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November 8, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 2022 <under Japanese GAAP>

Name of the Listed Company: **Mitsuuroko Group Holdings Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
 Securities Code: 8131  
 URL: <https://www.mitsuuroko.com/>  
 Representative: Kohei Tajima, Representative Director, President and Chief Executive Officer  
 Contact: Kazuhiro Kojima, Director, Group Chief Financial Officer and Head of Group Functions  
 TEL: +81-3-3275-6300

Scheduled date to file quarterly securities report: November 10, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Millions of yen with fractional amounts 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	147,799	46.3	2,646	134.1	4,058	74.2	2,822	75.2
September 30, 2021	101,037	6.8	1,130	(67.1)	2,330	(46.7)	1,611	(42.9)

Note: Comprehensive income For the six months ended September 30, 2022: ¥7,849 million [33.1%]  
 For the six months ended September 30, 2021: ¥5,898 million [10.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	47.07	–
September 30, 2021	26.31	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	169,735	94,023	55.2	1,561.66
March 31, 2022	154,735	87,689	56.4	1,455.33

Reference: Equity

As of September 30, 2022: ¥93,653 million      As of March 31, 2022: ¥87,276 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	–	–	25.00	25.00
Fiscal year ending March 31, 2023	–	–			
Fiscal year ending March 31, 2023 (Forecast)			–	27.00	27.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Breakdown of year-end dividend for the fiscal year ending March 31, 2023 (Forecast): Ordinary dividend of ¥25.00 and commemorative dividend of ¥2.00 (the 60th anniversary of listing)

## 3. Consolidated earnings forecasts for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	280,000	12.0	3,100	276.7	4,700	60.1	2,700	41.4	45.02

Note: Revisions to the earnings forecasts most recently announced: None

\* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: –

Excluded: –

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

Note: For more details, please refer to the section of “(4) Notes to quarterly consolidated financial statements, Changes in accounting policies” of “2. Quarterly consolidated financial statements and significant notes” on page 15 of the attached material.

- (4) Number of shares issued (common shares)

- a. Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2022	60,634,566 shares
As of March 31, 2022	60,634,566 shares

- b. Number of treasury shares at the end of the period

As of September 30, 2022	664,256 shares
As of March 31, 2022	664,091 shares

- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	59,970,424 shares
Six months ended September 30, 2021	61,225,375 shares

Note: The number of treasury shares at the end of the period includes the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account E) (567,900 shares as of March 31, 2022, 567,900 shares as of September 30, 2022). Also, the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares that are deducted for calculation of the average number of shares outstanding during the period (267,900 shares for six months ended September 30, 2021, 567,900 shares for six months ended September 30, 2022).

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

\* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements contained in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual business and other results may differ substantially due to various factors. Please refer to “(4) Explanation regarding consolidated earnings forecasts and other forward-looking statements” in “1. Qualitative information regarding financial results for the period” on page 8 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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## 1. Qualitative information regarding financial results for the period

### (1) Explanation regarding operating results

With regard to Japanese economic conditions in the consolidated cumulative second quarter, the spread of vaccinations against the novel coronavirus disease (COVID-19) and the easing of restrictions on movement have led to an increase in domestic human flow and steady progress toward the normalization of socioeconomic activities. However, the economic outlook remains unclear as a result of concerns about soaring prices caused by the rapid depreciation of the yen in the foreign exchange markets and worsening overseas economies due to global monetary tightening.

Since the liberalization of electricity and gas, a comprehensive energy market that crosses the boundaries of the energy market has been created, and the improvement of consumer convenience has advanced, such as expansion of the level of freedom in the choice of energy and reductions in tariffs, through innovations such as the introduction of innovative technologies, development of competition between business operators and integration of different services. Moreover, there has been a rapid change to the Group's business environment, such as requests for decarbonization on a global scale and increased demand to strengthen the infrastructure for stable energy supply associated with the increase in frequency and intensity of natural disasters as well as surging resource prices due to the situation in Ukraine, changes in the international demand and supply structure, changes in demand associated with the aging society and declining population, and lifestyle changes associated with the COVID-19 pandemic.

Under such circumstances, we believe that energy business operators need to make advanced and swift progress from the perspective of being environmentally-friendly, ensuring stable supply and economic efficiencies. This includes reducing carbon emissions and decarbonization for a sustainable society, strengthening resilience for a safe and secure society, and strengthening the business foundation for ongoing stable supply and business continuity.

