

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 7, 2022

Company name: RESOL HOLDINGS CO., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5261 URL <https://www.resol.jp>
 Representative: Representative Director, President Masaru Osawa
 Inquiries: Manager of the Accounting Department Takeo Oikawa TEL 03-3344-8861
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	12,682	87.1	945	–	876	–	557	–
Six months ended September 30, 2021	6,778	28.0	(1,065)	–	(970)	–	(874)	–

Note: Comprehensive income Six months ended September 30, 2022 ¥558 million [–%]
 Six months ended September 30, 2021 ¥(868) million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	100.30	–
Six months ended September 30, 2021	(157.51)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	38,141	13,961	36.0	2,473.17
As of March 31, 2022	39,056	13,680	34.5	2,422.66

Reference: Equity As of September 30, 2022 ¥13,739 million
 As of March 31, 2022 ¥13,457 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	50.00	50.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	–	–

Note: Revisions to the cash dividend forecasts most recently announced: None

The cash dividend forecast for the fiscal year ending March 31, 2023 is undetermined at this time.

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

The consolidated financial results forecasts for the fiscal year ending March 31, 2023, have not yet been determined as it is difficult at this stage to rationally estimate the impact of the novel coronavirus disease (COVID-19). The Company will disclose the results forecasts as soon as it becomes possible to reasonably calculate them while assessing the impact of COVID-19.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(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, 2022	5,564,200 shares	As of March 31, 2022	5,564,200 shares
--------------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of September 30, 2022	8,820 shares	As of March 31, 2022	9,372 shares
--------------------------	--------------	----------------------	--------------

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

Six months ended September 30, 2022	5,555,065 shares	Six months ended September 30, 2021	5,554,576 shares
-------------------------------------	------------------	-------------------------------------	------------------

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,452,681	4,754,507
Operating accounts receivable	1,098,443	877,550
Merchandise	100,250	101,408
Real estate for sale	4,571,767	2,702,847
Supplies	74,021	83,556
Other	1,377,037	1,160,276
Total current assets	10,674,201	9,680,146
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,132,532	6,129,765
Land	13,514,523	13,600,910
Other, net	2,756,837	2,782,840
Total property, plant and equipment	22,403,892	22,513,516
Intangible assets		
Goodwill	448,339	406,418
Other	356,523	348,785
Total intangible assets	804,863	755,203
Investments and other assets		
Total investments and other assets	5,173,447	5,192,458
Total non-current assets	28,382,203	28,461,178
Total assets	39,056,405	38,141,325

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Trade accounts payable	269,874	306,549
Short-term borrowings	4,500,000	3,200,000
Current portion of long-term borrowings	4,440,608	3,837,240
Income taxes payable	721,307	565,028
Provision for bonuses	148,412	147,688
Provision for bonuses for directors (and other officers)	11,000	–
Other	4,044,912	3,611,626
Total current liabilities	14,136,114	11,668,132
Non-current liabilities		
Long-term borrowings	6,611,196	8,131,692
Guarantee deposits received	2,109,568	2,026,878
Retirement benefit liability	447,422	438,119
Provision for employee special amends	9,850	9,850
Asset retirement obligations	398,553	201,573
Other	1,663,099	1,703,427
Total non-current liabilities	11,239,690	12,511,541
Total liabilities	25,375,805	24,179,674
Net assets		
Shareholders' equity		
Share capital	3,948,088	3,948,088
Capital surplus	2,663,333	2,664,483
Retained earnings	6,868,424	7,147,879
Treasury shares	(22,637)	(21,242)
Total shareholders' equity	13,457,207	13,739,208
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	266	184
Total accumulated other comprehensive income	266	184
Non-controlling interests	223,125	222,257
Total net assets	13,680,600	13,961,650
Total liabilities and net assets	39,056,405	38,141,325

