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August 8, 2023

# Consolidated Financial Results for the Three Months Ended June 30, 2023 <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, Corporate Secretary<br>TEL: +81-3-3275-6300 |

| | |
|---|---|
| Scheduled date to file quarterly securities report: | August 10, 2023 |
| 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2023 | 66,985 | (4.8) | 4,381 | 190.0 | 4,932 | 79.5 | 3,546 | 69.2 |
| June 30, 2022 | 70,378 | 46.2 | 1,511 | 60.0 | 2,748 | 53.8 | 2,095 | 63.2 |

Note: Comprehensive income For the three months ended June 30, 2023: ¥3,209 million [(28.9)%]
For the three months ended June 30, 2022: ¥4,513 million [122.2%]

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Three months ended | Yen | Yen |
| June 30, 2023 | 59.64 | – |
| June 30, 2022 | 34.94 | – |

Note: During the third quarter ended December 31, 2022, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the three months ended June 30, 2022, reflect the finalization of the provisional accounting treatment.

## (2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| June 30, 2023 | 166,841 | 93,867 | 56.3 | 1,578.17 |
| March 31, 2023 | 173,999 | 92,884 | 53.4 | 1,561.61 |

Reference: Equity
As of June 30, 2023: ¥93,854 million As of March 31, 2023: ¥92,869 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, 2023 | – | – | – | 37.00 | 37.00 |
| Fiscal year ending March 31, 2024 | – | | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | – | – | 39.00 | 39.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

# 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024 | 360,000 | 11.2 | 11,400 | (7.4) | 12,000 | (14.6) | 7,200 | (7.6) | 121.07 |

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

The Company has not prepared the earnings forecasts for the six months ending September 30, 2023 after taking into consideration the seasonal factors.

* 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: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement: None

(4) Number of shares issued (common shares)

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

| | |
|---|---|
| As of June 30, 2023 | 60,134,401 shares |
| As of March 31, 2023 | 60,134,401 shares |

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

| | |
|---|---|
| As of June 30, 2023 | 664,194 shares |
| As of March 31, 2023 | 664,091 shares |

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

| | |
|---|---|
| Three months ended June 30, 2023 | 59,470,275 shares |
| Three months ended June 30, 2022 | 59,970,474 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, 2023, 567,900 shares as of June 30, 2023). 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 (567,900 shares for three months ended June 30, 2022, 567,900 shares for three months ended June 30, 2023).

* 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 "(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements" in "1. Qualitative information regarding financial results for the period" on page 7 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

## Attached Material

# Index

# 1. Qualitative information regarding financial results for the period

In the third quarter of the previous fiscal year, the provisional accounting treatment for the business combination conducted was finalized. For figures for the same period of the previous fiscal year that we herein describe comparative analyses against, we use revised figures after such final accounting treatment.

## (1) Explanation regarding operating results

During the three months ended June 30, 2023, economic conditions in Japan showed a moderate recovery trend mainly driven by consumer spending, capital investment, and inbound tourist (demand) after the change of COVID-19's category to Class 5 in May 2023. However, the economic outlook remains uncertain due mainly to soaring resource prices caused by the prolonged situation in Ukraine, downside risks to the economy from persistently high policy interest rates in the U.S. and Europe, and concerns about further price hikes due to rapid fluctuations in exchange rates.

In the domestic energy market, there has been a rapid change of the Group's business environment, such as demand for decarbonization on a global scale and demand to strengthen the infrastructure for stable energy supply, which is becoming stronger with the increase in frequency and intensity of natural disasters, as well as the changes in demand due to the low birth rate and aging society and population decline, and lifestyle changes owing to the COVID-19 pandemic.

Under such circumstances, we believe that energy business operators need to make advanced and swift progress from the perspective of ensuring environmental friendliness, 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 desire for choices. 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 $CO_2$ generated from LPG mining until combustion, using carbon credit certified by an international NGO in the U.S. In addition, the company and Mitsuuroko Green Energy Co., Ltd., another consolidated subsidiary of the Company, have implemented the "Summer Power Saving Program 2023," to expand Demand Response Service, a system that contributes to the optimization of supply and demand and the expansion of renewable energy with the aim of achieving a decarbonized society. In this way, we will continue to endeavor to provide services that are beneficial to society and peoples' lives as "a Lifestyle Producer."

