

[Translation]

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2020
(Under Japanese GAAP)

May 13, 2020

Company Name Kakuyasu Co., Ltd.
Listing Tokyo Stock Exchange
Ticker Code 7686
URL <https://corp.kakuyasu.co.jp/>
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Telephone +81-3-5959-3088
Scheduled date of annual general meeting of shareholders: June 26, 2020
Scheduled date to commence dividend payments: June 11, 2020
Scheduled date to file annual securities report : June 29, 2020
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(JPY amounts are rounded down to million, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

Fiscal year ended	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
March 31, 2020	108,562	△0.1	1,259	△29.2	1,259	△30.3	513	△31.2
March 31, 2019	108,715	△1.2	1,779	91.9	1,806	68.6	745	71.6

Note: Comprehensive income For the fiscal year ended March 31, 2020: JPY 328 million [△53.2%]
For the fiscal year ended March 31, 2019: JPY 701 million [52.7%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	JPY	JPY	%	%	%
March 31, 2020	69.86	67.47	10.4	4.4	1.2
March 31, 2019	103.03	-	16.6	6.3	1.6

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2020 JPY - million
For the fiscal year ended March 31, 2019 JPY - million

Note: 1. The Company conducted a stock split on September 30, 2019 at a ratio of 1 common stock to 20. Net income per share has been calculated assuming that the stock split took place at the beginning of the previous fiscal year.
2. Diluted net income per share for the fiscal year ending March 31, 2019 is not stated because, although there are diluted shares, the Company's shares are unlisted and the average stock price during the period cannot be determined. Regarding diluted net income per share for the fiscal year ending March 31, 2020, the Company's shares were listed on the Second Section of the Tokyo Stock Exchange on December 23, 2019, and the Company's shares were listed on the Second Section of the Tokyo Stock Exchange on December 23, 2019. The average stock price up to the end of the fiscal year is considered the average stock price during the period.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	JPY million	JPY million	%	JPY
March 31, 2020	28,472	5,162	18.1	671.02
March 31, 2019	28,920	4,682	16.2	646.82

Reference: Equity As of March 31, 2020: JPY 5,162 million
As of March 31, 2019: JPY 4,682 million

Note: The Company conducted a stock split on September 30, 2019 at a ratio of 1 common stock to 20. Net assets per share are calculated assuming that the stock split took place at the beginning of the previous consolidated fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	JPY million	JPY million	JPY million	JPY million
March 31, 2020	1,945	△1,195	899	3,489
March 31, 2019	1,975	△1,700	438	1,840

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	JPY	JPY	JPY	JPY	JPY	JPY million	%	%
Fiscal year ended March 31, 2019	-	498.00	-	498.00	996.00	360	48.3	8.0
Fiscal year ending March 31, 2020	-	24.90	-	24.90	49.80	371	71.3	7.6
Fiscal year ending March 31, 2021 (Forecast)	-	-	-	-	-		-	

Note: 1.The Company conducted a stock split on September 30, 2019 at a ratio of 1 common stock to 20. For the fiscal year ending March 2019, the actual dividend amount before the stock split is stated.

2.Dividends for the fiscal year ending March 2021 have not been determined as it is difficult to predict business results at this time.

3. Consolidated financial results for the fiscal year ending March 31, 2021 (Forecast) (From April 1,2020 to March 31, 2021)

Consolidated business forecasts for the fiscal year ending March 31, 2021 have not been determined as it is difficult to reasonably calculate them at this stage due to the spread of the new coronavirus infection. In the future, we will promptly disclose the performance forecast as soon as it becomes possible to calculate it.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : No

(ii) Changes in accounting policies due to other reasons : No

(iii) Changes in accounting estimates : No

(iv) Restatement: No

(3) Number of issued shares (common shares)

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

As of March 31, 2020	7,693,400 shares
As of March 31, 2019	7,240,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2020	— shares
As of March 31, 2019	— shares

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

Fiscal year ended March 31, 2020	7,344,644 shares
Fiscal year ended March 31, 2019	7,240,000 shares

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

※ Proper use of earnings forecasts, and other special matters

Consolidated business forecasts for the fiscal year ending March 31, 2021 have not been determined as it is difficult to reasonably calculate them at this stage due to the spread of the new coronavirus infection. In the future, we will promptly disclose the performance forecast as soon as it becomes possible to calculate it.

4. Consolidated Financial Statements and major notes

(1) Consolidated Balance Sheets

(JPY million)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	1,840	3,489
Notes and accounts receivable - trade	8,762	6,843
Merchandise	4,215	4,290
Accounts receivable - others	1,325	1,191
Others	409	394
Allowance for doubtful accounts	△49	△85
Total current assets	16,503	16,123
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,358	3,376
Vehicles, net	7	0
Tools, furniture and fixtures, net	188	178
Land	2,996	2,997
Leased assets, net	16	8
Construction in progress	—	161
Total property, plant and equipment	6,567	6,723
Intangible assets		
Goodwill	15	12
Software	500	733
Leased assets	545	358
Others	0	2
Total intangible assets	1,062	1,106
Investments and other assets		
Investment securities	876	589
Deferred tax assets	622	689
Leasehold and guarantee deposits	2,438	2,453
Long-term prepaid expenses	721	660
Others	245	249
Allowance for doubtful accounts	△116	△124
Total investments and other assets	4,787	4,518
Total non-current assets	12,417	12,348
Total assets	28,920	28,472

