

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: RESOL HOLDINGS CO., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5261 URL <https://www.resol.jp>
 Representative: Representative Director, President Yoshichika Imaizumi
 Inquiries: Manager of the Accounting Department Takeo Oikawa TEL 03-3344-8861
 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: June 30, 2022
 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	20,902	7.0	685	(34.8)	785	(53.1)	474	52.7
Year ended March 31, 2021	19,534	(5.2)	1,052	148.6	1,673	66.8	310	191.1

Note: Comprehensive income Year ended March 31, 2022 ¥559 million [(71.1)%]
 Year ended March 31, 2021 ¥1,935 million [-%]

	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	85.35	–	3.5	2.0	3.3
Year ended March 31, 2021	55.92	–	2.3	4.2	5.4

Reference: Share of profit (loss) of entities accounted for using equity method Year ended March 31, 2022 ¥– million
 Year ended March 31, 2021 ¥– million

(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	39,056	13,680	34.5	2,422.66
As of March 31, 2021	38,426	13,401	34.8	2,405.76

Reference: Equity As of March 31, 2022 ¥13,457 million
 As of March 31, 2021 ¥13,362 million

(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	2,289	(1,711)	(1,438)	3,452
Year ended March 31, 2021	6,088	(2,539)	(2,117)	4,311

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	–	50.00	50.00	277	89.4	2.1
Year ended March 31, 2022	–	0.00	–	50.00	50.00	277	58.6	2.1
Year ending March 31, 2023 (Forecast)	–	–	–	–	–		–	

Note: Year-end dividends will be decided taking into consideration future performance trends.

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

Forecast of financial results for the year ending March 31, 2023 have not yet been determined as it is difficult to reasonably calculate the impact of the novel coronavirus disease (COVID-19) at this time.

The forecasts will be announced promptly when disclosure of a reasonable estimate becomes possible.

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): 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: 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	5,564,200 shares	As of March 31, 2021	5,564,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	9,372 shares	As of March 31, 2021	9,910 shares
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Average number of shares during the period

Year ended March 31, 2022	5,554,721 shares	Year ended March 31, 2021	5,554,337 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	4,031	(56.9)	757	(69.7)	795	(68.4)	1,294	(27.5)
Year ended March 31, 2021	9,361	96.5	2,503	262.1	2,518	261.3	1,785	135.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2022	233.07		-	
Year ended March 31, 2021	321.41		-	

(2) Non-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	31,578		10,061		31.9		1,811.25	
As of March 31, 2021	32,377		9,047		27.9		1,628.94	

Reference: Equity As of March 31, 2022 ¥10,061 million

As of March 31, 2021 ¥9,047 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

(Caution concerning forward-looking statements)

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

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.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,311,277	3,452,681
Operating accounts receivable	1,017,755	1,098,443
Merchandise	104,973	100,250
Real estate for sale	5,794,996	4,571,767
Supplies	73,621	74,021
Other, net	853,416	1,377,037
Total current assets	12,156,041	10,674,201
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,088,744	6,132,532
Machinery, equipment and vehicles, net	657,302	621,420
Tools, furniture and fixtures, net	360,100	339,107
Land	12,117,102	13,514,523
Leased assets, net	1,858,639	1,633,084
Construction in progress	3,008	163,224
Total property, plant and equipment	21,084,897	22,403,892
Intangible assets		
Goodwill	532,181	448,339
Leased assets	76,521	40,816
Other	285,337	315,706
Total intangible assets	894,040	804,863
Investments and other assets		
Investment securities	1,211	311
Deferred tax assets	947,177	1,304,735
Guarantee deposits	2,932,587	3,347,385
Other, net	410,508	521,014
Total investments and other assets	4,291,485	5,173,447
Total non-current assets	26,270,423	28,382,203
Total assets	38,426,464	39,056,405

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trade accounts payable	252,154	269,874
Short-term borrowings	1,500,000	4,500,000
Current portion of long-term borrowings	2,790,264	4,440,608
Lease liabilities	293,629	262,721
Income taxes payable	126,386	721,307
Provision for bonuses	95,447	148,412
Provision for bonuses for directors (and other officers)	11,000	11,000
Other	2,321,872	3,782,190
Total current liabilities	7,390,753	14,136,114
Non-current liabilities		
Long-term borrowings	12,641,804	6,611,196
Lease liabilities	1,681,927	1,510,011
Deferred tax liabilities	90,327	44,973
Retirement benefit liability	461,364	447,422
Provision for special compensations	235,991	9,850
Asset retirement obligations	395,963	398,553
Long-term accounts payable - other	20,528	17,901
Long-term deposits received	94,838	90,213
Guarantee deposits received	2,011,520	2,109,568
Total non-current liabilities	17,634,265	11,239,690
Total liabilities	25,025,019	25,375,805
Net assets		
Shareholders' equity		
Share capital	3,948,088	3,948,088
Capital surplus	2,475,845	2,663,333
Retained earnings	6,963,285	6,868,424
Treasury shares	(23,687)	(22,637)
Total shareholders' equity	13,363,531	13,457,207
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(1,257)	266
Total accumulated other comprehensive income	(1,257)	266
Non-controlling interests	39,171	223,125
Total net assets	13,401,445	13,680,600
Total liabilities and net assets	38,426,464	39,056,405