Furthermore, we have adopted Oracle Fusion Cloud Enterprise Resource Planning (ERP) and its product line, Oracle Fusion Cloud Enterprise Performance Management (EPM), as the core systems to support the diversification of our business, a pillar of our growth strategy. These systems operate for 38 group subsidiaries. The introduction of the new systems provides a globally standardized process integrating operations of multiple companies, which enabled us to achieve operation streamlining. As the systems are a Pure SaaS model, they reduce the burden of maintenance work that was previously outsourced or performed in-house. In addition, we digitized data such as general ledger to be extracted from different accounting systems among the Group's consolidated subsidiaries to improve the efficiency of accounting operations. Besides, they also contribute to the improvement of the working environment by helping reducing dependency on personal skills and increasing productivity. The Company continues to take initiatives for sustainable growth and improving corporate value through enhancement of corporate governance and sustainability.

For the operation streamlining 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 operation streamlining tools with cutting-edge technologies and strive to further improve the Group's productivity.

With regard to financial results in the three months ended June 30, 2023, efforts to improve profitability in the Power & Electricity Business continued to contribute to the Group's earnings as in the previous fiscal year, despite a decrease in sales volume in the Energy Solutions Business due to higher average temperatures and increased tendency to cut costs, a temporary suspended operations at a bottled water plant in the Foods Business, and a temporary closure of a commercial facility in the Living & Wellness Business. As a result, net sales decreased by 4.8% year on year to ¥66,985 million, operating profit increased by 190.0% year on year to ¥4,381 million, ordinary profit increased by 79.5% year on year to ¥4,932 million, and profit attributable to owners of parent increased by 69.2% year on year to ¥3,546 million.

Operating profit, ordinary profit and profit attributable to owners of parent were at record highs for the first quarter.

Operating results by segment are as follows.

Energy Solutions Business

In the LPG business, as demand for use including restaurants was on a continue steady recovery trend, the LPG sales volume for commercial use grew to 102% of the level of the same period of the previous fiscal year. On the other hand, although we actively undertook measures to acquire new customers, sales volume for home use fell to 96% of the level of the same period of the previous fiscal year due to a year-on-year increase in average temperatures and soaring prices that have resulted in a strengthening tendency to economize. Meanwhile, gross profit on LPG for home use improved as a result of the revision of selling prices. The revision was in response to cost increases due to the sharp rise in resource prices, distribution costs, and various materials prices in the previous fiscal year. In addition, in the three months ended June 30, 2023, to contribute to the local community, we started measures to curb the rise in LPG rates in Tochigi by utilizing a special regional revitalization grant, which we intend to roll out in other prefectures as well. We will cooperate with local governments by participating in their initiatives to reduce the burden on customers.

In the petroleum business, sales volume for household heating oil declined due to the strengthening tendency to economize in the same way as LPG, together with the decline in demand caused by higher temperatures, but sales volume for gasoline increased due to the lower impact of COVID-19 and expanded sales channels.

In the housing equipment business, net sales recorded a year-on-year decrease, which saw a temporary increase in sales in the previous fiscal year, resulting from the elimination of delays in the delivery of water heaters. However, gross profit improved due to an increase in the percentage of sales for residential use. In addition, sales of fuel conversion systems for switching from petroleum fuels to LPG water heaters steadily increased. We will continue to promote our growth strategy toward decarbonization and strive to reduce $CO_2$ emissions throughout the Group.

For the Energy Solutions Business as a whole, net sales decreased by 7.9% year on year to ¥30,217 million, and operating loss amounted to ¥63 million (compared to an operating profit of ¥284 million in the same period of the previous fiscal year), mainly due to a decrease in LPG sales volume as a result of the increased tendency to economize and higher average temperatures, a decrease in profit margins year on year in the wholesale business due to a certain amount of time lag until the impact of the drop in the LPG procurement cost is reflected in the inventory unit price, and an increase in the basic wage rate as investment in human resources for future growth.