The Group's core Energy Solutions Business takes various initiatives to accommodate diversified customer needs and preferences. As an entity responsible for stable supply in the regions, the Group also maintains and improves supply infrastructure to ensure the supply even in case of emergencies. Those should be achieved by the Group's solid business foundation and integrated competence rooted in the regions. The Company's consolidated subsidiary Mitsuuroko Vessel Co., Ltd. began selling "carbon neutral LPG," which offsets the CO<sub>2</sub> generated from LPG mining until combustion, using carbon credit certified by an international NGO in the U.S.

Moreover, aiming to further enhance digital transformation (DX) to improve the entire Mitsuuroko Group's customer experience (CX), the Company concluded a DX strategy promotion partnership with giftee, Inc., which develops the e-gift platform business, on May 31, 2022, and began selling "Shared eGift," which can be used at a number of brands within the Group. The Company will promote across-the-group marketing projects to improve the Group's integrated competitiveness. This will be achieved through constructing an ecosystem by digitally integrating services and tangible/ intangible assets in various fields that the Group provides, such as Energy Solutions, Power & Electricity, Foods, Living & Wellness and Others.

In order to continue creating new value with our diverse stakeholders and contribute to building a sustainable society, the Company has identified six material issues that management should prioritize from among all social issues, taking into consideration the business of our Group in the long-term view from an ESG (Environment, Social, and Governance) perspective. The Company takes initiatives for environmental issues and the entire Mitsuuroko Group is promoting ESG initiatives to achieve a sustainable society through the more use of renewable energy, suppressing the use of fuel, and reducing CO<sub>2</sub> emissions. They are driven by providing services for customers concerned with CO<sub>2</sub> emissions with the growing environmental awareness; an environmentally-friendly electricity plan, "Mitsuuroko Green Plan" addressing both CO<sub>2</sub> emissions and renewable energy; a newly launched planning tool, "SmartOWL delivery operation streamlining solution," which offers optimal tank replacement timing and delivery plans by applying remotely measured meter data through LPWA connection. We have also introduced initiatives to promote health-focused management to construct and maintain a safe and secure work environment for employees.

Tokyo Stock Exchange, Inc. (TSE) restructured its stock market segments on April 4, 2022. Considering market trends and the speed and condition of changes to the Company's business environment, the Company has decided to focus limited management resources not only on the existing core businesses, but also on new business investments, business developments, organizational strengthening, and human resources development in the "environmental business field," "realization of carbon neutral" and "global

field” to increase medium- to long-term corporate value. As the Company believes the focus should increase its shareholders value, it moved to the “Standard Market” in April. The Company continues to take initiatives for sustainable growth and improving corporate value through further advancing corporate governance and sustainability.

To improve operational efficiency of the entire Group, we have been reducing indirect operational costs within the Group through the automation of operations using the Robotic Process Automation (RPA) under the DX concept at the Mitsuuroko Administration Center, the Group’s shared center. We have also shifted toward paperless operations through the use of AI-OCR, and realized the transition to remote work at the shared center. We will continue to promote the use of operational efficiency tools with cutting-edge technologies and strive to further improve the Group’s productivity.

With regard to financial results in the six months ended September 30, 2022, in the Power & Electricity Business, one of the Company’s core businesses, the improvement and normalization of sales prices proceeded due to increase in the number of retail users and a rise in purchase costs. Furthermore, there were contributions to the entire Group’s performance by the strong results of General Storage Company Pte. Ltd. and Shizuoka Mitsuuroko Foods Co., Ltd., which were added to the Group’s consolidated financial results from the fourth quarter of the previous fiscal year ended March 31, 2022. Against the backdrop of those factors, net sales increased by 46.3% year on year to ¥147,799 million, operating profit increased by 134.1% year on year to ¥2,646 million, ordinary profit increased by 74.2% year on year to ¥4,058 million, and profit attributable to owners of parent increased by 75.2% year on year to ¥2,822 million.

Operating results by segment are as follows.

Effective from the fourth quarter ended March 31, 2022, the “Overseas Business,” which was previously included in the “Others” segment, has been presented as a reportable segment because its quantitative importance has increased due to the start of consolidation of overseas subsidiaries. With regard to the following comparisons to the same period of the previous fiscal year, the figures in the same period of the previous fiscal year were compared and analyzed against the reclassified figures after changes to segment classifications.

