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November 1, 2021

Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2021 [Japanese GAAP]

Company name: Arte Salon Holdings, Inc. Listings: Tokyo Stock Exchange
Stock Code: 2406 URL: <https://www.arte-hd.com/>
Representative: Shigeyoshi Yoshimura, President and Representative Director
Contact: Mitsuharu Sakaguchi, Executive Officer and General Manager of Corporate Planning Department
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Expected date of filing Quarterly Securities Report: November 12, 2021

Expected date of commencing dividend payments: -

Availability of supplementary materials for financial results: No

Holding of financial results meetings: No

(Amounts under one million yen have been rounded down.)

1. Consolidated financial results for the first nine months of the fiscal year ending December 31, 2021 (January 1, 2021 – September 30, 2021)

(1) Consolidated operating results(cumulative)

(Percentages indicate year-on-year changes)

	Net Sales		Operating profit		Ordinary Profit		Profit Attributable to owners of Parent	
Nine Months Ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2021	6,297	11.2	334	-	396	261.9	232	-
September 30, 2020	5,664	(9.5)	(11)	-	109	(66.5)	(235)	-

	Earnings per share	Diluted earnings per share
Nine Months Ended	Yen	Yen
September 30, 2021	23.50	-
September 30, 2020	(23.80)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2021	9,773	2,885	29.5
December 31, 2020	8,347	2,673	32.0

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2020	-	0.00	-	2.00	2.00
Fiscal Year 2021	-	0.00	-	-	-
Fiscal Year 2021(forecast)	-	-	-	5.00	5.00

3. Forecast for the fiscal year ending December 31, 2021

(Percentages indicate year-on-year changes)

	Net Sales		Operating profit		Ordinary Profit		Profit Attributable to owners of Parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	8,700	10.6	400	224.0	400	31.8	210	-	21.21

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None
- (2) Application of special accounting methods for presenting quarterly consolidated financial statements: None
- (3) Changes in accounting policies and accounting-based estimates, and restatements
- 1) Changes in accounting policies due to revisions in accounting standards, others: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting-based estimates: None
 - 4) Restatements: None

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	10,300,000 shares	As of December 31, 2020	10,300,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	399,743 shares	As of December 31, 2020	399,743 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine Months Ended September 30, 2021	9,900,257 shares	Nine Months Ended September 30, 2020	9,900,257 shares
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***Cautionary statement with respect to financial forecasts and other special notes**

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ materially due to a variety of factors.

Quarterly consolidated financial statements

Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	1,195,214	2,973,996
Accounts receivable - trade	422,352	327,454
Merchandise	145,259	134,969
Supplies	14,701	13,387
Other	954,243	738,847
Allowance for doubtful accounts	(5,024)	(3,531)
Total current assets	2,726,749	4,185,122
Non-current assets		
Property, plant and equipment		
Buildings	6,479,813	6,610,221
Accumulated depreciation and impairment loss	(3,647,405)	(3,721,658)
Buildings, net	2,832,408	2,888,562
Vehicles	26,623	26,861
Accumulated depreciation	(16,306)	(18,869)
Vehicles, net	10,316	7,991
Tools, furniture and fixtures	1,409,650	1,456,735
Accumulated depreciation and impairment loss	(963,983)	(1,004,581)
Tools, furniture and fixtures, net	445,667	452,154
Land	136,182	136,182
Leased assets	18,021	18,021
Accumulated depreciation	(3,754)	(6,007)
Leased assets, net	14,267	12,014
Construction in progress	367	3,109
Total property, plant and equipment	3,439,209	3,500,014
Intangible assets		
Goodwill	211,186	172,773
Other	69,421	57,381
Total intangible assets	280,607	230,154
Investments and other assets		
Leasehold and guarantee deposits	1,408,276	1,387,072
Other	497,530	475,428
Allowance for doubtful accounts	(5,353)	(4,134)
Total investments and other assets	1,900,453	1,858,365
Total non-current assets	5,620,270	5,588,534
Total assets	8,347,019	9,773,657

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	98,446	69,902
Short-term borrowings	150,000	1,650,000
Current portion of long-term borrowings	532,455	1,161,880
Accounts payable - other	1,722,424	1,206,468
Income taxes payable	46,214	89,115
Provision for bonuses	4,128	11,664
Provision for shareholder benefit program	28,815	3,679
Asset retirement obligations	17,410	18,202
Other	194,105	305,343
Total current liabilities	2,794,000	4,516,255
Non-current liabilities		
Long-term borrowings	2,040,030	1,542,020
Provision for shareholder benefit program	3,262	3,262
Retirement benefit liability	72,279	71,876
Asset retirement obligations	549,855	557,790
Other	214,487	196,937
Total non-current liabilities	2,879,914	2,371,886
Total liabilities	5,673,915	6,888,142
Net assets		
Shareholders' equity		
Share capital	498,000	498,000
Capital surplus	860,292	860,292
Retained earnings	1,426,357	1,639,209
Treasury shares	(113,425)	(113,425)
Total shareholders' equity	2,671,223	2,884,075
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,880	1,438
Total accumulated other comprehensive income	1,880	1,438
Total net assets	2,673,103	2,885,514
Total liabilities and net assets	8,347,019	9,773,657

Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	5,664,741	6,297,260
Cost of sales	4,290,912	4,638,118
Gross profit	1,373,829	1,659,141
Selling, general and administrative expenses	1,385,081	1,324,892
Operating profit (loss)	(11,251)	334,249
Non-operating income		
Interest income	1,803	1,032
Commission income	6,448	6,429
Reversal of allowance for doubtful accounts	—	2,710
Compensation income	—	7,170
Subsidy income	116,309	53,468
Other	12,996	10,629
Total non-operating income	137,558	81,442
Non-operating expenses		
Interest expenses	13,883	13,070
Other	2,857	6,146
Total non-operating expenses	16,740	19,216
Ordinary profit	109,566	396,474
Extraordinary income		
Gain on sales of non-current assets	100	—
Compensation income	—	15,184
Subsidy income	79,567	5,389
Other	—	3,847
Total extraordinary income	79,667	24,421
Extraordinary losses		
Loss on retirement of non-current assets	1,043	1,723
Loss on store closings	17,918	2,846
Impairment loss	58,424	30,255
Differences between the asset retirement liability balance and actual retirement costs	18,523	9,120
Infectious disease-related losses	339,125	12,168
Total extraordinary losses	435,036	56,114
Profit (loss) before income taxes	(245,802)	364,782
Income taxes - current	55,544	123,156
Income taxes - deferred	(65,724)	8,972
Total income taxes	(10,180)	132,129
Profit (loss)	(235,622)	232,652
Profit (loss) attributable to owners of parent	(235,622)	232,652