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## Non-Consolidated Financial Results for the Nine Months Ended September 30, 2022 [Japanese GAAP]



October 27, 2022

Company name: Arealink Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8914

URL: <https://www.arealink.co.jp/>

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Scheduled date of filing quarterly securities report: November 10, 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 Nine Months Ended September 30, 2022 (January 1, 2022 – September 30, 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	%
Nine months ended								
September 30, 2022	15,831	3.6	2,827	19.3	2,897	23.3	2,212	19.2
September 30, 2021	15,279	(10.9)	2,369	30.9	2,349	36.0	1,856	17.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
September 30, 2022	174.59	–
September 30, 2021	146.80	–

### (2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	44,790	22,399	50.0
As of December 31, 2021	42,202	20,963	49.7

(Reference) Equity: As of September 30, 2022: ¥22,399 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	–	0.00	–		
Fiscal year ending December 31, 2022 (Forecast)				64.00	64.00

(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
Full year	20,600	0.1	3,640	19.6	3,670	22.0	2,675	(15.7)	211.20

(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):

September 30, 2022: 12,940,900 shares

December 31, 2021: 12,940,900 shares

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

September 30, 2022: 263,321 shares

December 31, 2021: 278,595 shares

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

Nine months ended September 30, 2022: 12,669,869 shares

Nine months ended September 30, 2021: 12,646,009 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 third quarter ended September 30, 2022 (As of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	13,440,532	13,478,053
Accounts receivable - trade	123,942	144,755
Real estate for sale	3,127,348	4,793,654
Real estate for sale in process	211,543	470,048
Costs on construction contracts in progress	2,364	–
Supplies	17,627	20,752
Other	421,332	535,034
Allowance for doubtful accounts	(24,778)	(35,093)
<b>Total current assets</b>	<b>17,319,912</b>	<b>19,407,204</b>
Non-current assets		
Property, plant and equipment		
Buildings	9,043,607	9,421,448
Accumulated depreciation	(2,768,902)	(3,023,280)
Accumulated impairment	(565,339)	(565,339)
<b>Buildings, net</b>	<b>5,709,365</b>	<b>5,832,828</b>
Tools, furniture and fixtures	6,376,726	7,012,443
Accumulated depreciation	(1,594,929)	(1,901,644)
Accumulated impairment	(231,435)	(231,323)
<b>Tools, furniture and fixtures, net</b>	<b>4,550,360</b>	<b>4,879,475</b>
Land	8,027,045	8,109,121
Other	5,565,455	5,669,799
Accumulated depreciation	(1,813,692)	(2,119,845)
Accumulated impairment	(821,144)	(816,214)
Other, net	2,930,618	2,733,739
<b>Total property, plant and equipment</b>	<b>21,217,390</b>	<b>21,555,165</b>
Intangible assets		
Other	49,347	54,264
<b>Total intangible assets</b>	<b>49,347</b>	<b>54,264</b>
Investments and other assets		
Deferred tax assets	2,025,792	1,967,970
Other	2,877,168	2,435,280
Allowance for doubtful accounts	(1,287,213)	(628,886)
<b>Total investments and other assets</b>	<b>3,615,747</b>	<b>3,774,364</b>
<b>Total non-current assets</b>	<b>24,882,485</b>	<b>25,383,794</b>
<b>Total assets</b>	<b>42,202,397</b>	<b>44,790,998</b>

(Thousand yen)

	For the fiscal year ended December 31, 2021 (As of December 31, 2021)	For the third quarter ended September 30, 2022 (As of September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	160,003	132,618
Short-term borrowings	396,720	54,970
Current portion of bonds payable	157,000	157,000
Current portion of long-term borrowings	1,416,086	1,790,748
Income taxes payable	557,955	440,252
Provision for loss on sublease	37,596	25,980
Lease obligations	283,030	285,620
Other	2,859,488	2,801,873
Total current liabilities	5,867,880	5,689,064
Non-current liabilities		
Bonds payable	186,500	29,500
Long-term borrowings	7,656,597	10,016,941
Long-term unearned revenue	1,529,531	1,330,674
Lease obligations	1,848,538	1,637,262
Asset retirement obligations	925,829	977,067
Provision for loss on sublease	20,313	12,689
Long-term accounts payable - other	2,839,566	2,346,905
Other	364,399	351,168
Total non-current liabilities	15,371,277	16,702,208
Total liabilities	21,239,157	22,391,273
<b>Net assets</b>		
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	17,346
Total capital surplus	6,163,432	6,173,384
Retained earnings		
Retained earnings brought forward	8,917,566	10,338,000
Total retained earnings	8,917,566	10,338,000
Treasury shares	(246,781)	(233,540)
Total shareholders' equity	20,945,758	22,389,383
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17,481	10,341
Total valuation and translation adjustments	17,481	10,341
Total net assets	20,963,239	22,399,724
Total liabilities and net assets	42,202,397	44,790,998

(2) Quarterly Non-Consolidated Statements of Income  
 Nine Months Ended September 30

(Thousand yen)

	For the nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021)	For the nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)
Net sales	15,279,121	15,831,906
Cost of sales	10,740,942	10,778,553
Gross profit	4,538,178	5,053,352
Selling, general and administrative expenses	2,168,793	2,225,901
Operating profit	2,369,384	2,827,451
Non-operating income		
Interest income	5,626	19
Delinquency charge income	1,404	1,297
Foreign exchange gains	9,890	47,928
Insurance claim income	9,048	4,137
Compensation for forced relocation	23,948	74,755
Gain on investments in private placement fund	14,018	41,686
Other	25,591	26,449
Total non-operating income	89,529	196,273
Non-operating expenses		
Interest expenses	79,339	91,780
Interest on bonds	1,044	722
Commission expenses	17,216	29,667
Other	12,015	4,165
Total non-operating expenses	109,615	126,335
Ordinary profit	2,349,298	2,897,388
Extraordinary income		
Gain on sale of non-current assets	25,606	12,861
Gain on sale of businesses	193,920	–
Reversal of provision for loss on repurchases	137,078	–
Total extraordinary income	356,606	12,861
Extraordinary losses		
Loss on sale of non-current assets	3,329	363
Loss on retirement of non-current assets	29,500	25,880
Impairment losses	12,624	–
Penalty loss	34,896	–
Total extraordinary losses	80,350	26,244
Profit before income taxes	2,625,554	2,884,005
Income taxes - current	609,151	760,212
Income taxes – refund	–	(235,930)
Income taxes - deferred	159,985	147,680
Total income taxes	769,137	671,962
Profit	1,856,416	2,212,042