

[Translation]

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Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

November 14, 2023

Company Name Kakuyasu Group Co., Ltd.
Listing Tokyo Stock Exchange
Ticker Code 7686
URL <https://www.kakuyasu-group.co.jp/>
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Scheduled date to file quarterly securities report: November 14, 2023

Scheduled date to commence dividend payments: December 11, 2023

Preparation of supplementary material on quarterly financial results: Yes

Yes

Holding of quarterly financial results briefing: (For institutional investors and securities analysts)

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

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.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Six months ended September 30, 2023	63,679	18.4	1,131	—	1,139	—	437	—
September 30, 2022	53,797	45.8	△684	—	△688	—	△780	—

Note: Comprehensive income For the Six months ended September 30, 2023: JPY 472 million [—%]

For the Six months ended September 30, 2022: JPY △760 million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	JPY	JPY
September 30, 2023	46.60	45.27
September 30, 2022	△83.73	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
September 30, 2023	34,785	3,149	9.1
March 31, 2023	33,086	2,815	8.5

Reference: Equity As of September 30, 2023: JPY 3,149 million

As of March 31, 2023: JPY 2,815 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, 2023	—	10.00	—	20.00	30.00
Fiscal year ending March 31, 2024	—	25.00			
Fiscal year ending March 31, 2024 (Forecast)			—	25.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Consolidated financial results for the fiscal year ending March 31, 2024 (Forecast) (From April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Per share net income
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Fiscal year ending March 31, 2024	130,600	13.6	3,000	273.4	2,900	262.3	1,700	178.8	181.46

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 September 30, 2023	9,616,100 shares
As of March 31, 2023	9,587,100 shares

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

As of September 30, 2023	199,937 shares
As of March 31, 2023	227,544 shares

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

Six months ended September 30, 2023	9,385,875 shares
Six months ended September 30, 2022	9,321,684 shares

Note: The number of treasury shares at the end of the fiscal year includes the Company's shares held by the employee stock ownership ESOP trust account (227,500 shares in the fiscal year ending March 2023, 199,800 shares in the second quarter of the fiscal year ending March 2024).

※ 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 based on the Company's commitment to achieving them. It's not a thing. 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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	2,727	3,343
Notes and accounts receivable - trade	8,884	9,407
Merchandise	5,191	5,302
Accounts receivable - others	1,356	2,139
Others	1,384	1,455
Allowance for doubtful accounts	△81	△82
Total current assets	19,462	21,565
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,841	3,734
Tools, furniture and fixtures, net	257	279
Land	3,411	3,411
Others, net	0	0
Total property, plant and equipment	7,511	7,425
Intangible assets		
Goodwill	1,165	1,086
Software	589	565
Others	21	23
Total intangible assets	1,777	1,674
Investments and other assets		
Investment securities	324	377
Deferred tax assets	1,656	1,388
Leasehold and guarantee deposits	2,156	2,146
Others	307	322
Allowance for doubtful accounts	△108	△115
Total investments and other assets	4,335	4,119
Total non-current assets	13,623	13,219
Total assets	33,086	34,785

(JPY million)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	15,609	16,835
Short-term borrowings	7,205	7,571
Income taxes payable	121	120
Provision for bonuses	414	486
Asset retirement obligations	20	29
Others	2,438	2,715
Total current liabilities	25,810	27,758
Non-current liabilities		
Long-term borrowings	3,261	2,747
Deferred tax liabilities	68	86
Retirement benefit liability	104	—
Asset retirement obligations	893	926
Others	132	116
Total non-current liabilities	4,460	3,877
Total liabilities	30,271	31,635
Net assets		
Shareholders' equity		
Share capital	47	55
Capital surplus	3,555	3,563
Retained earnings	△601	△356
Treasury shares	△307	△270
Total shareholders' equity	2,692	2,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122	157
Total accumulated other comprehensive income	122	157
Total net assets	2,815	3,149
Total liabilities and net assets	33,086	34,785

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

(JPY million)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Sales	53,797	63,679
Cost of sales	42,685	49,463
Gross profit	11,111	14,216
Selling, general and administrative expenses	11,796	13,084
Operating profit (loss)	△684	1,131
Non-operating income		
Subsidy income	10	1
Guarantee commission income	0	15
Insurance claim income	3	8
Others	23	25
Total non-operating income	37	50
Non-operating expenses		
Interest expenses	29	23
Loss on store closings	6	13
Others	4	5
Total non-operating expenses	41	43
Ordinary profit (loss)	△688	1,139
Extraordinary income		
Gain on sale of investment securities	7	—
Gain on sale of non-current assets	—	1
Total extraordinary income	7	1
Extraordinary losses		
Impairment losses	65	286
Others	4	28
Total extraordinary losses	70	314
Profit (loss) before income taxes	△751	825
Income taxes - current	48	120
Income taxes - deferred	△19	267
Total income taxes	29	388
Profit (loss)	△780	437
Profit (loss) attributable to owners of parent	△780	437

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

(JPY million)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	△780	437
Other comprehensive income		
Valuation difference on available-for-sale securities	20	34
Total other comprehensive income	20	34
Comprehensive income	△760	472
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△760	472
Comprehensive income attributable to non-controlling interests	—	—