

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

Company name: RESOL HOLDINGS CO., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5261 URL <https://www.resol.jp>
 Representative: Representative Director, President Masaru Osawa
 Inquiries: Manager of the Accounting Department Tatsuo Saito TEL 03-3344-8861
 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	12,967	2.2	1,332	40.9	1,239	41.4	1,163	108.8
Six months ended September 30, 2022	12,682	87.1	945	–	876	–	557	–

Note: Comprehensive income Six months ended September 30, 2023 ¥1,166 million [108.9%]
 Six months ended September 30, 2022 ¥558 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	209.47		–	
Six months ended September 30, 2022	100.30		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of September 30, 2023	44,928		14,419		32.0		2,590.28	
As of March 31, 2023	42,663		13,526		31.6		2,430.35	

Reference: Equity As of September 30, 2023 ¥14,390 million
 As of March 31, 2023 ¥13,501 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended March 31, 2023	–	0.00	–	50.00	50.00
Year ending March 31, 2024	–	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	80.00	80.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Forecast of consolidated financial results for the 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		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	24,500	11.1	1,850	470.6	1,600	751.5	1,300	79.9	234.00	

Note: Revisions to the financial results forecasts most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	5,564,200 shares	As of March 31, 2023	5,564,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	8,469 shares	As of March 31, 2023	8,840 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	5,555,498 shares	Six months ended September 30, 2022	5,555,065 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

(Caution concerning forward-looking statements)

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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	5,224,298	5,537,739
Operating accounts receivable	1,459,430	1,687,736
Merchandise	115,314	122,263
Real estate for sale	2,222,141	2,113,414
Supplies	97,022	120,808
Other	1,772,957	1,034,990
Total current assets	10,891,164	10,616,952
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,676,791	6,895,513
Land	16,510,546	18,878,740
Other, net	2,593,137	2,447,945
Total property, plant and equipment	25,780,475	28,222,199
Intangible assets		
Goodwill	364,497	337,945
Other	481,139	567,505
Total intangible assets	845,636	905,450
Investments and other assets		
Total investments and other assets	5,145,970	5,183,601
Total non-current assets	31,772,082	34,311,251
Total assets	42,663,246	44,928,204

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trade accounts payable	326,723	369,412
Short-term borrowings	3,400,000	1,500,000
Current portion of long-term borrowings	3,721,384	3,736,868
Income taxes payable	229,946	134,448
Provision for bonuses	164,212	230,256
Provision for bonuses for directors (and other officers)	9,000	–
Other	3,997,755	4,156,481
Total current liabilities	11,849,021	10,127,467
Non-current liabilities		
Long-term borrowings	8,933,808	10,210,894
Guarantee deposits received	6,165,188	8,013,614
Retirement benefit liability	412,851	435,985
Provision for employee special amends	9,850	103,850
Asset retirement obligations	202,417	193,985
Other	1,563,111	1,422,843
Total non-current liabilities	17,287,227	20,381,173
Total liabilities	29,136,249	30,508,641
Net assets		
Shareholders' equity		
Share capital	3,948,088	3,948,088
Capital surplus	2,242,908	2,244,531
Retained earnings	7,313,477	8,201,066
Treasury shares	(21,396)	(20,732)
Total shareholders' equity	13,483,077	14,372,954
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	18,388	17,956
Total accumulated other comprehensive income	18,388	17,956
Non-controlling interests	25,531	28,652
Total net assets	13,526,997	14,419,562
Total liabilities and net assets	42,663,246	44,928,204

