

Translation

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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: ECONACH HOLDINGS CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 3521 URL <https://www.econach.co.jp/>
 Representative: Representative Director and President Ryuta Suzuki
 Inquiries: Administration Department Yoshiyuki Nomura TEL 03-6418-4391
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	1,407	87.3	(0)	–	(7)	–	51	–
Year ended March 31, 2022	751	25.4	(115)	–	(131)	–	(22)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	0.96	–	1.1	(0.1)	(0.0)
Year ended March 31, 2022	(0.50)	–	(0.5)	(2.3)	(15.4)

(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, 2023	6,108	4,632	75.8	87.55
As of March 31, 2022	6,099	4,582	75.1	86.61

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	(25)	(778)	(118)	1,009
Year ended March 31, 2022	134	(184)	774	1,931

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	–	–	0.00	0.00	–	–	–
Year ended March 31, 2023	–	–	–	0.00	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	0.00	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Full year	2,340	66.3	310	–	300	–	200	291.8	3.78

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	52,932,733 shares	As of March 31, 2022	52,932,733 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	16,786 shares	As of March 31, 2022	16,786 shares
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Average number of shares during the period

Year ended March 31, 2023	52,915,947 shares	Year ended March 31, 2022	43,578,588 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,931,013	1,009,394
Accounts receivable - trade	42,466	61,218
Merchandise	107	493
Supplies	149	39,175
Other	11,546	96,652
Allowance for doubtful accounts	(2,541)	(2,207)
Total current assets	1,982,742	1,204,726
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,841,375	2,517,153
Machinery, equipment and vehicles, net	50,045	44,375
Tools, furniture and fixtures, net	23,287	41,025
Land	1,834,794	1,834,794
Construction in progress	114,312	215,538
Total property, plant and equipment	3,863,814	4,652,886
Intangible assets		
Leasehold interests in land	85,248	83,445
Software	185	70
Telephone subscription right	1,528	1,528
Total intangible assets	86,962	85,044
Investments and other assets		
Investment securities	600	600
Other	172,922	167,602
Allowance for doubtful accounts	(7,148)	(2,208)
Total investments and other assets	166,373	165,994
Total non-current assets	4,117,150	4,903,925
Total assets	6,099,893	6,108,651

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	20,788	30,098
Current portion of long-term borrowings	118,404	150,948
Accounts payable - other	30,280	151,757
Income taxes payable	63,472	90,419
Contract liabilities	4,835	7,479
Advances received	2,764	2,843
Provision for bonuses	1,437	5,676
Provision for shareholder benefit program	1,081	1,348
Other	35,213	42,557
Total current liabilities	278,278	483,129
Non-current liabilities		
Long-term borrowings	939,796	788,848
Deferred tax liabilities	44,099	29,354
Deferred tax liabilities for land revaluation	8,899	10,052
Asset retirement obligations	204,111	160,761
Long-term deposits received	41,892	3,793
Total non-current liabilities	1,238,798	992,810
Total liabilities	1,517,077	1,475,939
Net assets		
Shareholders' equity		
Share capital	543,874	100,000
Capital surplus	3,791,435	4,235,309
Retained earnings	229,578	280,628
Treasury shares	(2,235)	(2,235)
Total shareholders' equity	4,562,652	4,613,701
Accumulated other comprehensive income		
Revaluation reserve for land	20,163	19,010
Total accumulated other comprehensive income	20,163	19,010
Total net assets	4,582,816	4,632,711
Total liabilities and net assets	6,099,893	6,108,651

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	751,440	1,407,526
Cost of sales	697,399	1,211,286
Gross profit	54,041	196,240
Selling, general and administrative expenses	169,535	196,644
Operating loss	(115,493)	(403)
Non-operating income		
Interest income	10	13
Commission income	1,052	2,178
Rental income from non-current assets	384	384
Bounty income	–	1,000
Consumption taxes refund	1,324	–
Other	254	543
Total non-operating income	3,025	4,120
Non-operating expenses		
Interest expenses	11,961	10,350
Loss on sale of receivables	7,000	–
Other	353	785
Total non-operating expenses	19,314	11,135
Ordinary loss	(131,783)	(7,419)
Extraordinary income		
Gain on sale of shares of subsidiaries	–	167,663
Subsidy income	78,988	5,899
Settlement income	116,555	–
Total extraordinary income	195,544	173,563
Extraordinary losses		
Loss related to COVID-19	32,909	–
Loss on retirement of non-current assets	7,452	3,848
Total extraordinary losses	40,362	3,848
Profit before income taxes	23,398	162,295
Income taxes - current	38,391	111,023
Income taxes - refund	(2,041)	–
Income taxes - deferred	9,053	222
Total income taxes	45,403	111,246
Profit (loss)	(22,004)	51,049
Profit (loss) attributable to owners of parent	(22,004)	51,049