### Energy Solutions Business

In the LPG Business, as demand for commercial use including restaurants is on a recovery trend due to easing of restrictions on movement by local governments, the LPG sales volume for commercial use grew to 106% year on year. With regard to home use, although we actively conducted activities to secure new customers, sales volume was 96% year on year, due to the impact of easing of restrictions on movement in response to the COVID-19 pandemic, and reduced stay-at-home demand, compared to the previous fiscal year. On the other hand, due to the increase in sales prices as a result of the increase in LPG price, net sales for the LPG Business increased overall.

In the Petroleum Business, as sales prices are rising in conjunction with increased crude oil prices, gasoline sales volume was 90% year on year and household heating oil sales volume was 93% year on year, as a result of decreased demand due to the increased tendency to cut costs and rising temperatures. Furthermore, diesel sales volume to customers recovered significantly to 121%, due to increased demand for diesel associated with general economic recovery.

In the residential equipment business, net sales were 101% of the prior year’s level due to gradual improvement despite the delivery delays of overall gas appliances that occurred around September in the previous year. Furthermore, while production of water heater for orders received in the previous fiscal year had some delays, it mostly returned to normal, similarly to kitchen equipment.

The purchase price of fuel remained at a high level from the prior year, and although in this business these high prices were passed on to sales prices, as the increase in the purchase price mainly in the LPG business pushed profits down, net sales increased by 9.9% year on year to ¥60,766 million and operating profit decreased by 90.8% year on year to ¥16 million.

As environmental awareness continues to increase, we curb electricity prices, which continue to rise, and contribute to reducing CO<sub>2</sub> and easing the burden on companies that use our energy, by continuing to increase our stocks of carbon neutral LPG, and promoting sales of solar power for home consumption using the Investment Promotion Tax System Toward Carbon Neutrality, etc. We will continue to use

various systems, etc., and actively promote carbon-neutral growth strategies, with an eye to achieving carbon neutrality.

### Power & Electricity Business

In the retail electricity business, the fact that customers chose “Mitsuuroko electricity” not only because of their desire to cut costs, but also because of the growing trend regarding measures against global warming, led to an increase in the number of electricity contracts.

However, in March 2022, the government issued a power usage warning for the areas serviced by Tokyo Electric Power Company and Tohoku Electric Power Company, and power supply remains difficult, such as there being the first national power saving request in seven years from July to September 2022. Furthermore, rising prices of oil, LNG, and coal, which are power sources, have resulted in electricity procurement costs remaining high in the Japan Electric Power Exchange, and the Power & Electricity Business is working to minimize the impact of price rises and improve sales prices by increasing the number of our electricity suppliers.

As a result of the above factors, net sales increased by 98.8% year on year to ¥74,521 million, and operating profit increased by 129.3% year on year to ¥2,790 million.

With the increasing gravity of the impact of climate change, CO<sub>2</sub> reduction has become a major issue. In order to balance the supply and demand of electricity by decreasing or increasing the consumption of electricity, we have started offering “Demand Response Service,” a system that allows consumers to change their electricity consumption patterns in response to electricity pricing or incentive payments in order to curb the use of electricity during times of high wholesale market prices or low grid reliability, starting with special high voltage and high voltage customers.

We must remain vigilant with regard to electricity supply heading into winter, and we will contribute to the stable supply of electricity and economical use of energy through power saving, peak shifting, and energy efficiency and conservation, and we will contribute to the expansion of renewable energy with the aim of achieving a carbon-free society, provide electricity to many customers as “a Lifestyle Producer,” and endeavor to provide services that are beneficial to society and customers’ lifestyles.

### Foods Business

During the first half of this fiscal year, the beverage business has been operating in an environment where profits are suppressed due to markedly higher costs of major ingredients, against a backdrop of a weak yen, rising oil prices, and inflation policies. Under these circumstances, we have successfully implemented internal reforms mainly aimed at enhancement of sales capabilities, actively expanded sales, and offset rising manufacturing costs through sales policies.