(JPY million)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	13,727	12,569
Short-term borrowings	3,232	4,864
Lease liabilities	201	186
Income taxes payable	399	341
Provision for bonuses	368	323
Asset retirement obligations	1	13
Others	2,193	1,911
Total current liabilities	20,124	20,211
Non-current liabilities		
Long-term borrowings	2,662	1,983
Lease liabilities	367	181
Deferred tax liabilities	161	77
Asset retirement obligations	693	687
Others	228	168
Total non-current liabilities	4,113	3,098
Total liabilities	24,237	23,310
Net assets		
Shareholders' equity		
Share capital	100	355
Capital surplus	359	615
Retained earnings	3,903	4,056
Total shareholders' equity	4,363	5,027
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	319	135
Total accumulated other comprehensive income	319	135
Total net assets	4,682	5,162
Total liabilities and net assets	28,920	28,472

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(JPY million)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Sales	108,715	108,562
Cost of sales	87,153	87,047
Gross profit	21,562	21,514
Selling, general and administrative expenses	19,782	20,255
Operating profit (loss)	1,779	1,259
Non-operating income		
Interest income	9	9
Dividend income	7	7
Outsourcing service income	9	—
Commission income	12	10
Others	22	13
Total non-operating income	61	41
Non-operating expenses		
Interest expenses	28	30
Others	5	11
Total non-operating expenses	34	41
Ordinary profit (loss)	1,806	1,259
Extraordinary income		
Gain on sale of investment securities	—	16
Total extraordinary income	—	16
Extraordinary losses		
Impairment losses	518	381
Others	6	1
Total extraordinary losses	524	383
Profit (loss) before income taxes	1,282	892
Income taxes - current	554	433
Income taxes - deferred	△18	△54
Total income taxes	536	379
Profit (loss)	745	513
Profit (loss) attributable to owners of parent	745	513

(Consolidated Statements of Comprehensive Income)

(JPY million)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	745	513
Other comprehensive income		
Valuation difference on available-for-sale securities	△44	△184
Total other comprehensive income	△44	△184
Comprehensive income	701	328
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	701	328
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)

(JPY million)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	100	359	3,491	3,951
Changes during period				
Dividends of surplus	—	—	△334	△334
Profit (loss) attributable to owners of parent	—	—	745	745
Net changes in items other than shareholders' equity	—	—	—	—
Total changes during period	—	—	411	411
Balance at end of period	100	359	3,903	4,363

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	364	364	4,315
Changes during period			
Dividends of surplus	—	—	△334
Profit (loss) attributable to owners of parent	—	—	745
Net changes in items other than shareholders' equity	△44	△44	△44
Total changes during period	△44	△44	367
Balance at end of period	319	319	4,682

Current consolidated fiscal year (April 1, 2019 to March 31, 2020)

(JPY million)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	100	359	3,903	4,363
Changes during period				
Issuance of new shares	255	255	—	511
Dividends of surplus	—	—	△360	△360
Profit (loss) attributable to owners of parent	—	—	513	513
Net changes in items other than shareholders' equity	—	—	—	—
Total changes during period	255	255	152	664
Balance at end of period	355	615	4,056	5,027

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	319	319	4,682
Changes during period			
Issuance of new shares	—	—	511
Dividends of surplus	—	—	△360
Profit (loss) attributable to owners of parent	—	—	513
Net changes in items other than shareholders' equity	△184	△184	△184
Total changes during period	△184	△184	479
Balance at end of period	135	135	5,162

(4) Consolidated statement of cash flows

(JPY million)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	1,282	892
Depreciation	633	701
Amortization of goodwill	20	3
Impairment losses	518	381
Loss (gain) on sale of investment securities	—	△16
Share issuance costs	—	4
Increase (decrease) in allowance for doubtful accounts	1	43
Increase (decrease) in provision for bonuses	△62	△44
Interest and dividend income	△17	△17
Interest expenses	28	30
Decrease (increase) in trade receivables	316	1,919
Decrease (increase) in inventories	△12	△75
Decrease (increase) in accounts receivable - other	80	132
Increase (decrease) in trade payables	△523	△1,157
Increase (decrease) in accounts payable - other	△59	△202
Others, net	37	39
Subtotal	2,243	2,634
Interest and dividends received	15	17
Interest paid	△27	△30
Income taxes refund	49	1
Income taxes paid	△305	△677
Net cash provided by (used in) operating activities	1,975	1,945
Cash flows from investing activities		
Purchase of non-current assets	△2,865	△1,179
Proceeds from withdrawal of time deposits	1,220	—
Proceeds from sale of investment securities	—	28
Payments of leasehold and guarantee deposits	△163	△27
Proceeds from refund of leasehold and guarantee deposits	195	14
Payments for asset retirement obligations	△40	△9
Others, net	△45	△21
Net cash provided by (used in) investing activities	△1,700	△1,195
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△416	1,636
Proceeds from long-term borrowings	1,950	—
Repayments of long-term borrowings	△734	△682
Repayments of lease liabilities	△205	△201
Proceeds from issuance of shares	—	417
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	89
Proceeds from sale and leaseback transactions	178	—
Dividends paid	△334	△360
Net cash provided by (used in) financing activities	438	899
Net increase (decrease) in cash and cash equivalents	713	1,648
Cash and cash equivalents at beginning of period	1,127	1,840
Cash and cash equivalents at end of period	1,840	3,489