

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 Year Ended March 31, 2024 (Based on Japanese GAAP)

May 14, 2024

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: Accounting Department Manager Yoshiyuki Nomura TEL 03-6418-4391
 Scheduled date of ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to file Securities Report: June 28, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	1,892	34.5	188	–	183	–	96	88.4
Year ended March 31, 2023	1,407	87.3	(0)	–	(7)	–	51	–

	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, 2024	3.64	–	2.1	3.0	10.0
Year ended March 31, 2023	1.93	–	1.1	(0.1)	(0.0)

(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, 2024	6,008	4,728	78.7	178.74
As of March 31, 2023	6,108	4,632	75.8	175.10

(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, 2024	505	(140)	(146)	1,228
Year ended March 31, 2023	(25)	(778)	(118)	1,009

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, 2023	–	–	–	0.00	0.00	–	–	–
Year ended March 31, 2024	–	–	–	0.00	0.00	–	–	–
Year ending March 31, 2025 (Forecast)	–	–	–	0.00	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	1,900	0.4	240	27.3	235	28.2	130	35.1	4.91

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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, 2024	26,466,366 shares	As of March 31, 2023	26,466,366 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2024	12,083 shares	As of March 31, 2023	8,393 shares
----------------------	---------------	----------------------	--------------

Average number of shares during the period

Year ended March 31, 2024	26,456,898 shares	Year ended March 31, 2023	26,457,973 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	1,009,394	1,228,015
Accounts receivable - trade	61,218	94,063
Merchandise	493	1,758
Raw materials and supplies	39,175	1,349
Other	96,652	19,858
Allowance for doubtful accounts	(2,207)	(2,499)
Total current assets	1,204,726	1,342,547
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,517,153	2,447,027
Machinery, equipment and vehicles, net	44,375	41,204
Tools, furniture and fixtures, net	41,025	87,697
Land	1,834,794	1,834,794
Construction in progress	215,538	–
Total property, plant and equipment	4,652,886	4,410,722
Intangible assets		
Leasehold interests in land	83,445	83,445
Software	70	4,081
Telephone subscription right	1,528	1,528
Total intangible assets	85,044	89,056
Investments and other assets		
Investment securities	600	600
Other	167,602	168,139
Allowance for doubtful accounts	(2,208)	(2,197)
Total investments and other assets	165,994	166,541
Total non-current assets	4,903,925	4,666,320
Total assets	6,108,651	6,008,867

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	30,098	36,514
Current portion of long-term borrowings	150,948	193,622
Accounts payable - other	151,757	96,294
Income taxes payable	90,419	57,855
Contract liabilities	7,479	10,147
Advances received	2,843	6,207
Provision for bonuses	5,676	5,593
Provision for shareholder benefit program	1,348	1,948
Other	42,557	84,528
Total current liabilities	483,129	492,712
Non-current liabilities		
Long-term borrowings	788,848	600,670
Deferred tax liabilities	29,354	10,288
Deferred tax liabilities for land revaluation	10,052	10,052
Asset retirement obligations	160,761	162,530
Long-term deposits received	3,793	4,223
Total non-current liabilities	992,810	787,765
Total liabilities	1,475,939	1,280,478
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	4,235,309	4,235,309
Retained earnings	280,628	376,820
Treasury shares	(2,235)	(2,750)
Total shareholders' equity	4,613,701	4,709,379
Accumulated other comprehensive income		
Revaluation reserve for land	19,010	19,010
Total accumulated other comprehensive income	19,010	19,010
Total net assets	4,632,711	4,728,389
Total liabilities and net assets	6,108,651	6,008,867

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

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	1,407,526	1,892,782
Cost of sales	1,211,286	1,554,725
Gross profit	196,240	338,056
Selling, general and administrative expenses	196,644	149,505
Operating profit (loss)	(403)	188,551
Non-operating income		
Interest income	13	11
Commission income	2,178	1,205
Rental income from non-current assets	384	384
Bounty income	1,000	–
Subsidy income	–	1,956
Compensation income	–	504
Other	543	601
Total non-operating income	4,120	4,664
Non-operating expenses		
Interest expenses	10,350	9,214
Other	785	761
Total non-operating expenses	11,135	9,975
Ordinary profit (loss)	(7,419)	183,239
Extraordinary income		
Gain on sale of shares of subsidiaries	167,663	–
Subsidy income	5,899	–
Total extraordinary income	173,563	–
Extraordinary losses		
Loss on retirement of non-current assets	3,848	40
Total extraordinary losses	3,848	40
Profit before income taxes	162,295	183,198
Income taxes - current	111,023	106,071
Income taxes - deferred	222	(19,065)
Total income taxes	111,246	87,006
Profit	51,049	96,192
Profit attributable to owners of parent	51,049	96,192

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	51,049	96,192
Other comprehensive income		
Revaluation reserve for land	(1,153)	–
Total other comprehensive income	(1,153)	–
Comprehensive income	49,895	96,192
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,895	96,192
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	4,235,309	280,628	(2,235)	4,613,701
Changes during period					
Profit (loss) attributable to owners of parent			96,192		96,192
Purchase of treasury shares				(514)	(514)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	96,192	(514)	95,677
Balance at end of period	100,000	4,235,309	376,820	(2,750)	4,709,379

	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	4,632,711
Changes during period			
Profit (loss) attributable to owners of parent			96,192
Purchase of treasury shares			(514)
Net changes in items other than shareholders' equity	–	–	–
Total changes during period	–	–	95,677
Balance at end of period	19,010	19,010	4,728,389

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	162,295	183,198
Depreciation	209,531	306,675
Increase (decrease) in allowance for doubtful accounts	(5,273)	280
Increase (decrease) in provision for bonuses	4,771	(83)
Increase (decrease) in provision for shareholder benefit program	267	599
Interest and dividend income	(13)	(11)
Interest expenses	10,350	9,214
Subsidy income	(5,899)	–
Loss (gain) on sale of shares of subsidiaries	(167,663)	–
Loss on retirement of property, plant and equipment	3,848	40
Decrease (increase) in trade receivables	(29,078)	(32,844)
Decrease (increase) in inventories	(41,042)	36,560
Increase (decrease) in trade payables	13,788	6,416
Increase (decrease) in income taxes payable - factor based tax	(25,071)	–
Increase (decrease) in accrued consumption taxes	951	30,401
Decrease (increase) in consumption taxes refund receivable	(98,725)	63,776
Increase (decrease) in long-term deposits received	(38,099)	430
Other, net	43,145	47,908
Subtotal	38,082	652,563
Interest and dividends received	13	11
Interest paid	(10,188)	(8,453)
Subsidies received	5,899	–
Income taxes paid	(58,934)	(138,635)
Net cash provided by (used in) operating activities	(25,127)	505,486
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,180,650)	(135,911)
Purchase of intangible assets	(17,451)	(5,072)
Payments of guarantee deposits	(53)	–
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	420,067	–
Other, net	–	138
Net cash provided by (used in) investing activities	(778,087)	(140,846)
Cash flows from financing activities		
Repayments of long-term borrowings	(118,404)	(145,504)
Purchase of treasury shares	–	(514)
Net cash provided by (used in) financing activities	(118,404)	(146,018)
Net increase (decrease) in cash and cash equivalents	(921,618)	218,620
Cash and cash equivalents at beginning of period	1,931,013	1,009,394
Cash and cash equivalents at end of period	1,009,394	1,228,015