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	(22,004)	51,049
Other comprehensive income		
Revaluation reserve for land	1,153	(1,153)
Total other comprehensive income	1,153	(1,153)
Comprehensive income	(20,851)	49,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(20,851)	49,895
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	3,347,561	252,476	(2,235)	3,697,801
Cumulative effects of changes in accounting policies			(892)		(892)
Restated balance	100,000	3,347,561	251,583	(2,235)	3,696,909
Changes during period					
Issuance of new shares	443,874	443,874			887,748
Profit (loss) attributable to owners of parent			(22,004)		(22,004)
Net changes in items other than shareholders' equity					
Total changes during period	443,874	443,874	(22,004)	-	865,743
Balance at end of period	543,874	3,791,435	229,578	(2,235)	4,562,652

	Accumulated other comprehensive income		Total net assets
	Revaluation reserve for land	Total accumulated other comprehensive income	
Balance at beginning of period	19,010	19,010	3,716,811
Cumulative effects of changes in accounting policies		-	(892)
Restated balance	19,010	19,010	3,715,919
Changes during period			
Issuance of new shares			887,748
Profit (loss) attributable to owners of parent			(22,004)
Net changes in items other than shareholders' equity	1,153	1,153	1,153
Total changes during period	1,153	1,153	866,896
Balance at end of period	20,163	20,163	4,582,816

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	543,874	3,791,435	229,578	(2,235)	4,562,652
Changes during period					
Profit (loss) attributable to owners of parent			51,049		51,049
Transfer from share capital to other capital surplus	(443,874)	443,874			
Net changes in items other than shareholders' equity					
Total changes during period	(443,874)	443,874	51,049	-	51,049
Balance at end of period	100,000	4,235,309	280,628	(2,235)	4,613,701

	Accumulated other comprehensive income		Total net assets
	Revaluation reserve for land	Total accumulated other comprehensive income	
Balance at beginning of period	20,163	20,163	4,582,816
Changes during period			
Profit (loss) attributable to owners of parent			51,049
Transfer from share capital to other capital surplus			
Net changes in items other than shareholders' equity	(1,153)	(1,153)	(1,153)
Total changes during period	(1,153)	(1,153)	49,895
Balance at end of period	19,010	19,010	4,632,711

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	23,398	162,295
Depreciation	177,603	209,531
Increase (decrease) in allowance for doubtful accounts	777	(5,273)
Increase (decrease) in provision for bonuses	–	4,771
Increase (decrease) in provision for shareholder benefit program	338	267
Interest and dividend income	(10)	(13)
Interest expenses	11,961	10,350
Loss on sale of receivables	7,000	–
Subsidy income	(78,988)	(5,899)
Settlement income	(116,555)	–
Loss related to COVID-19	32,909	–
Loss (gain) on sale of shares of subsidiaries	–	(167,663)
Loss on retirement of property, plant and equipment	7,452	3,848
Decrease (increase) in trade receivables	4,162	(29,078)
Decrease (increase) in inventories	538	(41,042)
Increase (decrease) in trade payables	3,853	13,788
Increase (decrease) in income taxes payable - factor based tax	25,071	(25,071)
Increase (decrease) in accrued consumption taxes	(14,613)	951
Decrease (increase) in consumption taxes refund receivable	7,655	(98,725)
Increase (decrease) in long-term deposits received	(20,824)	(38,099)
Other, net	(28,238)	43,145
Subtotal	43,492	38,082
Interest and dividends received	10	13
Interest paid	(11,874)	(10,188)
Subsidies received	78,988	5,899
Settlement received	81,952	–
Loss related to COVID-19 paid	(13,248)	–
Income taxes refund	45,680	–
Income taxes paid	(90,585)	(58,934)
Net cash provided by (used in) operating activities	134,415	(25,127)
Cash flows from investing activities		
Purchase of property, plant and equipment	(181,308)	(1,180,650)
Purchase of intangible assets	(1,818)	(17,451)
Payments of guarantee deposits	(1,263)	(53)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	420,067
Net cash provided by (used in) investing activities	(184,390)	(778,087)
Cash flows from financing activities		
Repayments of long-term borrowings	(113,400)	(118,404)
Proceeds from issuance of shares	887,748	–
Net cash provided by (used in) financing activities	774,348	(118,404)
Net increase (decrease) in cash and cash equivalents	724,373	(921,618)
Cash and cash equivalents at beginning of period	1,206,639	1,931,013
Cash and cash equivalents at end of period	1,931,013	1,009,394