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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: Relia, Inc.
 Stock exchange listing: Tokyo
 Code number: 4708
 URL: <https://www.relia-group.com/>
 Representative: TAKASHI AMINO, President
 Contact: KENICHIRO IWAMOTO, General Manager
 Phone: +81-3-5351-7200
 Scheduled date of Annual General Meeting of Shareholders: June 22, 2023
 Scheduled date of commencing dividend payments: -
 Scheduled date of filing annual securities report: June 30, 2023
 Availability of supplementary briefing material on annual financial results: No
 Schedule of annual financial results briefing session: No

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	120,619	2.3	6,723	(19.0)	6,468	(20.9)	4,301	(20.9)
March 31, 2022	117,884	(7.6)	8,300	(14.2)	8,180	(16.6)	5,439	(29.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 5,599 million [(9.9) %]
 Fiscal year ended March 31, 2022: ¥ 6,214 million [(16.0) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	66.34	-	9.0	9.8	5.6
March 31, 2022	82.99	-	11.9	12.3	7.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 68 million
 Fiscal year ended March 31, 2022: ¥ 46 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	66,988	49,062	73.2	756.64
March 31, 2022	65,435	46,251	70.7	713.28

(Reference) Equity: As of March 31, 2023: ¥ 49,059 million
 As of March 31, 2022: ¥ 46,247 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	7,413	(2,358)	(3,450)	27,758
March 31, 2022	7,210	(1,368)	(6,040)	25,746

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	21.00	-	21.00	42.00	2,731	50.6	6.0
March 31, 2023	-	22.00	-	0.00	22.00	1,426	33.2	3.0
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

As announced in “Announcement of Opinion Supporting Planned Commencement of Tender Offer for Shares in the Company by Otemachi Holdings G.K., to Which Mitsui & Co., Ltd. Contributes, and Recommendation for Our Shareholders to Tender Their Shares in Tender Offer” dated January 13, 2023, Mitsui & Co., Ltd. (“Mitsui”) and Otemachi Holdings G.K. (the “Tender Offeror”) to which Mitsui contributes 100% of funds will become the only shareholders of the Company through the tender offer for the common stock in the Company and a series of procedures and the Company Shares will be delisted. As a result, Financial Results Forecast for the Fiscal Year Ending March 31, 2024 is not stated.

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
 Exclusion: - (Company name:)

(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: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

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

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

March 31, 2023: 64,838,033 shares
 March 31, 2022: 64,838,033 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 192 shares
 March 31, 2022: - shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 64,838,004 shares
 Fiscal Year ended March 31, 2022: 65,549,314 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	87,522	(1.6)	5,168	(22.1)	7,909	6.3	6,223	16.1
March 31, 2022	88,901	(8.1)	6,635	(24.2)	7,440	(22.6)	5,359	(38.9)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	95.98	-
March 31, 2022	81.77	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	54,164	42,942	79.3	662.30
March 31, 2022	51,543	39,506	76.6	609.31

(Reference) Equity: As of March 31, 2023: ¥ 42,942 million
As of March 31, 2022: ¥ 39,506 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	25,746	27,758
Notes and accounts receivable - trade	20,913	20,156
Contract assets	1,418	1,548
Supplies	28	31
Other	2,199	2,598
Allowance for doubtful accounts	(178)	(259)
Total current assets	50,129	51,833
Non-current assets		
Property, plant and equipment		
Buildings	6,448	7,219
Accumulated depreciation	(3,645)	(4,224)
Buildings, net	2,802	2,995
Tools, furniture and fixtures	6,017	6,870
Accumulated depreciation	(4,159)	(4,854)
Tools, furniture and fixtures, net	1,857	2,015
Machinery, equipment and vehicles	283	363
Accumulated depreciation	(146)	(180)
Machinery, equipment and vehicles, net	136	182
Land	54	54
Leased assets	3,110	2,376
Accumulated depreciation	(2,125)	(1,613)
Leased assets, net	985	762
Construction in progress	196	73
Total property, plant and equipment	6,034	6,083
Intangible assets		
Goodwill	1,953	1,775
Software	1,107	1,060
Other	55	53
Total intangible assets	3,116	2,889
Investments and other assets		
Investment securities	399	355
Deferred tax assets	1,333	1,391
Leasehold and guarantee deposits	3,978	3,961
Retirement benefit asset	220	203
Other	224	430
Allowance for doubtful accounts	(0)	(161)
Total investments and other assets	6,155	6,181
Total non-current assets	15,306	15,154
Total assets	65,435	66,988

