

[Translation]

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

May 15, 2023

Company Name Kakuyasu Group Co., Ltd.
Listing Tokyo Stock Exchange
Ticker Code 7686
URL <https://www.kakuyasu-group.co.jp/>
Representative Junichi Satou, Representative Director Chairman and President
Inquiries Yoshiyuki Maegaichi, Director
Telephone +81-3-5959-3088

Scheduled date of annual general meeting of shareholders: June 23, 2023
Scheduled date to commence dividend payments: June 9, 2023
Scheduled date to file annual securities report : June 26, 2023
Preparation of supplementary material on financial results: Yes

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

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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, 2023	114,960	34.4	803	—	800	—	609	—
March 31, 2022	85,514	6.6	△3,328	—	△2,898	—	△2,808	—

Note: Comprehensive income For the fiscal year ended March 31, 2023: JPY 654 million [—%]
For the fiscal year ended March 31, 2022: JPY △2,856 million [—%]

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, 2023	65.36	63.65	23.8	2.6	0.7
March 31, 2022	△309.96	—	△101.8	△10.4	△3.9

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2023 JPY — million
For the fiscal year ended March 31, 2022 JPY — million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	JPY million	JPY million	%	JPY
March 31, 2023	33,086	2,815	8.5	300.83
March 31, 2022	28,541	2,307	8.1	247.84

Reference: Equity As of March 31, 2023: JPY 2,815 million
As of March 31, 2022: JPY 2,307 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
March 31, 2023	2,531	△1,149	△1,420	2,709
March 31, 2022	△2,442	△1,056	3,723	2,748

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, 2022	—	10.00	—	10.00	20.00	186	—	6.1
Fiscal year ending March 31, 2023	—	10.00	—	20.00	30.00	285	45.8	10.9
Fiscal year ending March 31, 2024 (Forecast)	—	—	—	—	—		—	

Note: 1. The dividend forecast for the fiscal year ending March 2024 has not been determined at this time.

2. Due to the implementation of the Employee Stock Ownership ESOP Trust from the fiscal year ending March 2023, the total amount of dividends includes the amount of dividends paid to the Employee Stock Ownership ESOP Trust (JPY 4 million for the fiscal year ending March 2023). In addition, the dividend payout ratio and dividend to net assets ratio are calculated using individual dividends per share excluding the amount of dividends paid to the employee stock ownership ESOP trust.

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		Earnings per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Fiscal year ending September 30, 2023	61,898	15.1	710	—	685	—	439	—	48.02
Fiscal year ending March 31, 2024	125,230	8.9	2,030	152.7	1,990	148.6	1,150	88.6	125.25

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Excluded: 1 company (Sanno Co., Ltd.)

Note: Sanno Co., Ltd. was excluded from the scope of consolidation in the current consolidated fiscal year because it was dissolved through an absorption-type merger with consolidated subsidiary Dangami Co., Ltd. (currently Dangami Sanno Co., Ltd.) as the surviving company.

(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 : Yes

(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, 2023	9,587,100 shares
As of March 31, 2022	9,312,200 shares

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

As of March 31, 2023	227,544 shares
As of March 31, 2022	44 shares

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

Fiscal year ended March 31, 2023	9,327,176 shares
Fiscal year ended March 31, 2022	9,062,168 shares

Note: The number of treasury shares at the end of the fiscal year ending March 2023 includes 227,500 shares of the Company's stock held by the Employee Stock Ownership ESOP Trust.

- ※ 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
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. Consolidated Financial Statements and major notes

(1) Consolidated Balance Sheets

(JPY million)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	2,748	2,727
Notes and accounts receivable - trade	5,586	8,884
Merchandise	4,274	5,191
Accounts receivable - others	1,075	1,356
Others	1,895	1,384
Allowance for doubtful accounts	△39	△81
Total current assets	15,540	19,462
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,887	3,841
Vehicles, net	1	0
Tools, furniture and fixtures, net	267	257
Land	3,002	3,411
Leased assets, net	1	-
Total property, plant and equipment	7,160	7,511
Intangible assets		
Goodwill	1,325	1,165
Software	681	589
Leased assets	39	2
Others	3	18
Total intangible assets	2,050	1,777
Investments and other assets		
Investment securities	293	324
Deferred tax assets	1,210	1,656
Leasehold and guarantee deposits	2,154	2,156
Others	256	307
Allowance for doubtful accounts	△125	△108
Total investments and other assets	3,789	4,335
Total non-current assets	13,000	13,623
Total assets	28,541	33,086

(JPY million)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	11,393	15,609
Short-term borrowings	7,645	7,205
Lease liabilities	35	2
Income taxes payable	105	121
Provision for bonuses	319	414
Asset retirement obligations	3	20
Others	1,720	2,436
Total current liabilities	21,224	25,810
Non-current liabilities		
Long-term borrowings	4,080	3,261
Lease liabilities	3	0
Deferred tax liabilities	44	68
Retirement benefit liability	101	104
Asset retirement obligations	739	893
Others	40	131
Total non-current liabilities	5,009	4,460
Total liabilities	26,233	30,271
Net assets		
Shareholders' equity		
Share capital	38	47
Capital surplus	3,217	3,555
Retained earnings	△1,025	△601
Treasury shares	△0	△307
Total shareholders' equity	2,229	2,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	122
Total accumulated other comprehensive income	77	122
Total net assets	2,307	2,815
Total liabilities and net assets	28,541	33,086