With regard to sales situations, as a result of the extreme heat that began earlier this year, shipment volume greatly exceeded the pace of the initial plan, and existing mineral water production lines continued to operate at full capacity, so we added a mineral water production line that uses the famous water of Shimizu to the Ihara Factory of Shizuoka Mitsuuroko Foods Co., Ltd., which joined the Group in November 2021. Shizuoka Mitsuuroko Foods Co., Ltd. mainly manufactures soft drinks on commission. Mineral water products that utilize its exceptional technological capabilities are held in high esteem by the market. By adding shipments of its products, we were able to steadily increase sales volume and mitigate the pressure of rising costs on profit. We plan to continue to steadily add to Shizuoka Mitsuuroko Foods Co., Ltd.’s manufacturing equipment.

At present, shipment volume is strong, at about 110% year on year, as a result of increased capacity to supply products. In the soft drink division, the 100% pure fruit juice drinks “Sun and Orange” and “Sun and Apple,” developed by Shizuoka Mitsuuroko Foods Co., Ltd., are beginning to contribute to improved sales such as by being adopted by mineral water sales outlets, and expanded our product lineup.

The basis for these increases in sales volume and new products is the positive reception of integrated “Safety and Security” initiatives, and going forward, we will aim to improve results from our sales policies through repeated efforts from our customers’ perspectives.

“AzabuJuban Mont-Thabor,” a bakery with stores all over Japan, focuses on the sale of frozen bread made with wheat grown in Japan. We shorten transport distances and do not use chemicals such as fungicides when entering Japan by using wheat grown in Japan, employ stone-grinding techniques when milling

flour, and provide customers with products baked at each store. Our products that have been made with an obsessive focus on the environment, health, and taste (aroma) receive support from many customers for their new value. Commencement of the sale of frozen bread through vending machines has been received with surprise, as an attempt to revolutionize the sale of bread. By continuing to try new things such as developing new sales channels, we will conduct management that achieves both persistence and innovation, without being stuck in conventional business practices.

Shops and restaurants run by Mitsuuroko Provisions Co., Ltd. remain affected by the COVID-19 pandemic; however, we are conducting business development focused on a post-COVID world by devoting resources to store renewals and menu revisions, etc.

The hamburger chain, “Carl’s Jr. Japan,” will increase efficiency and profitability, and accumulate experience to open multiple branches by continuing scrap-and-build of stores.

For the Foods Business as a whole, although the COVID-19 pandemic had an impact on the food department, net sales increased by 47.2% year on year to ¥9,152 million, and operating profit increased by 551.9% year on year to ¥350 million, due to reinforced shipment capacity and increased sales mainly in the beverage business.

### Living & Wellness Business

In the Real Estate Business, we acquired three rental apartment complexes in September — “Prasio Hirao,” “View Heights Takayama,” and “Cosmos Reid Kokubunji.” “Prasio Hirao” (Hirao, Chuo-ku, Fukuoka-shi) is a new apartment complex completed in August 2022. It is our second real estate investment in Fukuoka, following “BlancCiel NISHIJIN,” which we acquired in 2021. This premise was designed by giving consideration to security and hygiene, and incorporates the latest systems such as elevators with no-touch buttons and stopping floor control function. “View Heights Takayama” (Takayama, Tsuzuki-ku, Yokohama-shi) is located at the corner of Yokohama’s Kohoku New Town, and combines the lifestyle convenience of city living with a comfortable environment surrounded by greenery and nature. All residences are 3 bedroom family-type apartments, and there is a small supermarket in the retail area on the first floor. “Cosmos Reid Kokubunji” (Honda, Kokubunji-shi, Tokyo) is close to the “Kokubunji Station North Exit Shopping District” and the Kokubunji “Honda Library,” and has exceptional lifestyle convenience. At the north exit of Kokubunji Station, there is a large commercial complex “mi:ts Kokubunji” and “Kokubunji Station North Exit Plaza,” which has a rotary, an event space, and an open area, and the area is expected to further develop in the future. Going forward, we will actively pursue the acquisition of new revenue-generating properties in order to expand our portfolio.

In the period from April to September 2022, the Hamabowl EAS Building increased its visitor numbers over fiscal 2020 and 2021 levels, and although the number of visitors fell short of fiscal 2019-levels, prior to the pandemic, there were ongoing signs of recovery. Going forward, we will continue to promote sales while monitoring the COVID-19 situation, etc.

SPA EAS and Hamabowl, in the wellness business, has seen a recovery in both visitors and sales, with SPA net sales at 158.6% year on year and Hamabowl net sales at 137.9% year on year for the period from April to September 2022.

