

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 2022

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, 2022  
 Scheduled date to file Securities Report: June 30, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

#### (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, 2022	751	25.4	(115)	–	(131)	–	(22)	–
Year ended March 31, 2021	599	(64.5)	(177)	–	(186)	–	(158)	–

	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, 2022	(0.50)	–	(0.5)	(2.3)	(15.4)
Year ended March 31, 2021	(3.71)	–	(4.2)	(3.5)	(29.7)

#### (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, 2022	6,099	4,582	75.1	86.61
As of March 31, 2021	5,412	3,716	68.7	87.02

#### (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, 2022	134	(184)	774	1,931
Year ended March 31, 2021	(52)	(81)	416	1,206

### 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, 2021	–	–	–	0.00	0.00	–	–	–
Year ended March 31, 2022	–	–	–	0.00	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	0.00	0.00	–	–	–

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

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	1,846	145.8	231	–	207	–	123	–	2.32

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	52,932,733 shares	As of March 31, 2021	42,728,733 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	16,786 shares	As of March 31, 2021	16,786 shares
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Average number of shares during the period

Year ended March 31, 2022	43,578,588 shares	Year ended March 31, 2021	42,711,947 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,206,639	1,931,013
Accounts receivable - trade	46,629	42,466
Merchandise	369	107
Supplies	425	149
Income taxes refund receivable	43,638	–
Other	18,971	11,546
Allowance for doubtful accounts	(1,753)	(2,541)
Total current assets	1,314,920	1,982,742
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,931,998	1,841,375
Machinery, equipment and vehicles, net	61,446	50,045
Tools, furniture and fixtures, net	18,164	23,287
Land	1,834,794	1,834,794
Construction in progress	–	114,312
Total property, plant and equipment	3,846,403	3,863,814
Intangible assets		
Leasehold interests in land	83,445	85,248
Software	1,029	185
Telephone subscription right	1,528	1,528
Total intangible assets	86,004	86,962
Investments and other assets		
Investment securities	600	600
Other	171,775	172,922
Allowance for doubtful accounts	(7,159)	(7,148)
Total investments and other assets	165,215	166,373
Total non-current assets	4,097,623	4,117,150
Total assets	5,412,544	6,099,893

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	16,935	20,788
Current portion of long-term borrowings	146,680	118,404
Accounts payable - other	66,608	30,280
Income taxes payable	90,593	63,472
Contract liabilities	–	4,835
Advances received	–	2,764
Provision for bonuses	1,437	1,437
Provision for shareholder benefit program	743	1,081
Provision for point card certificates	3,516	–
Other	51,596	35,213
<b>Total current liabilities</b>	<b>378,111</b>	<b>278,278</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,024,920	939,796
Deferred tax liabilities	35,045	44,099
Deferred tax liabilities for land revaluation	10,052	8,899
Asset retirement obligations	157,282	204,111
Long-term deposits received	90,320	41,892
<b>Total non-current liabilities</b>	<b>1,317,621</b>	<b>1,238,798</b>
<b>Total liabilities</b>	<b>1,695,732</b>	<b>1,517,077</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	100,000	543,874
Capital surplus	3,347,561	3,791,435
Retained earnings	252,476	229,578
Treasury shares	(2,235)	(2,235)
<b>Total shareholders' equity</b>	<b>3,697,801</b>	<b>4,562,652</b>
<b>Accumulated other comprehensive income</b>		
Revaluation reserve for land	19,010	20,163
<b>Total accumulated other comprehensive income</b>	<b>19,010</b>	<b>20,163</b>
<b>Total net assets</b>	<b>3,716,811</b>	<b>4,582,816</b>
<b>Total liabilities and net assets</b>	<b>5,412,544</b>	<b>6,099,893</b>

