

[Translation]

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Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Under Japanese GAAP)

February 14, 2020

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Listing Tokyo Stock Exchange
Ticker Code 7686
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Scheduled date to file quarterly securities report: February 14, 2020
Scheduled date to commence dividend payments: —
Preparation of supplementary material on quarterly financial results: No
Holding of quarterly financial results briefing: No

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

1. Consolidated financial results for the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

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

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Nine months ended								
December 31, 2019	84,225	—	1,300	—	1,307	—	803	—
December 31, 2018	—	—	—	—	—	—	—	—

Note: Comprehensive income For the nine months ended December 31, 2019: JPY 802 million [—%]
For the nine months ended December 31, 2018: JPY — million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	JPY	JPY
December 31, 2019	110.88	107.61
December 31, 2018	—	—

Note: 1. The Company has not prepared quarterly financial statements for the third quarter of the fiscal year ending March 2019, so please refer to the figures for the third quarter of the fiscal year ending March 2019 and the year-on-year change rate for the third quarter of the fiscal year ending March 2020. Not stated.

2. The Company conducted a stock split on September 30, 2019 at a ratio of 1 common stock to 20. "Quarterly net income per share" is calculated assuming that the stock split was carried out at the beginning of the current consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
December 31, 2019	33,803	5,577	16.5
March 31, 2019	28,920	4,682	16.2

Reference: Equity As of December 31, 2019: JPY 5,577 million
As of March 31, 2019: JPY 4,682 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended March 31, 2019	—	498.00	—	498.00	996.00
Fiscal year ending March 31, 2020	—	24.90	—		
Fiscal year ending March 31, 2020 (Forecast)				24.90	49.80

Note: 1. Revisions to the forecast of cash dividends most recently announced: No
 2. The Company conducted a stock split on September 30, 2019 at a ratio of 1 common stock to 20. For the fiscal year ended March 2019, the actual dividend amount before the stock split is stated.

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

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Fiscal year ending March 31, 2020	110,460	1.6	1,820	2.3	1,842	2.0	946	26.9	129.31

Note: Revisions to the forecast of financial results most recently announced: No

※ Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements : No
- (3) 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

(4) Number of issued shares (common shares)

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

As of December 31, 2019	7,584,100 shares
As of March 31, 2019	7,240,000 shares

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

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

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

Nine months ended December 31, 2019	7,250,873 shares
Nine months ended December 31, 2018	— shares

Note: 1. The Company does not prepare quarterly financial statements for the third quarter of the fiscal year ending March 2019, so the average number of shares for the third quarter of the fiscal year ending March 2019 is not stated.

2. The Company conducted a stock split on September 30, 2019 at a ratio of 1 common stock to 20. The number of outstanding shares at the end of the period and the average number of shares during the period are calculated assuming that the stock split took place at the beginning of the previous consolidated fiscal year.

※ 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

Statements regarding the future such as business performance forecasts contained in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and are not intended to be the Company's promise to achieve them. In addition, actual results may differ significantly due to various factors.

4. Quarterly consolidated financial statements and main notes

(1) Quarterly Consolidated Balance Sheets

(JPY million)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	1,840	2,285
Notes and accounts receivable - trade	8,762	10,248
Merchandise	4,215	5,268
Accounts receivable - others	1,325	2,935
Others	409	422
Allowance for doubtful accounts	△49	△56
Total current assets	16,503	21,103
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,358	3,399
Vehicles, net	7	3
Tools, furniture and fixtures, net	188	209
Land	2,996	2,997
Leased assets, net	16	10
Construction in progress	—	322
Total property, plant and equipment	6,567	6,943
Intangible assets		
Goodwill	15	13
Software	500	686
Leased assets	545	405
Others	0	3
Total intangible assets	1,062	1,107
Investments and other assets		
Investment securities	876	867
Deferred tax assets	622	511
Leasehold and guarantee deposits	2,438	2,444
Long-term prepaid expenses	721	711
Others	245	224
Allowance for doubtful accounts	△116	△111
Total investments and other assets	4,787	4,648
Total non-current assets	12,417	12,699
Total assets	28,920	33,803

(JPY million)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	13,727	17,507
Short-term borrowings	3,232	4,238
Lease liabilities	201	193
Income taxes payable	399	306
Provision for bonuses	368	195
Asset retirement obligations	1	—
Others	2,193	2,372
Total current liabilities	20,124	24,815
Non-current liabilities		
Long-term borrowings	2,662	2,155
Lease liabilities	367	224
Deferred tax liabilities	161	168
Asset retirement obligations	693	695
Others	228	166
Total non-current liabilities	4,113	3,410
Total liabilities	24,237	28,225
Net assets		
Shareholders' equity		
Share capital	100	326
Capital surplus	359	585
Retained earnings	3,903	4,347
Total shareholders' equity	4,363	5,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	319	318
Total accumulated other comprehensive income	319	318
Total net assets	4,682	5,577
Total liabilities and net assets	28,920	33,803

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Third quarter consolidated cumulative period)

(JPY million)

	Nine months ended December 31, 2019
Sales	84,225
Cost of sales	67,557
Gross profit	16,668
Selling, general and administrative expenses	15,367
Operating profit (loss)	1,300
Non-operating income	
Interest income	7
Dividend income	7
Commission income	8
Others	12
Total non-operating income	35
Non-operating expenses	
Interest expenses	21
Others	7
Total non-operating expenses	28
Ordinary profit (loss)	1,307
Extraordinary income	
Gain on sale of investment securities	16
Total extraordinary income	16
Extraordinary losses	
Loss on retirement of non-current assets	1
Total extraordinary losses	1
Profit (loss) before income taxes	1,322
Income taxes - current	399
Income taxes - deferred	118
Total income taxes	518
Profit (loss)	803
Profit (loss) attributable to owners of parent	803

(Quarterly Consolidated Statements of Comprehensive Income)
(Third quarter consolidated cumulative period)

(JPY million)

	Nine months ended December 31, 2019
Profit (loss)	803
Other comprehensive income	
Valuation difference on available-for-sale securities	△1
Total other comprehensive income	△1
Comprehensive income	802
(Comprehensive income attributable to)	
Comprehensive income attributable to owners of parent	802
Comprehensive income attributable to non-controlling interests	—