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

(JPY million)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Sales	85,514	114,960
Cost of sales	67,289	89,905
Gross profit	18,225	25,054
Selling, general and administrative expenses	21,553	24,251
Operating profit (loss)	△3,328	803
Non-operating income		
Interest income	4	4
Commission income	11	15
Insurance claim income	0	9
Subsidy income	436	14
Others	73	40
Total non-operating income	525	84
Non-operating expenses		
Interest expenses	59	65
Others	37	22
Total non-operating expenses	96	87
Ordinary profit (loss)	△2,898	800
Extraordinary income		
Gain on sale of investment securities	76	15
Others	—	1
Total extraordinary income	76	16
Extraordinary losses		
Loss on valuation of investment securities	42	0
Impairment losses	233	509
Others	1	7
Total extraordinary losses	278	518
Profit (loss) before income taxes	△3,100	299
Income taxes - current	91	135
Income taxes - deferred	△382	△446
Total income taxes	△291	△310
Profit (loss)	△2,808	609
Profit (loss) attributable to owners of parent	△2,808	609

(Consolidated Statements of Comprehensive Income)

(JPY million)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	△2,808	609
Other comprehensive income		
Valuation difference on available-for-sale securities	△47	44
Total other comprehensive income	△47	44
Comprehensive income	△2,856	654
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△2,856	654
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

(JPY million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	379	638	2,070	—	3,087
Changes during period					
Issuance of new shares	1,118	1,118	—	—	2,237
Capital reduction	△1,459	1,459	—	—	—
Dividends of surplus	—	—	△286	—	△286
Purchase of treasury shares	—	—	—	△0	△0
Profit (loss) attributable to owners of parent	—	—	△2,808	—	△2,808
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	△341	2,578	△3,095	△0	△857
Balance at end of period	38	3,217	△1,025	△0	2,229

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	125	125	3,212
Changes during period			
Issuance of new shares	—	—	2,237
Capital reduction	—	—	—
Dividends of surplus	—	—	△286
Purchase of treasury shares	—	—	△0
Profit (loss) attributable to owners of parent	—	—	△2,808
Net changes in items other than shareholders' equity	△47	△47	△47
Total changes during period	△47	△47	△905
Balance at end of period	77	77	2,307

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(JPY million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	38	3,217	△1,025	△0	2,229
Changes during period					
Issuance of new shares	173	173	—	—	346
Capital reduction	△164	164	—	—	—
Dividends of surplus	—	—	△186	—	△186
Purchase of treasury shares	—	—	—	△329	△329
Disposal of treasury shares	—	—	—	22	22
Profit (loss) attributable to owners of parent	—	—	609	—	609
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	8	337	423	△307	462
Balance at end of period	47	3,555	△601	△307	2,692

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	77	77	2,307
Changes during period			
Issuance of new shares	—	—	346
Capital reduction	—	—	—
Dividends of surplus	—	—	△186
Purchase of treasury shares	—	—	△329
Disposal of treasury shares	—	—	22
Profit (loss) attributable to owners of parent	—	—	609
Net changes in items other than shareholders' equity	44	44	44
Total changes during period	44	44	507
Balance at end of period	122	122	2,815

(4) Consolidated statement of cash flows

(JPY million)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	Δ3,100	299
Depreciation	756	698
Amortization of goodwill	159	159
Impairment losses	233	509
Loss (gain) on sale of investment securities	Δ76	Δ13
Loss (gain) on valuation of investment securities	42	0
Increase (decrease) in allowance for doubtful accounts	5	25
Increase (decrease) in provision for bonuses	Δ9	93
Interest income	Δ4	Δ4
Subsidy income	Δ436	Δ14
Interest expenses	59	65
Decrease (increase) in trade receivables	Δ871	Δ3,297
Decrease (increase) in inventories	Δ926	Δ916
Decrease (increase) in accounts receivable - other	157	Δ281
Increase (decrease) in trade payables	1,246	4,306
Increase (decrease) in accounts payable - other	63	151
Increase (decrease) in accrued consumption taxes	Δ484	1,124
Others, net	Δ475	Δ213
Subtotal	Δ3,659	2,693
Interest and dividends received	6	7
Subsidies received	699	14
Interest paid	Δ59	Δ65
Income taxes refund	629	0
Income taxes paid	Δ59	Δ118
Net cash provided by (used in) operating activities	Δ2,442	2,531
Cash flows from investing activities		
Purchase of non-current assets	Δ1,170	Δ1,174
Proceeds from sale of investment securities	185	104
Payments of leasehold and guarantee deposits	Δ180	Δ135
Proceeds from refund of leasehold and guarantee deposits	123	134
Payments for asset retirement obligations	Δ17	Δ41
Others, net	3	Δ37
Net cash provided by (used in) investing activities	Δ1,056	Δ1,149
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,020	Δ812
Proceeds from long-term borrowings	960	715
Repayments of long-term borrowings	Δ1,034	Δ1,162
Repayments of lease liabilities	Δ164	Δ36
Purchase of treasury shares	Δ0	Δ329
Proceeds from disposal of treasury shares	—	22
Proceeds from issuance of shares	2,209	326
Proceeds from issuance of shares resulting from exercise of share acquisition rights	19	17
Dividends paid	Δ286	Δ161
Net cash provided by (used in) financing activities	3,723	Δ1,420
Net increase (decrease) in cash and cash equivalents	223	Δ38
Cash and cash equivalents at beginning of period	2,525	2,748
Cash and cash equivalents at end of period	2,748	2,709