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,970	3,006
Accounts payable - other	7,579	8,138
Lease liabilities	592	405
Income taxes payable	1,236	535
Provision for bonuses	1,096	1,151
Provision for bonuses for directors (and other officers)	37	39
Provision for loss on compensation for damages	103	-
Other	2,513	1,585
Total current liabilities	16,129	14,861
Non-current liabilities		
Lease liabilities	484	349
Retirement benefit liability	637	742
Asset retirement obligations	1,875	1,904
Other	57	66
Total non-current liabilities	3,054	3,063
Total liabilities	19,183	17,925
Net assets		
Shareholders' equity		
Share capital	998	998
Capital surplus	1,112	1,112
Retained earnings	42,169	43,682
Treasury shares	-	(0)
Total shareholders' equity	44,280	45,793
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Deferred gains or losses on hedges	(35)	(35)
Foreign currency translation adjustment	2,131	3,463
Remeasurements of defined benefit plans	(131)	(166)
Total accumulated other comprehensive income	1,967	3,265
Non-controlling interests	3	3
Total net assets	46,251	49,062
Total liabilities and net assets	65,435	66,988

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	117,884	120,619
Cost of sales	98,562	100,822
Gross profit	19,321	19,796
Selling, general and administrative expenses	11,021	13,073
Operating profit	8,300	6,723
Non-operating income		
Interest income	10	13
Dividend income	2	5
Share of profit of entities accounted for using equity method	46	68
Commission income	13	12
Gain on investments in investment partnerships	20	-
Other	22	28
Total non-operating income	116	127
Non-operating expenses		
Loss on retirement of non-current assets	15	45
Interest expenses	64	57
Foreign exchange losses	44	40
Provision for loss on compensation for damage	103	-
Loss of compensation	-	224
Other	8	14
Total non-operating expenses	236	382
Ordinary profit	8,180	6,468
Extraordinary income		
Subsidy income	40	133
Total extraordinary income	40	133
Extraordinary losses		
Loss on forgiveness of receivable	-	40
Loss on valuation of investment securities	-	50
Total extraordinary losses	-	90
Profit before income taxes	8,220	6,511
Income taxes - current	2,668	2,234
Income taxes - deferred	112	(24)
Total income taxes	2,780	2,209
Profit	5,440	4,301
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	5,439	4,301

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	5,440	4,301
Other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Deferred gains or losses on hedges	(35)	(0)
Foreign currency translation adjustment	855	1,322
Remeasurements of defined benefit plans, net of tax	(49)	(35)
Share of other comprehensive income of entities accounted for using equity method	2	9
Total other comprehensive income	774	1,298
Comprehensive income	6,214	5,599
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,214	5,599
Comprehensive income attributable to non-controlling interests	0	0

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	998	1,112	41,968	(0)	44,079
Cumulative effects of changes in accounting policies			168		168
Restated balance	998	1,112	42,136	(0)	44,247
Changes during period					
Dividends of surplus			(2,907)		(2,907)
Profit attributable to owners of parent			5,439		5,439
Purchase of treasury shares				(2,499)	(2,499)
Cancellation of treasury shares			(2,500)	2,500	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	32	0	32
Balance at end of period	998	1,112	42,169	-	44,280

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1	-	1,272	(81)	1,192	2	45,275
Cumulative effects of changes in accounting policies							168
Restated balance	1	-	1,272	(81)	1,192	2	45,443
Changes during period							
Dividends of surplus							(2,907)
Profit attributable to owners of parent							5,439
Purchase of treasury shares							(2,499)
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	1	(35)	858	(49)	774	0	775
Total changes during period	1	(35)	858	(49)	774	0	807
Balance at end of period	2	(35)	2,131	(131)	1,967	3	46,251