SPA EAS has been characterized by an increase in male visitors for sauna purposes, which is a trend in recent years, but saw a recovery in female sauna demand. The sale of coupon tickets prior to the price revision in October was the highest ever, with 428 book of tickets sold in one month, and we have continued to secure repeat visitors in the second half of the fiscal year.

With regard to ESG initiatives, we participated in the “Smile Flower Project,” which rescues flowers destined for disposal and flower producers, and our entrance decorations that are changed on a weekly basis by staff (flower hand-washing water using non-standard flowers) have been well received by customers. Furthermore, at the directly operated EAS Cafe, we ended the use of plastic cups, and in August, we switched to using a paper-based material for our cups and straws.

At Hamabowl, in August, we conducted “Health Bowling Classes” for local elderly people. The number of participants amounted to 101, and approximately 50% of the participants became new members of Hamabowl. In December 2022, we will celebrate the 10th anniversary of the Hamabowl renewal, and we aim to plan various events such as charity bowling tournaments and exhibitions linked to the Reuse Contest, create topics for conversation, and maximize sales. Going forward, through bowling, we will endeavor to increase the number of members, which has been declining through aging, and secure steady



sales during the daytime on weekdays, while actively engaging in initiatives to improve the health of the local community.

At the Wellness Lab, the Rain-Bowling project is being developed with the aim of reusing “discarded bowling pins.” There were 161 general proposals in the “Reuse Contest,” a public call for reuse ideas (cooperative project with Kanagawa Shimbun), which generated a big reaction.

We will continue our efforts to improve the value and presence of our facilities in the Yokohama area and recover the number of customers and sales.

Based on the above reasons, for the Living & Wellness Business as a whole, although net sales increased by 12.3% year on year to ¥1,198 million, operating loss was ¥85 million (compared to an operating profit of ¥178 million in the same period of the previous fiscal year) as a result of recording the costs associated with the acquisition of the aforementioned three new rental apartment complexes as prior investment tied to future net sales.

### Overseas Business

Profits and losses from the self-storage business of General Storage Company Pte. Ltd. and six other companies, which joined the Mitsuuroko Group in December 2021, were included in the consolidated financial statements from the fourth quarter ended March 31, 2022. During the six months ended September 30, 2022, net sales were ¥1,196 million (¥– million in the same period of the previous fiscal year), operating profit was ¥117 million (compared to an operating loss of ¥29 million in the same period of the previous fiscal year).

The business performance of Siamgas & Petrochemicals Public Company Limited, with which the Company has concluded a strategic business alliance agreement, was favorable due to the impact of soaring crude oil prices, etc., and dividend income from the said company for the six months ended September 30, 2022 increased by 81.9% year on year to ¥1,163 million, and recorded non-operating income.

### Others

In the information system development and sales business, we expanded sales of the “COSMOS Series,” an LPG sales management system designed to further improve reliability and customer engagement in the age of energy liberalization.

In the leasing business, expansion of sales has been focused on ESG-related leases that obtain certification of specified lease operators and vehicle leases.

For other business as a whole, net sales decreased by 0.8% year on year to ¥965 million, while operating loss was ¥13 million (compared to an operating profit of ¥26 million in the same period of the previous fiscal year) mainly due to a decrease in the profit margin on sales in the leasing business under the COVID-19 pandemic.

## **(2) Explanation regarding the financial position**

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022	Change
Assets	154,735	169,735	+15,000
Liabilities	67,045	75,712	+8,667
Net assets	87,689	94,023	+6,333
Shareholders' equity	87,276	93,653	+6,376
Equity ratio (%)	56.4	55.2	(1.2)

### Assets

Total assets increased by ¥15,000 million compared to the end of the previous fiscal year to ¥169,735 million.

The main factors for change were a decrease of ¥1,562 million in cash and deposits resulting from acquisition of rental property and payment of dividends, etc., an increase of ¥5,046 million in notes and accounts receivable - trade resulting from increased net sales, etc., an increase of ¥1,849 million in buildings and structures and an increase of ¥2,337 million in land, resulting from acquisition of rental property, etc., and an increase of ¥5,917 million in investment securities resulting from an increase in the market price of shares.

### Liabilities

Total liabilities increased by ¥8,667 million compared to the end of the previous fiscal year to ¥75,712 million.