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	6,778,607	12,682,766
Cost of sales	2,555,230	5,677,504
Gross profit	4,223,377	7,005,261
Selling, general and administrative expenses	5,288,479	6,059,960
Operating profit (loss)	(1,065,102)	945,300
Non-operating income		
Interest income	13	19
Rental income	5,295	3,926
Insurance claim income	2,720	5,128
Subsidies for employment adjustment	90,064	28,203
Refund income	3,268	4,079
Other	142,506	47,363
Total non-operating income	243,869	88,720
Non-operating expenses		
Interest expenses	82,115	76,649
Commission expenses	23,068	61,964
Other	44,204	19,201
Total non-operating expenses	149,388	157,815
Ordinary profit (loss)	(970,621)	876,205
Extraordinary income		
Gain on sale of non-current assets	397	17,791
Gain on bargain purchase	473,896	–
Other	–	437
Total extraordinary income	474,293	18,229
Extraordinary losses		
Loss on sale of non-current assets	–	577
Loss on retirement of non-current assets	748	4,841
Loss due to new corona virus infection	214,068	–
Other	200	1,687
Total extraordinary losses	215,017	7,106
Profit (loss) before income taxes	(711,344)	887,328
Income taxes - current	110,574	343,681
Income taxes - deferred	47,316	(14,682)
Total income taxes	157,890	328,999
Profit (loss)	(869,235)	558,329
Profit attributable to non-controlling interests	5,646	1,132
Profit (loss) attributable to owners of parent	(874,882)	557,197

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	(869,235)	558,329
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	761	(82)
Total other comprehensive income	761	(82)
Comprehensive income	(868,473)	558,247
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(874,120)	557,114
Comprehensive income attributable to non-controlling interests	5,646	1,132

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(711,344)	887,328
Depreciation	448,846	444,572
Amortization of goodwill	41,921	41,921
Increase (decrease) in allowance for doubtful accounts	(913)	(63)
Increase (decrease) in provision for bonuses	31,034	(723)
Increase (decrease) in retirement benefit liability	(19,886)	(11,037)
Interest and dividend income	(13)	(2,033)
Interest expenses	82,115	76,649
Employment adjustment subsidy	(90,064)	(28,203)
Insurance claim income	(2,720)	(5,565)
Increase (decrease) in provision for bonuses for directors (and other officers)	(11,000)	(11,000)
Loss on retirement of non-current assets	748	4,841
Gain on sale of non-current assets	(397)	(17,214)
Commission expenses	23,068	61,964
Gain on bargain purchase	(473,896)	—
Corona extraordinary loss	214,068	—
Other extraordinary loss (income)	(200)	—
Decrease (increase) in trade receivables	293,994	220,955
Decrease (increase) in inventories	(3,898)	2,110,522
Decrease (increase) in other assets	(20,210)	108,502
Increase (decrease) in trade payables	(12,293)	36,674
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(623,594)	37,216
Increase (decrease) in other liabilities	58,525	(481,053)
Subtotal	(776,110)	3,474,256
Interest and dividends received	13	2,033
Interest paid	(82,779)	(75,489)
Proceeds from insurance income	2,720	5,565
Corona extraordinary loss payment	(199,393)	—
Amount of employment adjustment subsidy received	110,511	25,625
Income taxes paid	(113,104)	(483,973)
Net cash provided by (used in) operating activities	(1,058,143)	2,948,018
Cash flows from investing activities		
Payments into time deposits	(3,000)	(3,000)
Purchase of property, plant and equipment	(381,758)	(758,604)
Purchase of intangible assets	(7,317)	(18,236)
Proceeds from sale of property, plant and equipment	397	20,000
Payments of leasehold and guarantee deposits	(217,959)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(910,000)	—
Income from business transfer	125,103	—
Other, net	8,078	11,355
Net cash provided by (used in) investing activities	(1,386,456)	(748,484)

	(Thousands of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,300,000	(1,300,000)
Proceeds from long-term borrowings	—	4,006,600
Repayments of long-term borrowings	(1,302,632)	(3,089,472)
Repayments of lease liabilities	(145,266)	(153,054)
Dividends paid	(276,584)	(277,447)
Dividends paid to non-controlling interests	—	(2,000)
Proceeds from share issuance to non-controlling shareholders	624,500	—
Increase (decrease) in guarantee deposited	(50,118)	(82,334)
Net cash provided by (used in) financing activities	1,149,897	(897,707)
Net increase (decrease) in cash and cash equivalents	(1,294,701)	1,301,826
Cash and cash equivalents at beginning of period	4,311,277	3,452,681
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	2,073	—
Cash and cash equivalents at end of period	3,018,649	4,754,507