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	998	1,112	42,169	-	44,280
Cumulative effects of changes in accounting policies					-
Restated balance	998	1,112	42,169	-	44,280
Changes during period					
Dividends of surplus			(2,788)		(2,788)
Profit attributable to owners of parent			4,301		4,301
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,513	(0)	1,512
Balance at end of period	998	1,112	43,682	(0)	45,793

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2	(35)	2,131	(131)	1,967	3	46,251
Cumulative effects of changes in accounting policies							-
Restated balance	2	(35)	2,131	(131)	1,967	3	46,251
Changes during period							
Dividends of surplus							(2,788)
Profit attributable to owners of parent							4,301
Purchase of treasury shares							(0)
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	1	(0)	1,332	(35)	1,298	0	1,298
Total changes during period	1	(0)	1,332	(35)	1,298	0	2,811
Balance at end of period	3	(35)	3,463	(166)	3,265	3	49,062

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,220	6,511
Depreciation	2,443	2,867
Amortization of goodwill	395	472
Increase (decrease) in provisions	(128)	170
Interest and dividend income	(13)	(18)
Interest expenses	64	57
Share of loss (profit) of entities accounted for using equity method	(46)	(68)
Loss (gain) on investments in investment partnerships	(20)	5
Loss (gain) on valuation of investment securities	-	50
Decrease (increase) in trade receivables and contract assets	1,419	273
Decrease (increase) in inventories	68	(2)
Increase (decrease) in trade payables	(70)	(172)
Increase (decrease) in accounts payable - other	(676)	335
Increase (decrease) in accrued consumption taxes	(1,370)	115
Other, net	(213)	(297)
Subtotal	10,073	10,300
Interest and dividends received	44	82
Interest paid	(64)	(57)
Income taxes paid	(2,844)	(2,913)
Net cash provided by (used in) operating activities	7,210	7,413
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,438)	(1,687)
Purchase of intangible assets	(760)	(538)
Payments for asset retirement obligations	(49)	(37)
Payments of leasehold and guarantee deposits	(20)	(21)
Proceeds from refund of leasehold and guarantee deposits	231	64
Proceeds from redemption of investment securities	700	-
Other, net	(30)	(137)
Net cash provided by (used in) investing activities	(1,368)	(2,358)
Cash flows from financing activities		
Repayments of lease liabilities	(633)	(662)
Purchase of treasury shares	(2,499)	(0)
Dividends paid	(2,906)	(2,788)
Net cash provided by (used in) financing activities	(6,040)	(3,450)
Effect of exchange rate change on cash and cash equivalents	286	408
Net increase (decrease) in cash and cash equivalents	88	2,011
Cash and cash equivalents at beginning of period	25,658	25,746
Cash and cash equivalents at end of period	25,746	27,758

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	16,979	21,516
Notes receivable - trade	81	63
Accounts receivable - trade	12,644	10,930
Contract assets	1,411	1,548
Supplies	28	30
Prepaid expenses	895	1,046
Accounts receivable - other	183	200
Other	201	130
Allowance for doubtful accounts	(16)	(18)
Total current assets	32,409	35,448
Non-current assets		
Property, plant and equipment		
Buildings	4,310	4,293
Accumulated depreciation	(2,223)	(2,393)
Buildings, net	2,087	1,900
Tools, furniture and fixtures	3,534	3,642
Accumulated depreciation	(2,385)	(2,566)
Tools, furniture and fixtures, net	1,149	1,076
Land	54	54
Other	11	11
Accumulated depreciation	(9)	(10)
Other, net	2	1
Total property, plant and equipment	3,294	3,032
Intangible assets		
Telephone subscription right	37	37
Software	588	630
Other	6	4
Total intangible assets	632	672
Investments and other assets		
Investment securities	179	170
Shares of subsidiaries and associates	10,021	9,820
Long-term loans receivable from subsidiaries and associates	127	139
Long-term prepaid expenses	17	33
Deferred tax assets	884	861
Leasehold and guarantee deposits	3,526	3,508
Insurance funds	82	84
Prepaid pension costs	364	389
Other	3	3
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	15,207	15,010
Total non-current assets	19,133	18,716
Total assets	51,543	54,164