The main factors for change included an increase of ¥997 million in notes and accounts payable - trade resulting from increased cost of sales, etc., an increase of ¥2,569 million in long-term borrowings and an increase of ¥3,280 million in bonds payable, resulting from increased demand for capital to acquire rental properties, etc., and an increase of ¥1,786 million in deferred tax liabilities resulting from an increase in the amount of investment securities, etc.

### Net assets

Net assets increased by ¥6,333 million compared to the end of the previous fiscal year to ¥94,023 million.

The main factors for change were an increase of ¥1,307 million in retained earnings, an increase of ¥4,057 million in valuation difference on available-for-sale securities resulting from an increase in the amount of investment securities, etc., and an increase of ¥970 million in foreign currency translation adjustment.

As a result, the equity ratio decreased by 1.2 percentage points from the end of the previous fiscal year to 55.2%.

## **(3) Explanation regarding cash flows**

The status of cash flows for the first six months of the current fiscal year and the factors behind them are as follows.

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change
Cash flows from operating activities	3,624	256	(3,368)
Cash flows from investing activities	(1,441)	(5,336)	(3,894)
Cash flows from financing activities	(2,492)	3,307	+5,800
Effect of exchange rate change on cash and cash equivalents	(38)	232	+270
Net increase (decrease) in cash and cash equivalents	(348)	(1,539)	(1,191)
Cash and cash equivalents at beginning of period	25,297	21,267	(4,030)
Cash and cash equivalents at end of period	24,949	19,728	(5,221)

### Cash flows from operating activities

Net cash provided by operating activities was ¥256 million (compared to ¥3,624 million net cash provided in the same period of the previous fiscal year). This was mainly due to profit before income taxes of ¥3,890 million, depreciation of ¥2,256 million, an increase in trade receivables of ¥4,980 million, and

income taxes paid of ¥1,367 million.

Cash flows from investing activities

Net cash used in investing activities was ¥5,336 million (compared to ¥1,441 million net cash used in the same period of the previous fiscal year). This was mainly due to expenditures for the acquisition of rental property, plant and equipment in the Living & Wellness Business.

Cash flows from financing activities

Net cash provided by financing activities was ¥3,307 million (compared to ¥2,492 million net cash used in the same period of the previous fiscal year). This was mainly due to financing through long-term borrowings and issuance of bonds for the aforementioned acquisition of rental properties.

In addition, the effect of exchange rate change on cash and cash equivalents increased by ¥232 million. As a result, the balance of cash and cash equivalents as of September 30, 2022 decreased by ¥1,539 million compared to the end of the previous fiscal year to ¥19,728 million.

**(4) Explanation regarding consolidated earnings forecasts and other forward-looking statements**

We have not revised the financial results forecast announced at the time of the financial results announcement on May 10, 2022, due to some uncertain factors arising from future trends in fuel prices and temperatures.

With regard to the impact of the spread of COVID-19, we expect that although the Foods Business and Living & Wellness Business will be affected to a certain extent, the impact on the Group as a whole will be limited and is not expected to have a significant impact on our business performance, cash flow, or financial position.

## 2. Quarterly consolidated financial statements and significant notes

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	21,502	19,940
Notes and accounts receivable - trade	28,337	33,383
Merchandise and finished goods	5,331	5,712
Raw materials and supplies	631	775
Other	7,975	7,903
Allowance for doubtful accounts	(90)	(87)
<b>Total current assets</b>	<b>63,687</b>	<b>67,627</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,601	15,451
Machinery, equipment and vehicles, net	3,895	3,755
Land	15,979	18,316
Construction in progress	36	56
Other, net	4,750	5,059
<b>Total property, plant and equipment</b>	<b>38,264</b>	<b>42,640</b>
Intangible assets		
Goodwill	3,970	4,381
Other	1,158	1,126
<b>Total intangible assets</b>	<b>5,129</b>	<b>5,508</b>
Investments and other assets		
Investment securities	38,916	44,833
Deferred tax assets	1,669	2,017
Other	7,265	7,326
Allowance for doubtful accounts	(197)	(218)
<b>Total investments and other assets</b>	<b>47,654</b>	<b>53,959</b>
<b>Total non-current assets</b>	<b>91,047</b>	<b>102,107</b>
<b>Total assets</b>	<b>154,735</b>	<b>169,735</b>

