

Translation

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

November 10, 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 to file Quarterly Securities Report: November 10, 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	618	162.5	(59)	–	(62)	–	(61)	–
Six months ended September 30, 2021	235	–	(97)	–	(103)	–	(127)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	(1.17)		–	
Six months ended September 30, 2021	(3.00)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	5,985	4,519	75.5
As of March 31, 2022	6,099	4,582	75.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	–	–	0.00	0.00
Year ending March 31, 2023	–	–	–	–	–
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 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	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 September 30, 2022	16,786 shares	As of March 31, 2022	16,786 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	52,915,947 shares	Six months ended September 30, 2021	42,711,947 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,931,013	1,087,546
Accounts receivable - trade	42,466	58,947
Merchandise	107	1,135
Supplies	149	153
Other	11,546	36,230
Allowance for doubtful accounts	(2,541)	(3,683)
<b>Total current assets</b>	<b>1,982,742</b>	<b>1,180,330</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,841,375	1,918,324
Machinery, equipment and vehicles, net	50,045	78,646
Tools, furniture and fixtures, net	23,287	41,225
Land	1,834,794	1,834,794
Construction in progress	114,312	662,185
<b>Total property, plant and equipment</b>	<b>3,863,814</b>	<b>4,535,175</b>
<b>Intangible assets</b>		
Leasehold interests in land	85,248	96,149
Software	185	2,991
Telephone subscription right	1,528	1,528
Other	–	2,666
<b>Total intangible assets</b>	<b>86,962</b>	<b>103,335</b>
<b>Investments and other assets</b>		
Investment securities	600	600
Other	172,922	167,988
Allowance for doubtful accounts	(7,148)	(2,214)
<b>Total investments and other assets</b>	<b>166,373</b>	<b>166,373</b>
<b>Total non-current assets</b>	<b>4,117,150</b>	<b>4,804,885</b>
<b>Total assets</b>	<b>6,099,893</b>	<b>5,985,215</b>

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	20,788	29,769
Current portion of long-term borrowings	118,404	122,454
Accounts payable - other	30,280	102,281
Income taxes payable	63,472	1,687
Contract liabilities	4,835	5,937
Advances received	2,764	4,940
Provision for bonuses	1,437	2,603
Provision for shareholder benefit program	1,081	703
Other	35,213	37,933
<b>Total current liabilities</b>	<b>278,278</b>	<b>308,310</b>
<b>Non-current liabilities</b>		
Long-term borrowings	939,796	879,046
Deferred tax liabilities	44,099	46,244
Deferred tax liabilities for land revaluation	8,899	10,052
Asset retirement obligations	204,111	217,935
Long-term deposits received	41,892	3,723
<b>Total non-current liabilities</b>	<b>1,238,798</b>	<b>1,157,001</b>
<b>Total liabilities</b>	<b>1,517,077</b>	<b>1,465,312</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	543,874	100,000
Capital surplus	3,791,435	4,235,309
Retained earnings	229,578	167,819
Treasury shares	(2,235)	(2,235)
<b>Total shareholders' equity</b>	<b>4,562,652</b>	<b>4,500,893</b>
<b>Accumulated other comprehensive income</b>		
Revaluation reserve for land	20,163	19,010
<b>Total accumulated other comprehensive income</b>	<b>20,163</b>	<b>19,010</b>
<b>Total net assets</b>	<b>4,582,816</b>	<b>4,519,903</b>
<b>Total liabilities and net assets</b>	<b>6,099,893</b>	<b>5,985,215</b>

**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	235,759	618,788
Cost of sales	266,476	558,856
Gross profit (loss)	(30,716)	59,931
Selling, general and administrative expenses	67,125	119,404
Operating loss	(97,841)	(59,473)
Non-operating income		
Interest income	5	8
Bounty income	–	1,000
Commission income	348	–
Rental income from non-current assets	384	384
Other	138	1,225
Total non-operating income	876	2,618
Non-operating expenses		
Interest expenses	6,196	5,392
Other	163	675
Total non-operating expenses	6,359	6,068
Ordinary loss	(103,324)	(62,924)
Extraordinary income		
Subsidy income	7,504	4,997
Total extraordinary income	7,504	4,997
Extraordinary losses		
Loss related to COVID-19	32,909	–
Total extraordinary losses	32,909	–
Loss before income taxes	(128,730)	(57,926)
Income taxes - current	691	1,687
Income taxes - deferred	(1,430)	2,144
Total income taxes	(739)	3,832
Loss	(127,990)	(61,758)
Loss attributable to owners of parent	(127,990)	(61,758)

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Loss	(127,990)	(61,758)
Other comprehensive income		
Revaluation reserve for land	–	(1,153)
Total other comprehensive income	–	(1,153)
Comprehensive income	(127,990)	(62,912)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(127,990)	(62,912)
Comprehensive income attributable to non-controlling interests	–	–

## 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		
Loss before income taxes	(128,730)	(57,926)
Depreciation	78,142	100,907
Loss related to COVID-19	32,909	–
Increase (decrease) in allowance for doubtful accounts	73	(3,791)
Increase (decrease) in provision for bonuses	–	1,166
Increase (decrease) in provision for shareholder benefit program	(307)	(378)
Increase (decrease) in provision for point card certificates	(3,516)	–
Interest and dividend income	(5)	(8)
Subsidy income	(7,504)	(4,997)
Interest expenses	6,196	5,392
Decrease (increase) in trade receivables	1,391	(16,480)
Decrease (increase) in inventories	(1,278)	(1,032)
Increase (decrease) in trade payables	(5,012)	8,980
Increase (decrease) in accrued consumption taxes	(28,030)	(2,524)
Decrease (increase) in consumption taxes refund receivable	(7,234)	(25,284)
Increase (decrease) in long-term deposits received	(468)	(38,169)
Decrease (increase) in other assets	(2,220)	5,451
Increase (decrease) in other liabilities	35,992	17,003
Other, net	(892)	0
Subtotal	(30,495)	(11,690)
Interest and dividends received	5	8
Interest paid	(6,187)	(5,310)
Subsidies received	7,605	4,997
Loss related to COVID-19 paid	(13,248)	–
Income taxes paid	(123,622)	(38,399)
Net cash provided by (used in) operating activities	(165,942)	(50,395)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,771)	(721,724)
Purchase of intangible assets	–	(14,647)
Net cash provided by (used in) investing activities	(13,771)	(736,371)
Cash flows from financing activities		
Repayments of long-term borrowings	(56,700)	(56,700)
Net cash provided by (used in) financing activities	(56,700)	(56,700)
Net increase (decrease) in cash and cash equivalents	(236,413)	(843,466)
Cash and cash equivalents at beginning of period	1,206,639	1,931,013
Cash and cash equivalents at end of period	970,225	1,087,546