

Kakuyasu Group Co.,Ltd.

Representative Director and President Akihiko Tajima

(Ticker Code : 7686 Tokyo Stock Exchange Standard Market)

Inquiry to Director Yoshiyuki Maegaichi

Decrease in Paid-in Capital and Capital Reserve

This is to announce that the Company resolved to reduce the Paid-in Capital and Capital Reserve at the Board of Directors meeting held today with the following.

1. Purpose of the capital transaction

The Company plans to reduce its paid-in capital and capital reserve to increase flexibility and agility in capital policies, etc. including policies on shareholder returns (dividends and purchasing treasury shares). The reductions in paid-in capital and capital reserve will take place almost at the same time as the issuance of common stocks related to the introduction of an employee stock ownership plan (hereinafter the “Capital Increase”) for which a resolution of the Board of Directors was passed on November 18, 2022, and they will be implemented by resolution of the Board of Directors under Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Companies Act. For further information on the Capital Increase, please refer to “Introduction of Employees Stock Ownership Plan with Capital Increase,” which was issued at the same time as this announcement.

2. Summary of Decreasing the Paid-in capital

(1) Reduced Paid-in capital

Effective from December 22, 2022, the Company will reduce its paid-in capital by 164,500,000 yen.

(Note)

The reduction in paid-in capital is subject to the issuance of common stocks. The reduction will be carried out almost at the same time as the payment associated with the issuance of common stocks and will not exceed the amount of paid-in capital which will increase. The Board of Directors has thus made this decision about the reduction without a resolution of the shareholders’ meeting.

(2) Method of the reduction

The paid-in capital will be reduced as described above according to the Article 447, Paragraph 3 of the Companies Act. The reduced amount will be transferred to other capital reserve.

3. Summary of Decreasing the Capital reserve

(1) Reduced Capital reserve

Effective from December 22, 2022, the Company will reduce its Capital reserve by 164,500,000 yen.

(Note)

The reduction in capital reserve is subject to the issuance of common stocks. The reduction will be carried out almost at the same time as the payment associated with the issuance of common stocks and will not exceed the amount of capital reserve which will increase. The Board of Directors has thus made this decision about the reduction without a resolution of the shareholders’ meeting.

(2) Method of reduction

The capital reserve will be reduced as described above according to Article 448, Paragraph 3 of the Companies Act. The reduced amount will be transferred to other capital reserve.

4. Schedule of the capital transaction

(1) Board resolution	November 18, 2022
(2) Public notice for objections from creditors	November 21, 2022
(3) Expiry of creditors' objections	December 21, 2022
(4) Effective Date of the capital reduction	December 22, 2022

5. Impact to the Company's financial position

This capital reduction will be accomplished by transferring funds between accounts in net assets, which will not lead to any monetary transfer. The Company's net assets will thus remain unchanged. The reduction will be carried out almost at the same time as the Capital Increase, and the Paid-in capital and Capital reserve will not decrease from those before the effective date of the capital reduction.

Disclaimer: This is an English translation of the disclosure. This translation is prepared and provided for the reader's convenience.