Power & Electricity Business

In the electricity retail business, the situation for electric power supply remains difficult due to a sharp rise in the electricity procurement cost with rising resource prices caused by the prolonged situation in Ukraine and the weak yen, as well as the issuance of a power saving request by the government this summer as well. Although market prices in the electric power exchange have settled to a certain degree, uncertainties abound regarding the supply and demand of electricity in the current fiscal year, which may result in a challenging business environment.

In this business, we have been working to improve profitability by mitigating the impact of soaring prices, and improving unit selling prices. The specific efforts include supplying power according to the amount procured, as well as proceeding with the diversification of our electricity suppliers, such as reducing our dependency on electricity procured from the electric power exchange.

As a result, net sales decreased by 5.2% year on year to ¥29,445 million, and operating profit increased by

291.4% year on year to ¥4,407 million.

Based on our participation in the Ministry of Economy, Trade and Industry's "Operation to Mitigate Sudden Fluctuations in Electricity and Gas Prices," we implemented discounts for electricity and gas charges, using the discounted selling price set by the government, in accordance with the respective amounts of energy used between January and September 2023 (based on meter readings, between February and October). We will continue to implement this project in order to mitigate the burden of electricity charges on customers. In addition, we participated in the Tokyo Metropolitan Government's "Household Electricity Saving Management Project" to grant benefits to customers based on the amount of electricity saved by them, and furthermore, the Group utilizes its own Demand Response Service. In this way, we are implementing "Summer Power Saving Program 2023," following the "Winter Power Saving Program" implemented last winter, to contribute to balancing supply and demand in the process of expanding renewable energy, as well as saving electricity and energy leading to the reduction of the burden of electricity charges.

Furthermore, through the implementation of the Demand Response Service that the Group excels in, a system that contributes to the optimization of supply and demand and the expansion of renewable energy with the aim of achieving a decarbonized society, we will continue to endeavor to provide services that are beneficial to society and peoples' lives as "a Lifestyle Producer."

Foods Business

In the beverage business, in addition to the outsourced production of various beverages, Shizuoka Mitsuuroko Foods Co., Ltd. has been able to respond to strong demand, which is rising along with the rise in temperature, by utilizing the manufacturing capacity for mineral water using natural water from Shimizu-ku, Shizuoka-shi, which was increased last fiscal year. Sales volume was also solid thanks to the success of our combined marketing approach that included strong sales of our in-house developed green tea that uses only tea leaves from Shizuoka, an environmentally friendly mineral water product in a moderate size (label-less), which the company started to produce in April, and other various beverages. For OEM products, tea products developed under contract from a major distributor were well received, leading to an increase in sales of beverages.

Through these efforts, Mitsuuroko Beverage Co., Ltd., which operates the beverage business, achieved a solid sales volume growth of approximately 127% year on year, including products from outsourced factories in addition to the Group's five factories. In terms of business performance, the business environment continued to be under pressure from soaring costs, whose impact, however, on the earnings turned out to be immaterial due to the expansion of sales volume.

In the foods business, for the shops and restaurants that it operates, Mitsuuroko Provisions Co., Ltd. has concentrated on expanding franchisee stores, renewing existing stores, and also introducing new menus for in-store cooking, resulting in boosting its business performance.

Azabujuban Mont-Thabor, a bakery, has commercialized the winning entry from the Bakery Japan Cup 2023, in which participants compete in bread production techniques. By commercializing its high level of technical expertise, customers can experience Azabujuban Mont-Thabor's dedication to its products even more than usual. In addition, new initiatives in logistics to respond to the growing demand for pre-baked frozen bread have facilitated the supply of products to our clients.

Motomachi Coffee that operates coffee shop business focuses on store development while being actively promoting franchise development. It also focuses its efforts on new product development, introducing new products each season. The company was able to raise the number of visitors to its stores through a collaborative plan using products from an external brand company, a good match for coffee.

The Carl's Jr. Japan burger chain maintained its recovery trend in business performance with the impact of COVID-19 fading.

For the Foods Business as a whole, although in the bottled water business, the impact of soaring cost of products manufactured was mitigated by the expansion of sales volume through aggressive sales activities, net sales increased by 12.7% year on year to ¥5,463 million, and operating profit decreased by 3.6% year on year to ¥195 million, due mainly to a temporary suspension of operations at the Ihara Factory of Shizuoka Mitsuuroko Foods. for partial facility renewal.