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,748	1,643
Accounts payable - other	5,288	5,496
Income taxes payable	1,037	275
Advances received	19	29
Deposits received	166	168
Provision for bonuses	982	1,036
Provision for bonuses for directors (and other officers)	37	39
Provision for loss on compensation for damages	103	-
Other	921	776
Total current liabilities	10,304	9,466
Non-current liabilities		
Asset retirement obligations	1,730	1,755
Other	1	-
Total non-current liabilities	1,732	1,755
Total liabilities	12,036	11,222
Net assets		
Shareholders' equity		
Share capital	998	998
Capital surplus		
Legal capital surplus	1,202	1,202
Total capital surplus	1,202	1,202
Retained earnings		
Legal retained earnings	127	127
Other retained earnings		
General reserve	31,598	34,378
Retained earnings brought forward	5,577	6,232
Total retained earnings	37,302	40,737
Treasury shares	-	(0)
Total shareholders' equity	39,503	42,938
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2	3
Total valuation and translation adjustments	2	3
Total net assets	39,506	42,942
Total liabilities and net assets	51,543	54,164

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	88,901	87,522
Cost of sales	74,641	73,615
Gross profit	14,260	13,906
Selling, general and administrative expenses	7,625	8,738
Operating profit	6,635	5,168
Non-operating income		
Interest income	1	0
Dividend income	829	2,968
Commission income	13	12
Gain on investments in investment partnerships	20	-
Other	53	5
Total non-operating income	919	2,986
Non-operating expenses		
Loss on retirement of non-current assets	-	9
Commission expenses	4	-
Loss on investments in investment partnerships	-	5
Foreign exchange losses	6	6
Provision for loss on compensation for damage	103	-
Loss of compensation	-	224
Other	0	0
Total non-operating expenses	114	246
Ordinary profit	7,440	7,909
Extraordinary income		
Subsidy income	40	132
Total extraordinary income	40	132
Extraordinary losses		
Loss on forgiveness of receivable	-	40
Loss on valuation of shares of subsidiaries and associates	-	200
Total extraordinary losses	-	241
Profit before income taxes	7,480	7,800
Income taxes - current	2,117	1,554
Income taxes - deferred	3	22
Total income taxes	2,120	1,576
Profit	5,359	6,223

Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	998	1,202	1,202	127	28,698	8,346	37,171
Cumulative effects of changes in accounting policies						178	178
Restated balance	998	1,202	1,202	127	28,698	8,524	37,350
Changes during period							
Provision of general reserve					2,900	(2,900)	-
Dividends of surplus						(2,907)	(2,907)
Profit						5,359	5,359
Purchase of treasury shares							
Cancellation of treasury shares						(2,500)	(2,500)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	2,900	(2,947)	(47)
Balance at end of period	998	1,202	1,202	127	31,598	5,577	37,302

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(0)	39,372	1	1	39,374
Cumulative effects of changes in accounting policies		178			178
Restated balance	(0)	39,550	1	1	39,552
Changes during period					
Provision of general reserve		-			-
Dividends of surplus		(2,907)			(2,907)
Profit		5,359			5,359
Purchase of treasury shares	(2,499)	(2,499)			(2,499)
Cancellation of treasury shares	2,500	-			-
Net changes in items other than shareholders' equity			1	1	1
Total changes during period	0	(47)	1	1	(45)
Balance at end of period	-	39,503	2	2	39,506

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	998	1,202	1,202	127	31,598	5,577	37,302
Cumulative effects of changes in accounting policies							
Restated balance	998	1,202	1,202	127	31,598	5,577	37,302
Changes during period							
Provision of general reserve					2,780	(2,780)	
Dividends of surplus						(2,788)	(2,788)
Profit						6,223	6,223
Purchase of treasury shares							
Cancellation of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	2,780	655	3,435
Balance at end of period	998	1,202	1,202	127	34,378	6,232	40,737

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	-	39,503	2	2	39,506
Cumulative effects of changes in accounting policies		-			-
Restated balance	-	39,503	2	2	39,506
Changes during period					
Provision of general reserve		-			-
Dividends of surplus		(2,788)			(2,788)
Profit		6,223			6,223
Purchase of treasury shares	(0)	(0)			(0)
Cancellation of treasury shares		-			-
Net changes in items other than shareholders' equity			1	1	1
Total changes during period	(0)	3,434	1	1	3,436
Balance at end of period	(0)	42,938	3	3	42,942