

[Translation]

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Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

February 14, 2024

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: February 14, 2024
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, 2023 (From April 1, December 31, 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	%
Nine months ended								
December 31, 2023	98,590	16.4	2,424	—	2,443	—	1,248	—
December 31, 2022	84,708	32.2	105	—	100	—	△202	—

Note: Comprehensive income For the Nine months ended December 31, 2023: JPY 1,282 million [—%]

For the Nine months ended December 31, 2022: JPY △183 million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	JPY	JPY
December 31, 2023	132.81	129.11
December 31, 2022	△21.73	—

Note: Diluted net income per share for the third quarter of the fiscal year ending March 31, 2023 is not stated because it is a quarterly net loss per share, although there are diluted shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
December 31, 2023	38,578	3,752	9.7
March 31, 2023	33,086	2,815	8.5

Reference: Equity As of December 31, 2023: JPY 3,752 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		Earnings per share
	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): Yes

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

Note: Dangami Sanno Co., Ltd. was dissolved as a result of an absorption-type merger with consolidated subsidiary Kakuyasu Co., Ltd. as the surviving company, so it has been excluded from the scope of consolidation from the current quarterly consolidated cumulative period.

(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, 2023	9,632,800 shares
As of March 31, 2023	9,587,100 shares

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

As of December 31, 2023	182,237 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)

Nine months ended December 31, 2023	9,402,553 shares
Nine months ended December 31, 2022	9,323,486 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, 182,100 shares in the Third 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	2,727	3,340
Notes and accounts receivable - trade	8,884	11,557
Merchandise	5,191	6,381
Accounts receivable - others	1,356	2,941
Others	1,384	1,412
Allowance for doubtful accounts	△81	△98
Total current assets	19,462	25,534
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,841	3,903
Tools, furniture and fixtures, net	257	308
Land	3,411	3,485
Others, net	0	10
Total property, plant and equipment	7,511	7,706
Intangible assets		
Goodwill	1,165	1,047
Software	589	551
Others	21	3
Total intangible assets	1,777	1,602
Investments and other assets		
Investment securities	324	375
Deferred tax assets	1,656	970
Leasehold and guarantee deposits	2,156	2,196
Others	307	299
Allowance for doubtful accounts	△108	△107
Total investments and other assets	4,335	3,734
Total non-current assets	13,623	13,043
Total assets	33,086	38,578

(JPY million)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	15,609	20,528
Short-term borrowings	7,205	7,488
Income taxes payable	121	154
Provision for bonuses	414	287
Asset retirement obligations	20	13
Others	2,438	2,675
Total current liabilities	25,810	31,146
Non-current liabilities		
Long-term borrowings	3,261	2,495
Deferred tax liabilities	68	85
Retirement benefit liability	104	—
Asset retirement obligations	893	985
Others	132	113
Total non-current liabilities	4,460	3,679
Total liabilities	30,271	34,826
Net assets		
Shareholders' equity		
Share capital	47	59
Capital surplus	3,555	3,567
Retained earnings	△601	214
Treasury shares	△307	△246
Total shareholders' equity	2,692	3,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122	156
Total accumulated other comprehensive income	122	156
Total net assets	2,815	3,752
Total liabilities and net assets	33,086	38,578

(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, 2022	Nine months ended December 31, 2023
Sales	84,708	98,590
Cost of sales	66,587	76,222
Gross profit	18,120	22,368
Selling, general and administrative expenses	18,015	19,943
Operating profit (loss)	105	2,424
Non-operating income		
Subsidy income	14	4
Guarantee commission income	0	21
Insurance claim income	4	15
Others	37	34
Total non-operating income	56	77
Non-operating expenses		
Interest expenses	47	35
Loss on store closings	9	17
Others	4	5
Total non-operating expenses	61	58
Ordinary profit (loss)	100	2,443
Extraordinary income		
Gain on sale of investment securities	15	—
Gain on sale of non-current assets	0	1
Total extraordinary income	15	1
Extraordinary losses		
Impairment losses	200	286
Others	7	30
Total extraordinary losses	207	316
Profit (loss) before income taxes	△91	2,128
Income taxes - current	67	184
Income taxes - deferred	43	695
Total income taxes	110	879
Profit (loss)	△202	1,248
Profit (loss) attributable to owners of parent	△202	1,248

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

(JPY million)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	△202	1,248
Other comprehensive income		
Valuation difference on available-for-sale securities	19	33
Total other comprehensive income	19	33
Comprehensive income	△183	1,282
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△183	1,282
Comprehensive income attributable to non-controlling interests	—	—