Living & Wellness Business

In the real estate business, rental real estate consisting primarily of residential properties has performed well, and is securing stable sales. The three rental apartment complexes that we acquired in September 2022 (Prasio Hirao, View Heights Takayama, and Cosmos Reid Kokubunji) are operating without problems, and occupancy rates have increased at VIP Sendai Futsukamachi, which benefited from a renovation of its common area and some rooms during the previous fiscal year. As a result, net sales rose 17.2% year on year.

In addition to implementing an ongoing program of repairs and upgrades prioritizing safety for all properties, including existing assets, we are steadily investing in facilities to ensure that properties keep pace with the values of the times. We place particular emphasis on sustainability, centered on decarbonization, resource conservation, etc., by switching to the use of electricity generated using renewable energy, installing water-saving facilities, and implementing other initiatives. In June, we installed a port for electric micromobility devices at L'Abeille Azabujuban. They are expected to contribute to ESG because they emit less $CO_2$ than cars and serve as a backup alternative to public transportation in times of disaster. While bearing the optimal portfolio structure in mind, we will actively acquire and develop new revenue-generating properties going forward.

Towards the goal of increasing awareness of, and the number of visitors to the HAMABOWL EAS Building, we regularly participate in a stamp rally project run by a free paper distributed at stations and commercial facilities in Yokohama-shi. The number of visitors to the entire building has been recovering steadily, with April and May 2023 seeing more customer footfall than the corresponding months since the beginning of the COVID-19 pandemic. However, the number of visitors slightly decreased in June compared to the same month last year due to the 12-day suspension of operations for maintenance work at SPA EAS.

In the wellness business, the number of visitors and sales steadily recovered for Hamabowl with sales rising to 121.1% of the level of the same period of the previous fiscal year, helped by the change of COVID-19's category to Class 5. However, sales of SPA EAS dropped to 98.3% of the level of the same period of the previous fiscal year due to the suspension of operations (from June 19 to July 3) for repairs to the aging facility.

In April, SPA EAS was awarded third place in the "Hot Springs and Super Sento Ranking with Popular Hot-Stone Spa 2023" announced by Nifty Hot Spring and in June, it was awarded first place in the "Users' Choice! Hot Springs and Super Sento Ranking Where You Can Spend Quietly 2023" Being highly awarded in each category helped increase its recognition among new customers and promote their visit to the spa.

In June, for the first time in its 14 years of operation, the facility was closed for repairs and underwent floor and wall renovations, mainly in the bathrooms. The space itself has also been redone, with the installation of various functional high-end hair dryers, which are highly supported by women, and the unification of sign boards in the building. We will continue to provide the solid facility value that is safe and secure while pursuing initiatives aimed at maximizing the value of special experiences offered at our spa.

At Hamabowl, the pre-pandemic bustle is returning with sales and visitors steadily increasing for each target. In April 2023, game fees were revised for the first time in three years due to soaring costs of overseas bowling products and equipment parts. However, the "3-game package" launched as a measure to prevent a decline in visitors performed well, leading to the increased number of games played. Furthermore, with the change of COVID-19's category to Class 5, we have resumed active sales activities for corporate clients, including direct mailings to companies with a history of using the service, and recreational use by various organizations have increased.

In the sports business, the sports studio "EIGHT ANGLE" was launched on April 12, 2023, and has welcomed a certain number of customers though it has just opened. Their visits were mainly triggered by the commemorative talk show and lessons by professional golf player Momoka Miura (Mitsuuroko Group). As future measures, we are considering diversifying the lesson menu and fee structure (coupon tickets, monthly membership, etc.), enhancing advertising, and other measures. In addition to golf, on-site lessons by Kenji Yano, a former professional baseball player, have been well received. In this way, we will aggressively expand our efforts to acquire customers.

For the Living & Wellness Business as a whole, although net sales increased by 10.2% year on year to ¥652 million, operating profit decreased by 46.4% year on year to ¥55 million due to such factors as suspension of operations of a facility, increased renovation expenses, increased depreciation and other expenses related to real estate properties acquired in the previous fiscal year, and upfront investments for new businesses.