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	19,534,284	20,902,432
Cost of sales	8,411,639	9,212,408
Gross profit	11,122,644	11,690,023
Selling, general and administrative expenses	10,069,863	11,004,099
Operating profit	1,052,781	685,923
Non-operating income		
Interest income	33	29
Gain on sale at rehabilitation subsidiaries and associates shares	219,462	–
Rental income	9,818	9,953
Refund revenue	5,520	9,127
Subsidies for employment adjustment	621,991	148,397
Other	178,190	283,415
Total non-operating income	1,035,016	450,923
Non-operating expenses		
Interest expenses	181,499	177,608
Commission expenses	180,455	126,754
Other	52,071	47,175
Total non-operating expenses	414,026	351,538
Ordinary profit	1,673,771	785,309
Extraordinary income		
Gain on sale of non-current assets	927	398
Reversal of special employee compensation allowance	–	143,141
Insurance claim income	182,039	–
Gain on bargain purchase	–	473,896
Total extraordinary income	182,966	617,435
Extraordinary losses		
Impairment losses	37,660	46,467
Loss on retirement of non-current assets	458	2,061
Provision for special compensations	109,200	–
Loss due to new corona virus infection	531,359	221,973
Other	43,758	1,604
Total extraordinary losses	722,437	272,107
Profit before income taxes	1,134,300	1,130,638
Income taxes - current	200,899	976,457
Income taxes - deferred	626,034	(403,592)
Total income taxes	826,933	572,865
Profit	307,366	557,772
Profit (loss) attributable to non-controlling interests	(3,211)	83,671
Profit attributable to owners of parent	310,577	474,101

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	307,366	557,772
Other comprehensive income		
Revaluation reserve for land	1,621,503	–
Remeasurements of defined benefit plans, net of tax	6,136	1,523
Total other comprehensive income	1,627,639	1,523
Comprehensive income	1,935,006	559,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,938,217	475,625
Comprehensive income attributable to non-controlling interests	(3,211)	83,671

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	3,948,088	2,401,700	8,551,927	(23,461)	14,878,254
Cumulative effects of changes in accounting policies					–
Restated balance	3,948,088	2,401,700	8,551,927	(23,461)	14,878,254
Changes during period					
Dividends of surplus			(277,717)		(277,717)
Profit attributable to owners of parent			310,577		310,577
Purchase of treasury shares				(225)	(225)
Transfer of loss on disposal of treasury shares					–
Reversal of revaluation reserve for land			(1,621,503)		(1,621,503)
Increase by merger					–
Reversal of legal capital surplus					–
Change in ownership interest of parent due to transactions with non-controlling interests		74,144			74,144
Net changes in items other than shareholders' equity					–
Total changes during period	–	74,144	(1,588,642)	(225)	(1,514,723)
Balance at end of period	3,948,088	2,475,845	6,963,285	(23,687)	13,363,531

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	–	(1,621,503)	(7,394)	(1,628,897)	1,267,342	14,516,699
Cumulative effects of changes in accounting policies						–
Restated balance	–	(1,621,503)	(7,394)	(1,628,897)	1,267,342	14,516,699
Changes during period						
Dividends of surplus						(277,717)
Profit attributable to owners of parent						310,577
Purchase of treasury shares						(225)
Transfer of loss on disposal of treasury shares						–
Reversal of revaluation reserve for land		1,621,503		1,621,503		–
Increase by merger						–
Reversal of legal capital surplus						–
Change in ownership interest of parent due to transactions with non-controlling interests					(1,225,664)	(1,151,519)
Net changes in items other than shareholders' equity	–	–	6,136	6,136	(2,506)	3,629
Total changes during period	–	1,621,503	6,136	1,627,639	(1,228,171)	(1,115,254)
Balance at end of period	–	–	(1,257)	(1,257)	39,171	13,401,445