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	25,003	26,001
Short-term borrowings	5,522	4,911
Current portion of bonds payable	–	364
Income taxes payable	869	1,226
Provisions	910	769
Other	8,445	8,061
Total current liabilities	40,751	41,334
Non-current liabilities		
Bonds payable	–	3,280
Long-term borrowings	7,852	10,421
Deferred tax liabilities	6,595	8,382
Provisions	540	509
Retirement benefit liability	2,493	2,541
Asset retirement obligations	1,278	1,623
Other	7,533	7,619
Total non-current liabilities	26,293	34,377
Total liabilities	67,045	75,712
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,077	7,077
Capital surplus	320	320
Retained earnings	68,084	69,391
Treasury shares	(533)	(533)
Total shareholders' equity	74,949	76,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,894	15,952
Deferred gains or losses on hedges	(121)	(85)
Foreign currency translation adjustment	572	1,543
Remeasurements of defined benefit plans	(19)	(13)
Total accumulated other comprehensive income	12,327	17,396
Non-controlling interests	413	369
Total net assets	87,689	94,023
<b>Total liabilities and net assets</b>	<b>154,735</b>	<b>169,735</b>

**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**

**Quarterly consolidated statement of income**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	101,037	147,799
Cost of sales	86,223	130,347
Gross profit	14,813	17,452
Selling, general and administrative expenses	13,683	14,806
Operating profit	1,130	2,646
Non-operating income		
Interest income	11	13
Dividend income	891	1,392
Share of profit of entities accounted for using equity method	228	216
Compensation income	40	34
Other	303	197
Total non-operating income	1,475	1,854
Non-operating expenses		
Interest expenses	75	146
Commission expenses	98	121
Loss on derivatives trading	36	32
Other	65	140
Total non-operating expenses	275	442
Ordinary profit	2,330	4,058
Extraordinary income		
Gain on sale of non-current assets	3	102
Total extraordinary income	3	102
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	50	60
Impairment losses	–	176
Loss on store closings	7	19
Loss on subsidy repayment	–	13
Loss on COVID-19	7	–
Total extraordinary losses	65	270
Profit before income taxes	2,268	3,890
Income taxes - current	1,390	1,486
Income taxes - deferred	(707)	(375)
Total income taxes	682	1,110
Profit	1,586	2,779
Loss attributable to non-controlling interests	(24)	(43)
Profit attributable to owners of parent	1,611	2,822

## Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,586	2,779
Other comprehensive income		
Valuation difference on available-for-sale securities	4,291	4,058
Deferred gains or losses on hedges	2	–
Foreign currency translation adjustment	(0)	970
Remeasurements of defined benefit plans, net of tax	5	5
Share of other comprehensive income of entities accounted for using equity method	13	34
Total other comprehensive income	4,312	5,069
Comprehensive income	5,898	7,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,923	7,892
Comprehensive income attributable to non-controlling interests	(24)	(43)

### (3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,268	3,890
Depreciation	1,325	2,256
Loss on store closings	7	19
Amortization of goodwill	16	119
Impairment losses	–	176
Loss on subsidy repayment	–	13
Loss on COVID-19	7	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(6)	(50)
Increase (decrease) in provision for share awards	9	0
Increase (decrease) in allowance for doubtful accounts	9	4
Increase (decrease) in retirement benefit liability	28	1
Interest and dividend income	(902)	(1,405)
Interest expenses	75	146
Share of loss (profit) of entities accounted for using equity method	(228)	(216)
Loss (gain) on sale and retirement of non-current assets	47	(42)
Decrease (increase) in trade receivables	(1,715)	(4,980)
Decrease (increase) in investments in leases	184	(51)
Decrease (increase) in inventories	683	(509)
Increase (decrease) in trade payables	(1,454)	954
Increase (decrease) in accrued consumption taxes	125	37
Other, net	3,364	(446)
Subtotal	3,846	(80)
Interest and dividends received	1,065	1,587
Interest paid	(76)	(141)
Loss on COVID-19 paid	(6)	–
Income taxes paid	(1,596)	(1,367)
Income taxes refund	392	258
Net cash provided by (used in) operating activities	3,624	256
<b>Cash flows from investing activities</b>		
Payments into time deposits	(42)	(42)
Proceeds from withdrawal of time deposits	54	74
Purchase of property, plant and equipment	(736)	(4,847)
Proceeds from sale of property, plant and equipment	19	126
Payments for retirement of property, plant and equipment	(30)	(46)
Purchase of intangible assets	(471)	(276)
Payments for asset retirement obligations	(5)	–
Purchase of investment securities	(210)	(4)
Long-term loan advances	–	(11)
Proceeds from collection of long-term loans receivable	4	7
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(301)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(9)	–
Other, net	(14)	(14)
Net cash provided by (used in) investing activities	(1,441)	(5,336)