<u>Overseas Business</u>

In this business, mainly General Storage Company Pte. Ltd. and six other companies operate the self-storage business in Asia. During the three months ended June 30, 2023, at the “Self Storage Awards Asia 2023” hosted by the Self Storage Association Asia, an industry organization in Asia, one site and three individuals from the Group companies were awarded in two of the seven categories (“Multi-site Operation Store of the Year” and “Manager of the Year”).

During the three months ended June 30, 2023, net sales increased by 8.3% year on year to ¥629 million and operating profit increased by 39.1% to ¥76 million year on year, mainly due to the yen’s depreciation.

Dividend income from Siamgas & Petrochemicals Public Company Limited, with which the Company has concluded a strategic business alliance agreement, for the three months ended June 30, 2023, decreased by 72.8% year on year to ¥251 million mainly due to the company’s decrease in profit, and was recorded in non-operating income.

<u>Others</u>

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 ICT telecommunications business, customer needs for the introduction of “Mitsuuroko net,” an Internet service for rental apartments, were high, resulting in an operation rate of 128% of the level of the same period of the previous fiscal year. In June, we released a new plan, “Mitsuuroko Priority Gate,” to address new demand for high-speed communication in condominium apartments and high quality apartments. Such demand increase is also due to the expanded use of cloud computing and the spread of telecommuting.

As for the leasing business, the Group contributes to the promotion of ESG through its leasing operations by popularizing decarbonization equipment while expanding the share of EV vehicles and hybrid vehicles in the vehicles it leases. We are also actively promoting the use of leasing in energy-saving projects being advocated by various government ministries and LPG organizations, as well as in our efforts to streamline business.

In the content business, which was started as a new business in the fiscal year ended March 31, 2020, we are co-producing TV programs and movies, planning TV dramas and theatrical performances, etc. In June 2023, a DVD and Blu-ray of the TV drama “Nobunaga Miman,” which we produced as a planning executive, was released, and sales are increasing, especially to the fan base of the actors. With the broadcast and distribution of the horror mystery drama “Kono Doga wa Saisei Dekimasen (This Video Is Not Available) 2” scheduled for September 2023, and the broadcast of the travel program “Hakko Danshi 2,” which introduces traditional Japanese technology, scheduled for October 2023, we are working to produce quality content to increase profits.

For Other Business as a whole, net sales increased by 20.9% year on year to ¥577 million, while operating profit was ¥27 million (compared to an operating loss of ¥4 million in the same period of the previous fiscal year) mainly due to an improvement in the profit margin on sales in the leasing business.

### (2) Explanation regarding the financial position

(Millions of yen)

| | As of March 31, 2023 | As of June 30, 2023 | Change |
|---|---|---|---|
| Assets | 173,999 | 166,841 | (7,158) |
| Liabilities | 81,115 | 72,973 | (8,141) |
| Net assets | 92,884 | 93,867 | +983 |
| Shareholders’ equity | 92,869 | 93,854 | +984 |
| Equity ratio (%) | 53.4 | 56.3 | +2.9 |

Assets

Total assets decreased by ¥7,158 million compared to the end of the previous fiscal year to ¥166,841 million.

The main factors for change were an increase of ¥2,303 million in cash and deposits resulting from increased profit in the Power & Electricity Business, a decrease of ¥7,251 million in notes and accounts receivable - trade resulting from seasonal changes in the sales amount and a lull in fuel procurement price hikes, etc., a decrease of ¥619 million in merchandise and finished goods, a decrease of ¥981 million in other under current assets, and a decrease of ¥1,114 million in investment securities following a drop in the market price of shares.

Liabilities

Total liabilities decreased by ¥8,141 million compared to the end of the previous fiscal year to ¥72,973 million.

The main factors for change included a decrease of ¥4,985 million in notes and accounts payable - trade due to seasonal changes in the purchase amount and a lull in fuel procurement price hikes, etc., a decrease of ¥814 million in other under current liabilities, a decrease of ¥1,834 million in income taxes payable due to tax payment, etc., and a decrease of ¥628 million in provisions due to bonus payment, etc.

Net assets

Net assets increased by ¥983 million compared to the end of the previous fiscal year to ¥93,867 million.

