Non-Consolidated Financial Results for the Three Months Ended March 31, 2022 [Japanese GAAP]



April 27, 2022

Company name: Arealink Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8914
 URL: <https://www.arealink.co.jp/>
 Representative: Naomichi Hayashi, President & CEO
 Contact: Wataru Sasaki, Director and General Manager, Administration Division
 Phone: +81-3-3526-8555
 Scheduled date of filing quarterly securities report: May 12, 2022
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Non-Consolidated Financial Results for the Three Months Ended March 31, 2022 (January 1, 2022 – March 31, 2022)

(1) Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
March 31, 2022	5,145	(3.3)	936	19.9	948	22.7	650	(10.2)
March 31, 2021	5,321	(18.4)	781	(1.8)	773	(1.2)	724	35.2

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2022	51.41	–
March 31, 2021	57.38	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2022	41,704	20,819	49.9
As of December 31, 2021	42,202	20,963	49.7

(Reference) Equity: As of March 31, 2022: ¥20,819 million

As of December 31, 2021: ¥20,963 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	0.00	–	47.00	47.00
Fiscal year ending December 31, 2022	–				
Fiscal year ending December 31, 2022 (Forecast)		0.00	–	50.00	50.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Non-Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	10,300	(4.2)	1,600	(4.3)	1,550	(7.1)	1,050	(23.0)	82.92
Full year	20,600	0.1	3,300	8.4	3,200	6.3	2,100	(33.8)	165.85

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

March 31, 2022: 12,940,900 shares

December 31, 2021: 12,940,900 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 278,645 shares

December 31, 2021: 278,595 shares

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

Three months ended March 31, 2022: 12,662,308 shares

Three months ended March 31, 2021: 12,630,435 shares

* These quarterly non-consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The forward-looking statements contained in this document, including the forecast of business results, are based on information available to the Company at the time of preparation of this document and certain assumptions that the Company deems to be reasonable. Actual results may differ materially from those statements due to a variety of different factors in the future. For details of assumptions for the financial results forecast and cautionary statements regarding the use of the forecast, please refer to “Explanation of Non-Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachments for these quarterly non-consolidated financial results.

(1) Quarterly Non-Consolidated Balance Sheets

(Thousand yen)

	For the fiscal year ended December 31, 2021 (As of December 31, 2021)	For the three months ended March 31, 2022 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	13,440,532	11,554,454
Accounts receivable - trade	123,942	143,786
Real estate for sale	3,127,348	3,859,392
Real estate for sale in process	211,543	256,575
Costs on construction contracts in progress	2,364	330
Supplies	17,627	21,493
Other	421,332	461,868
Allowance for doubtful accounts	(24,778)	(28,333)
Total current assets	17,319,912	16,269,567
Non-current assets		
Property, plant and equipment		
Buildings	9,043,607	9,268,215
Accumulated depreciation	(2,768,902)	(2,855,382)
Accumulated impairment	(565,339)	(565,339)
Buildings, net	5,709,365	5,847,494
Tools, furniture and fixtures	6,376,726	6,670,202
Accumulated depreciation	(1,594,929)	(1,695,178)
Accumulated impairment	(231,435)	(231,435)
Tools, furniture and fixtures, net	4,550,360	4,743,587
Land	8,027,045	8,028,045
Other	5,565,455	5,670,658
Accumulated depreciation	(1,813,692)	(1,915,724)
Accumulated impairment	(821,144)	(821,144)
Other, net	2,930,618	2,933,789
Total property, plant and equipment	21,217,390	21,552,916
Intangible assets		
Other	49,347	46,162
Total intangible assets	49,347	46,162
Investments and other assets		
Deferred tax assets	2,025,792	2,054,849
Other	2,877,168	3,068,185
Allowance for doubtful accounts	(1,287,213)	(1,287,227)
Total investments and other assets	3,615,747	3,835,808
Total non-current assets	24,882,485	25,434,887
Total assets	42,202,397	41,704,455

(Thousand yen)

	For the fiscal year ended December 31, 2021 (As of December 31, 2021)	For the three months ended March 31, 2022 (As of March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	160,003	249,157
Short-term borrowings	396,720	536,660
Current portion of bonds payable	157,000	157,000
Current portion of long-term borrowings	1,416,086	1,334,581
Income taxes payable	557,955	273,255
Provision for loss on sublease	37,596	24,196
Lease obligations	283,030	283,697
Other	2,859,488	2,694,112
Total current liabilities	5,867,880	5,552,660
Non-current liabilities		
Bonds payable	186,500	108,000
Long-term borrowings	7,656,597	7,958,039
Long-term unearned revenue	1,529,531	1,462,747
Lease obligations	1,848,538	1,777,363
Asset retirement obligations	925,829	934,142
Provision for loss on sublease	20,313	12,191
Long-term accounts payable - other	2,839,566	2,721,824
Other	364,399	358,404
Total non-current liabilities	15,371,277	15,332,712
Total liabilities	21,239,157	20,885,373
Net assets		
Shareholders' equity		
Share capital	6,111,539	6,111,539
Capital surplus		
Legal capital surplus	6,156,037	6,156,037
Other capital surplus	7,395	7,395
Total capital surplus	6,163,432	6,163,432
Retained earnings		
Retained earnings brought forward	8,917,566	8,776,878
Total retained earnings	8,917,566	8,776,878
Treasury shares	(246,781)	(246,848)
Total shareholders' equity	20,945,758	20,805,001
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17,481	14,079
Total valuation and translation adjustments	17,481	14,079
Total net assets	20,963,239	20,819,081
Total liabilities and net assets	42,202,397	41,704,455

(2) Quarterly Non-Consolidated Statements of Income
 Three Months Ended March 31

(Thousand yen)

	For the three months ended March 31, 2021 (from January 1, 2021 to March 31, 2021)	For the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)
Net sales	5,321,760	5,145,385
Cost of sales	3,779,413	3,489,828
Gross profit	1,542,346	1,655,556
Selling, general and administrative expenses	761,188	718,846
Operating profit	781,158	936,710
Non-operating income		
Interest income	1,859	7
Delinquency charge income	494	420
Foreign exchange gains	7,912	11,217
Insurance claim income	4,920	991
Compensation for forced relocation	—	17,024
Other	8,626	18,526
Total non-operating income	23,812	48,187
Non-operating expenses		
Interest expenses	24,648	28,199
Interest on bonds	355	281
Commission expenses	105	5,733
Other	6,188	1,685
Total non-operating expenses	31,297	35,899
Ordinary profit	773,672	948,997
Extraordinary income		
Gain on sale of non-current assets	14,978	4,257
Gain on sale of businesses	193,913	—
Total extraordinary income	208,892	4,257
Extraordinary losses		
Loss on sale of non-current assets	—	363
Loss on retirement of non-current assets	0	1,726
Total extraordinary losses	0	2,090
Profit before income taxes	982,565	951,163
Income taxes - current	203,202	241,088
Income taxes - deferred	54,629	59,155
Total income taxes	257,832	300,243
Profit	724,733	650,920