(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	–	4,310
Repayments of long-term borrowings	(983)	(2,428)
Proceeds from issuance of bonds	–	3,579
Repayments of lease liabilities	(87)	(631)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,409)	(1,501)
Other, net	(11)	(19)
Net cash provided by (used in) financing activities	(2,492)	3,307
Effect of exchange rate change on cash and cash equivalents	(38)	232
Net increase (decrease) in cash and cash equivalents	(348)	(1,539)
Cash and cash equivalents at beginning of period	25,297	21,267
Cash and cash equivalents at end of period	24,949	19,728

#### (4) Notes to quarterly consolidated financial statements

##### Notes on the premise of going concerns

Not applicable.

##### Changes in accounting policies

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year under review. And it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact of this on the quarterly consolidated financial statements.

##### Notes on significant changes in the amount of shareholders' equity

Not applicable.

##### Segment information

[Segment information]

I Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

1. Information regarding the amount of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Energy Solutions Business	Power & Electricity Business	Foods Business	Living & Wellness Business	Overseas Business	Subtotal				
Net sales										
Sales to external customers	55,300	37,477	6,219	1,066	–	100,064	973	101,037	–	101,037
Intersegment sales or transfers	70	93	9	6	–	179	90	270	(270)	–
Total	55,371	37,571	6,228	1,072	–	100,244	1,063	101,307	(270)	101,037
Segment profit (loss)	178	1,216	53	178	(29)	1,599	26	1,625	(494)	1,130

- (Notes) 1. The “Others” category is a business segment that is not included in the reportable segments and includes Leasing Business, Insurance Agency Business and sales of other services.
2. The segment profit (loss) adjustment of ¥(494) million includes intersegment eliminations of ¥(9) million, corporate expenses of ¥(485) million that are not allocated to each reportable segment, and other adjustments of ¥0 million. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.
3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information regarding loss on impairment of non-current assets and goodwill by reportable segment

Not applicable.

I Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

1. Information regarding the amount of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Energy Solutions Business	Power & Electricity Business	Foods Business	Living & Wellness Business	Overseas Business	Subtotal				
Net sales										
Sales to external customers	60,766	74,521	9,152	1,198	1,196	146,834	965	147,799	–	147,799
Intersegment sales or transfers	82	387	9	4	–	484	102	586	(586)	–
Total	60,848	74,908	9,161	1,202	1,196	147,318	1,067	148,386	(586)	147,799
Segment profit (loss)	16	2,790	350	(85)	117	3,189	(13)	3,176	(530)	2,646

- (Notes) 1. The “Others” category is a business segment that is not included in the reportable segments and includes Leasing Business, Insurance Agency Business and sales of other services.
2. The segment profit (loss) adjustment of ¥(530) million includes intersegment eliminations of ¥0 million, corporate expenses of ¥(530) million that are not allocated to each reportable segment, and other adjustments of ¥0 million. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.
3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Notes to changes in reportable segments, etc.

Effective from the fourth quarter ended March 31, 2022, the Overseas Business, which was previously included in the “Others” segment, has been presented as a reportable segment because its quantitative importance has increased due to the start of consolidation of overseas subsidiaries.

Please note that the segment information disclosed for the six months ended September 30, 2021 was prepared based on the new reporting segment classification.

3. Information regarding loss on impairment of non-current assets and goodwill by reportable segment

Material loss on impairment related to non-current assets

In the Power & Electricity Business, the Company recorded loss on impairment of non-current assets due to the suspension of operations of the Gumihara Wind Power Station. The amount of the said loss on impairment recorded in the six months ended September 30, 2022 is ¥161 million.

In the Foods Business, the Company recorded loss on impairment of non-current assets of the previous “Carl’s Jr. Jiyugaoka Restaurant,” due to the relocation thereof. The amount of the said loss on impairment recorded in the six months ended September 30, 2022 is ¥14 million.