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

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	599,079	751,440
Cost of sales	647,046	697,399
Gross profit (loss)	(47,966)	54,041
Selling, general and administrative expenses	129,773	169,535
Operating loss	(177,740)	(115,493)
Non-operating income		
Interest income	10	10
Commission income	458	1,052
Insurance claim income	664	–
Rental income from non-current assets	384	384
Gain on unused gift voucher	2,363	–
Subsidy income	375	–
Consumption taxes refund	–	1,324
Other	184	254
Total non-operating income	4,440	3,025
Non-operating expenses		
Interest expenses	12,928	11,961
Loss on sale of receivables	–	7,000
Other	368	353
Total non-operating expenses	13,296	19,314
Ordinary loss	(186,595)	(131,783)
Extraordinary income		
Subsidy income	34,427	78,988
Settlement income	–	116,555
Total extraordinary income	34,427	195,544
Extraordinary losses		
Loss related to COVID-19	50,839	32,909
Loss on retirement of non-current assets	–	7,452
Total extraordinary losses	50,839	40,362
Profit (loss) before income taxes	(203,008)	23,398
Income taxes - current	1,400	38,391
Income taxes for prior periods	535	–
Income taxes - refund	(43,638)	(2,041)
Income taxes - deferred	(2,841)	9,053
Total income taxes	(44,544)	45,403
Loss	(158,464)	(22,004)
Loss attributable to owners of parent	(158,464)	(22,004)

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Loss	(158,464)	(22,004)
Other comprehensive income		
Revaluation reserve for land	–	1,153
Total other comprehensive income	–	1,153
Comprehensive income	(158,464)	(20,851)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(158,464)	(20,851)
Comprehensive income attributable to non-controlling interests	–	–

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	410,940	(2,235)	3,856,265
Changes during period					
Loss attributable to owners of parent			(158,464)		(158,464)
Total changes during period	–	–	(158,464)	–	(158,464)
Balance at end of period	100,000	3,347,561	252,476	(2,235)	3,697,801

	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	3,875,275
Changes during period			
Loss attributable to owners of parent			(158,464)
Total changes during period	–	–	(158,464)
Balance at end of period	19,010	19,010	3,716,811

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
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
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

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(203,008)	23,398
Depreciation	172,804	177,603
Increase (decrease) in allowance for doubtful accounts	5,481	777
Increase (decrease) in provision for bonuses	(1,693)	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(13,200)	–
Increase (decrease) in provision for shareholder benefit program	(13,025)	338
Increase (decrease) in provision for point card certificates	(2,812)	(3,516)
Interest and dividend income	(10)	(10)
Interest expenses	12,928	11,961
Insurance claim income	(664)	–
Loss on sale of receivables	–	7,000
Subsidy income	(34,802)	(78,988)
Settlement income	–	(116,555)
Loss related to COVID-19	50,839	32,909
Loss on retirement of property, plant and equipment	–	7,452
Decrease (increase) in trade receivables	(12,884)	4,162
Decrease (increase) in inventories	958	538
Increase (decrease) in trade payables	(5,567)	3,853
Increase (decrease) in income taxes payable - factor based tax	–	25,071
Increase (decrease) in accrued consumption taxes	6,073	(14,613)
Decrease (increase) in consumption taxes refund receivable	(3,514)	7,655
Increase (decrease) in long-term deposits received	(18,629)	(20,824)
Decrease (increase) in other assets	(4,663)	(202)
Increase (decrease) in other liabilities	12,660	(23,626)
Other, net	–	(892)
Subtotal	(52,730)	43,492
Interest and dividends received	10	10
Interest paid	(12,837)	(11,874)
Proceeds from insurance income	664	–
Subsidies received	34,701	78,988
Settlement received	–	81,952
Loss related to COVID-19 paid	(25,463)	(13,248)
Income taxes refund	3,316	45,680
Income taxes paid	(1)	(90,585)
Net cash provided by (used in) operating activities	(52,340)	134,415
Cash flows from investing activities		
Purchase of property, plant and equipment	(81,853)	(181,308)
Purchase of intangible assets	–	(1,818)
Payments of guarantee deposits	–	(1,263)
Other, net	(10)	–
Net cash provided by (used in) investing activities	(81,863)	(184,390)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	530,000	–
Repayments of long-term borrowings	(113,400)	(113,400)
Proceeds from issuance of shares	–	887,748
Net cash provided by (used in) financing activities	416,600	774,348
Net increase (decrease) in cash and cash equivalents	282,396	724,373
Cash and cash equivalents at beginning of period	924,243	1,206,639
Cash and cash equivalents at end of period	1,206,639	1,931,013