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	12,682,766	12,967,747
Cost of sales	5,677,504	3,956,203
Gross profit	7,005,261	9,011,543
Selling, general and administrative expenses	6,059,960	7,679,182
Operating profit	945,300	1,332,360
Non-operating income		
Interest income	19	19
Rental income	3,926	4,355
Insurance claim income	5,128	330
Subsidies for employment adjustment	28,203	–
Refund income	4,079	6,232
Other	47,363	29,507
Total non-operating income	88,720	40,444
Non-operating expenses		
Interest expenses	76,649	84,480
Commission expenses	61,964	34,060
Other	19,201	14,888
Total non-operating expenses	157,815	133,429
Ordinary profit	876,205	1,239,375
Extraordinary income		
Gain on sale of non-current assets	17,791	454
Gain on bargain purchase	–	148,677
Other	437	–
Total extraordinary income	18,229	149,131
Extraordinary losses		
Loss on sale of non-current assets	577	–
Loss on retirement of non-current assets	4,841	31,228
Provision for special compensations	–	94,000
Other	1,687	8
Total extraordinary losses	7,106	125,236
Profit before income taxes	887,328	1,263,271
Income taxes - current	343,681	104,685
Income taxes - deferred	(14,682)	(7,853)
Total income taxes	328,999	96,831
Profit	558,329	1,166,439
Profit attributable to non-controlling interests	1,132	2,746
Profit attributable to owners of parent	557,197	1,163,692

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	558,329	1,166,439
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(82)	(432)
Total other comprehensive income	(82)	(432)
Comprehensive income	558,247	1,166,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	557,114	1,163,260
Comprehensive income attributable to non-controlling interests	1,132	2,746

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	887,328	1,263,271
Depreciation	444,572	511,308
Amortization of goodwill	41,921	26,552
Increase (decrease) in allowance for doubtful accounts	(63)	(3,024)
Increase (decrease) in provision for bonuses	(723)	55,544
Increase (decrease) in retirement benefit liability	(11,037)	(17,374)
Increase (decrease) in provision for bonuses for directors (and other officers)	(11,000)	(9,000)
Interest and dividend income	(2,033)	(33)
Increase(decrease)in provision for special compensation	–	94,000
Interest expenses	76,649	84,480
Subsidies for employment adjustment	(28,203)	–
Insurance claim income	(5,565)	(330)
Loss on retirement of non-current assets	4,841	31,228
Gain on sale of non-current assets	(17,214)	(454)
Commission expenses	61,964	34,060
Gain on bargain purchase	–	(148,677)
Decrease (increase) in trade receivables	220,955	(191,035)
Decrease (increase) in inventories	2,110,522	139,389
Decrease (increase) in other assets	108,502	730,735
Increase (decrease) in trade payables	36,674	42,689
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	37,216	(110,004)
Increase (decrease) in other liabilities	(481,053)	236,100
Subtotal	3,474,256	2,769,424
Interest and dividends received	2,033	33
Interest paid	(75,489)	(80,635)
Proceeds from insurance income	5,565	330
Proceeds from subsidies for employment adjustment	25,625	–
Income taxes paid	(483,973)	(200,426)
Net cash provided by (used in) operating activities	2,948,018	2,488,728
Cash flows from investing activities		
Payments into time deposits	(3,000)	–
Purchase of property, plant and equipment	(758,604)	(513,435)
Purchase of intangible assets	(18,236)	(92,046)
Proceeds from sale of property, plant and equipment	20,000	454
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(58,421)
Other, net	11,355	(149)
Net cash provided by (used in) investing activities	(748,484)	(663,598)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,300,000)	(1,889,550)
Proceeds from long-term borrowings	4,006,600	3,180,000
Repayments of long-term borrowings	(3,089,472)	(1,897,880)
Repayments of lease liabilities	(153,054)	(155,114)
Purchase of treasury shares	–	(476)
Dividends paid	(277,447)	(277,684)
Dividends paid to non-controlling interests	(2,000)	–
Increase (decrease) in guarantee deposited	(82,334)	(470,983)
Net cash provided by (used in) financing activities	(897,707)	(1,511,688)
Net increase (decrease) in cash and cash equivalents	1,301,826	313,441
Cash and cash equivalents at beginning of period	3,452,681	5,224,298
Cash and cash equivalents at end of period	4,754,507	5,537,739