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	3,948,088	2,475,845	6,963,285	(23,687)	13,363,531
Cumulative effects of changes in accounting policies			(603,279)		(603,279)
Restated balance	3,948,088	2,475,845	6,360,005	(23,687)	12,760,251
Changes during period					
Dividends of surplus			(277,714)		(277,714)
Profit attributable to owners of parent			474,101		474,101
Purchase of treasury shares				1,049	1,049
Transfer of loss on disposal of treasury shares		1,100			1,100
Reversal of revaluation reserve for land					–
Increase by merger			(217)		(217)
Reversal of legal capital surplus		(312,250)	312,250		–
Change in ownership interest of parent due to transactions with non-controlling interests		498,637			498,637
Net changes in items other than shareholders' equity					–
Total changes during period	–	187,488	508,418	1,049	696,956
Balance at end of period	3,948,088	2,663,333	6,868,424	(22,637)	13,457,207

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	–	–	(1,257)	(1,257)	39,171	13,401,445
Cumulative effects of changes in accounting policies						(603,279)
Restated balance	–	–	(1,257)	(1,257)	39,171	12,798,165
Changes during period						
Dividends of surplus						(277,714)
Profit attributable to owners of parent						474,101
Purchase of treasury shares						1,049
Transfer of loss on disposal of treasury shares						1,100
Reversal of revaluation reserve for land						–
Increase by merger						(217)
Reversal of legal capital surplus						–
Change in ownership interest of parent due to transactions with non-controlling interests					183,954	682,591
Net changes in items other than shareholders' equity	–	–	1,523	1,523		1,523
Total changes during period	–	–	1,523	1,523	183,954	882,434
Balance at end of period	–	–	266	266	223,125	13,680,600

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 before income taxes	1,134,300	1,130,638
Depreciation	882,327	914,267
Amortization of goodwill	83,842	83,842
Increase (decrease) in allowance for doubtful accounts	(10,925)	(942)
Increase (decrease) in provision for bonuses	(79,594)	52,964
Increase (decrease) in retirement benefit liability	(33,156)	(28,201)
Increase (decrease) in provision for bonuses for directors (and other officers)	11,000	–
Increase(decrease)in provision for special compensation	59,700	(226,141)
Interest and dividend income	(33)	(29)
Interest expenses	181,499	177,608
Employment adjustment subsidy	(621,991)	(148,397)
Insurance claim income	(193,320)	(32,662)
Gain on sale at rehabilitation subsidiaries and associates shares	(219,462)	–
Loss (gain) on sale of property, plant and equipment	(927)	(398)
Loss on retirement of non-current assets	458	2,061
Impairment losses	37,660	46,467
Commission expenses	180,455	126,754
Gain on bargain purchase	–	(473,896)
Loss due to new corona virus infection	531,359	221,973
Other extraordinary loss (income)	–	(200)
Decrease (increase) in trade receivables	71,252	(63,449)
Decrease (increase) in inventories	2,993,821	1,198,478
Decrease (increase) in other assets	423,761	(736,764)
Increase (decrease) in trade payables	(272,668)	17,538
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	1,290,165	(121,258)
Increase (decrease) in other liabilities	(265,361)	889,064
Subtotal	6,184,164	3,029,318
Interest and dividends received	33	29
Interest paid	(181,701)	(179,280)
Payment for loss due to corona virus infection	(483,327)	(201,521)
Amount of employment adjustment subsidy received	547,056	132,906
Proceeds from insurance income	178,195	32,662
Income taxes paid	(156,321)	(524,682)
Net cash provided by (used in) operating activities	6,088,099	2,289,433

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(6,000)	(3,000)
Purchase of property, plant and equipment	(2,398,236)	(607,206)
Purchase of intangible assets	(6,748)	(43,627)
Proceeds from sale of property, plant and equipment	1,020	398
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(910,000)
Income from the sale of shares of investment revitalization affiliates	792,912	–
Income from business transfer	–	125,103
Other, net	(922,891)	(273,100)
Net cash provided by (used in) investing activities	(2,539,944)	(1,711,432)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,800,000)	3,000,000
Proceeds from long-term borrowings	7,780,000	330,000
Repayments of long-term borrowings	(6,247,612)	(4,710,264)
Repayments of lease liabilities	(268,452)	(290,755)
Purchase of treasury shares	(225)	–
Dividends paid	(277,227)	(277,065)
Dividends paid to non-controlling interests	(73,519)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,078,000)	–
Proceeds from share issuance to non-controlling shareholders	–	624,500
Net increase (decrease) in guarantee deposits received	(152,277)	(115,086)
Net cash provided by (used in) financing activities	(2,117,314)	(1,438,670)
Net increase (decrease) in cash and cash equivalents	1,430,839	(860,670)
Cash and cash equivalents at beginning of period	2,880,437	4,311,277
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	2,073
Cash and cash equivalents at end of period	4,311,277	3,452,681