

[Translation]

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Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

February 13, 2023

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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: February 13, 2023
Scheduled date to commence dividend payments: —
Preparation of supplementary material on quarterly financial results: Yes
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, 2022 (From April 1, 2022 to December 31, 2022)

(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, 2022	84,708	32.2	105	—	100	—	△202	—
December 31, 2021	64,098	2.3	△2,572	—	△2,152	—	△1,761	—

Note: Comprehensive income For the nine months ended December 31, 2022: ¥△183 Million [—%]
For the nine months ended December 31, 2021: ¥△1,795 Million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	JPY	JPY
December 31, 2022	△21.73	—
December 31, 2021	△196.11	—

Note: For the expected net income per share after adjusting for diluted shares for the third quarter of the fiscal year ending March 2023 and the third quarter of the fiscal year ending March 2022, although there are diluted shares, This is not stated as it is a net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
December 31, 2022	36,295	1,946	5.4
March 31, 2022	28,541	2,307	8.1

Reference: Equity As of December 31, 2022: JPY 1,946 million
As of March 31, 2022: JPY 2,307 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, 2022	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2023	-	10.00	-		
Fiscal year ending March 31, 2023 (Forecast)				-	-

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

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

(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, 2023	114,000	33.3	400	-	400	-	200	-	21.45

Note: Revisions to the forecast of financial results most recently announced: Yes

For consolidated performance forecasts, please refer to the "Notice regarding revisions to consolidated performance forecasts for the fiscal year ending March 2023" announced today.

※ 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, 2022	9,571,700 shares
As of March 31, 2023	9,312,200 shares

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

As of December 31, 2022	244,244 shares
As of March 31, 2023	44 shares

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

Nine months ended December 31, 2022	9,323,486 shares
Nine months ended December 31, 2021	8,981,506 shares

Note: From the third quarter consolidated accounting period of the fiscal year ending March 2023, 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 (244,200 shares in the third quarter of the fiscal year ending March 2023).

※ 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 intended to be the Company's promise to achieve them. Not. 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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	2,748	4,261
Notes and accounts receivable - trade	5,586	9,806
Merchandise	4,274	5,806
Accounts receivable - others	1,075	2,308
Others	1,895	1,469
Allowance for doubtful accounts	△39	△70
Total current assets	15,540	23,581
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,887	3,885
Vehicles, net	1	1
Tools, furniture and fixtures, net	267	286
Land	3,002	3,002
Leased assets, net	1	0
Total property, plant and equipment	7,160	7,175
Intangible assets		
Goodwill	1,325	1,205
Software	681	572
Leased assets	39	10
Others	3	3
Total intangible assets	2,050	1,792
Investments and other assets		
Investment securities	293	235
Deferred tax assets	1,210	1,167
Leasehold and guarantee deposits	2,154	2,147
Others	256	268
Allowance for doubtful accounts	△125	△71
Total investments and other assets	3,789	3,746
Total non-current assets	13,000	12,714
Total assets	28,541	36,295

(JPY million)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	11,393	17,970
Short-term borrowings	7,645	7,716
Lease liabilities	35	9
Income taxes payable	105	54
Provision for bonuses	319	280
Asset retirement obligations	3	4
Others	1,720	3,706
Total current liabilities	21,224	29,742
Non-current liabilities		
Long-term borrowings	4,080	3,578
Lease liabilities	3	1
Deferred tax liabilities	44	54
Retirement benefit liability	101	106
Asset retirement obligations	739	721
Others	40	143
Total non-current liabilities	5,009	4,606
Total liabilities	26,233	34,348
Net assets		
Shareholders' equity		
Share capital	38	42
Capital surplus	3,217	3,550
Retained earnings	△1,025	△1,414
Treasury shares	△0	△329
Total shareholders' equity	2,229	1,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	97
Total accumulated other comprehensive income	77	97
Total net assets	2,307	1,946
Total liabilities and net assets	28,541	36,295

(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, 2021	Nine months ended December 31, 2022
Sales	64,098	84,708
Cost of sales	50,446	66,587
Gross profit	13,651	18,120
Selling, general and administrative expenses	16,224	18,015
Operating profit (loss)	△2,572	105
Non-operating income		
Interest income	3	3
Commission income	6	10
Subsidy income	421	14
Others	63	27
Total non-operating income	495	56
Non-operating expenses		
Interest expenses	43	47
Others	32	14
Total non-operating expenses	76	61
Ordinary profit (loss)	△2,152	100
Extraordinary income		
Gain on sale of investment securities	49	15
Gain on sale of non-current assets	—	0
Total extraordinary income	49	15
Extraordinary losses		
Loss on valuation of investment securities	16	0
Loss on sale of investment securities	—	1
Loss on retirement of non-current assets	1	5
Impairment losses	90	200
Total extraordinary losses	108	207
Profit (loss) before income taxes	△2,212	△91
Income taxes - current	38	67
Income taxes - deferred	△488	43
Total income taxes	△450	110
Profit (loss)	△1,761	△202
Profit (loss) attributable to owners of parent	△1,761	△202

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

(JPY million)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss)	△1,761	△202
Other comprehensive income		
Valuation difference on available-for-sale securities	△34	19
Total other comprehensive income	△34	19
Comprehensive income	△1,795	△183
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△1,795	△183
Comprehensive income attributable to non-controlling interests	—	—