The main factors for change were an increase of ¥1,314 million in retained earnings, a decrease of ¥854 million in valuation difference on available-for-sale securities resulting from a decrease in the amount of investment securities, and an increase of ¥530 million in foreign currency translation adjustment.

As a result, the equity ratio increased by 2.9 percentage point from the end of the previous fiscal year to 56.3%.

### (3) 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, 2023, due to some uncertain factors arising from future trends in fuel prices and temperatures.

## 2. Quarterly consolidated financial statements and significant notes

### (1) Quarterly consolidated balance sheet

(Millions of yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,538 | 34,842 |
| Notes and accounts receivable - trade | 31,033 | 23,781 |
| Merchandise and finished goods | 6,175 | 5,556 |
| Raw materials and supplies | 795 | 795 |
| Other | 9,628 | 8,647 |
| Allowance for doubtful accounts | (30) | (33) |
| Total current assets | 80,141 | 73,590 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 14,842 | 14,846 |
| Machinery, equipment and vehicles, net | 3,855 | 3,872 |
| Land | 18,179 | 18,314 |
| Construction in progress | 56 | 91 |
| Other, net | 5,216 | 5,328 |
| Total property, plant and equipment | 42,150 | 42,452 |
| Intangible assets | | |
| Trademark right | 2,845 | 3,025 |
| Goodwill | 1,341 | 1,277 |
| Other | 1,254 | 1,245 |
| Total intangible assets | 5,441 | 5,548 |
| Investments and other assets | | |
| Investment securities | 37,506 | 36,392 |
| Deferred tax assets | 1,664 | 1,761 |
| Other | 7,365 | 7,355 |
| Allowance for doubtful accounts | (269) | (260) |
| Total investments and other assets | 46,266 | 45,248 |
| Total non-current assets | 93,858 | 93,250 |
| Total assets | 173,999 | 166,841 |

(Millions of yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 24,573 | 19,588 |
| Short-term borrowings | 5,491 | 5,608 |
| Current portion of bonds payable | 764 | 764 |
| Income taxes payable | 3,356 | 1,521 |
| Provisions | 1,087 | 458 |
| Other | 9,780 | 8,965 |
| Total current liabilities | 45,054 | 36,907 |
| Non-current liabilities | | |
| Bonds payable | 4,698 | 4,498 |
| Long-term borrowings | 11,331 | 11,938 |
| Deferred tax liabilities | 6,654 | 6,294 |
| Provisions | 498 | 471 |
| Retirement benefit liability | 2,559 | 2,588 |
| Asset retirement obligations | 3,062 | 3,095 |
| Other | 7,255 | 7,177 |
| Total non-current liabilities | 36,060 | 36,065 |
| Total liabilities | 81,115 | 72,973 |
| Net assets | | |
| Shareholders’ equity | | |
| Share capital | 7,077 | 7,077 |
| Capital surplus | 307 | 313 |
| Retained earnings | 73,793 | 75,108 |
| Treasury shares | (533) | (533) |
| Total shareholders’ equity | 80,645 | 81,965 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,899 | 10,045 |
| Deferred gains or losses on hedges | (61) | (74) |
| Foreign currency translation adjustment | 1,391 | 1,921 |
| Remeasurements of defined benefit plans | (5) | (4) |
| Total accumulated other comprehensive income | 12,224 | 11,888 |
| Non-controlling interests | 15 | 13 |
| Total net assets | 92,884 | 93,867 |
| Total liabilities and net assets | 173,999 | 166,841 |

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

### Quarterly consolidated statement of income

(Millions of yen)

| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
|---|---|---|
| Net sales | 70,378 | 66,985 |
| Cost of sales | 61,502 | 54,476 |
| Gross profit | 8,876 | 12,508 |
| Selling, general and administrative expenses | 7,365 | 8,126 |
| Operating profit | 1,511 | 4,381 |
| Non-operating income | | |
| Interest income | 6 | 16 |
| Dividend income | 1,130 | 468 |
| Share of profit of entities accounted for using equity method | 175 | 124 |
| Compensation income | 16 | 19 |
| Gain on valuation of derivatives | – | 12 |
| Other | 137 | 81 |
| Total non-operating income | 1,466 | 722 |
| Non-operating expenses | | |
| Interest expenses | 76 | 81 |
| Commission expenses | 59 | 64 |
| Loss on derivatives trading | 43 | – |
| Other | 50 | 25 |
| Total non-operating expenses | 229 | 171 |
| Ordinary profit | 2,748 | 4,932 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 83 | 1 |
| Total extraordinary income | 83 | 1 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | – |
| Loss on retirement of non-current assets | 18 | 22 |
| Loss on store closings | 3 | 11 |
| Total extraordinary losses | 21 | 33 |
| Profit before income taxes | 2,810 | 4,900 |
| Income taxes - current | 729 | 1,466 |
| Income taxes - deferred | 3 | (110) |
| Total income taxes | 733 | 1,355 |
| Profit | 2,076 | 3,544 |
| Loss attributable to non-controlling interests | (18) | (1) |
| Profit attributable to owners of parent | 2,095 | 3,546 |

### Quarterly consolidated statement of comprehensive income

(Millions of yen)

| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
|---|---|---|
| Profit | 2,076 | 3,544 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,768 | (855) |
| Deferred gains or losses on hedges | 0 | – |
| Foreign currency translation adjustment | 654 | 530 |
| Remeasurements of defined benefit plans, net of tax | 2 | 0 |
| Share of other comprehensive income of entities accounted for using equity method | 11 | (11) |
| Total other comprehensive income | 2,436 | (335) |
| Comprehensive income | 4,513 | 3,209 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,532 | 3,210 |
| Comprehensive income attributable to non-controlling interests | (18) | (1) |

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

Notes on the premise of going concerns

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Business combinations

Significant revision of initial allocation of acquisition cost in comparative information

With regard to the business combination with General Storage Company Pte. Ltd. and its six subsidiaries conducted on December 22, 2021, provisional accounting treatment carried out in the first quarter of the previous fiscal year was finalized in the third quarter of the previous fiscal year.

Following the finalization of the provisional accounting treatment, comparative information included in the quarterly consolidated financial statements for the three months ended June 30, 2023, reflects the material revisions to the acquisition cost amounts initially allocated.

As a result, in the quarterly consolidated statement of income for the three months ended June 30, 2022, cost of sales (depreciation) increased by ¥49 million and selling, general and administrative expenses (amortization of goodwill) decreased by ¥43 million, resulting in a ¥5 million decrease in each of operating profit, ordinary profit and profit before income taxes.

Segment information, etc.

[Segment information]

I Three months ended June 30, 2022 (From April 1, 2022, to June 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 | 32,806 | 31,072 | 4,849 | 591 | 581 | 69,900 | 477 | 70,378 | – | 70,378 |
| Intersegment sales or transfers | 36 | 167 | 0 | 2 | – | 207 | 52 | 259 | (259) | – |
| Total | 32,842 | 31,240 | 4,849 | 594 | 581 | 70,108 | 529 | 70,638 | (259) | 70,378 |
| Segment profit (loss) | 284 | 1,126 | 202 | 104 | 55 | 1,772 | (4) | 1,768 | (257) | 1,511 |

(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 ¥(257) million includes intersegment eliminations of ¥(4) million, corporate expenses of ¥(253) 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.

II Three months ended June 30, 2023 (From April 1, 2023, to June 30, 2023)

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 | 30,217 | 29,445 | 5,463 | 652 | 629 | 66,408 | 577 | 66,985 | – | 66,985 |
| Intersegment sales or transfers | 37 | 216 | – | 2 | – | 256 | 97 | 354 | (354) | – |
| Total | 30,255 | 29,661 | 5,463 | 654 | 629 | 66,664 | 674 | 67,339 | (354) | 66,985 |
| Segment profit (loss) | (63) | 4,407 | 195 | 55 | 76 | 4,671 | 27 | 4,699 | (317) | 4,381 |

(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 ¥(317) million includes intersegment eliminations of ¥(3) million, corporate expenses of ¥(313) 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.

4. Following the finalization of provisional accounting treatment, amounts displayed in segment information for the three months ended June 30, 2022, reflect material revisions to the acquisition cost amounts initially allocated described in “Business combinations” under “Notes.”

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

Not applicable.