

[Translation]

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Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)

November 11, 2022

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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: November 11, 2022

Scheduled date to commence dividend payments: December 12, 2022

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, 2022 (From April 1, 2022 to September 30, 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	%
Six months ended								
September 30, 2022	53,797	45.8	△684	—	△688	—	△780	—
September 30, 2021	36,906	△5.2	△2,768	—	△2,357	—	△1,898	—

Note: Comprehensive income For the six months ended September 30, 2022: ¥△760 Million [—%]

For the six months ended September 30, 2021: ¥△1,872 Million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	JPY	JPY
September 30, 2022	△83.73	—
September 30, 2021	△215.29	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
September 30, 2022	31,158	1,462	4.7
March 31, 2022	28,541	2,307	8.1

Reference: Equity As of September 30, 2022: JPY 1,462 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

Regarding the status of dividends, please refer to the "Notice regarding dividends from surplus (interim dividends)" announced today.

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	120,741	41.2	906	—	827	—	592	—	63.63

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, 2022	9,326,800 shares
As of March 31, 2022	9,312,200 shares

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

As of September 30, 2022	44 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)

Six months ended September 30, 2022	9,321,684 shares
Six months ended September 30, 2021	8,819,640 shares

※ 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 September 30, 2022
Assets		
Current assets		
Cash and deposits	2,748	2,377
Notes and accounts receivable - trade	5,586	7,559
Merchandise	4,274	4,847
Accounts receivable - others	1,075	1,855
Others	1,895	1,542
Allowance for doubtful accounts	△39	△54
Total current assets	15,540	18,127
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,887	3,988
Vehicles, net	1	1
Tools, furniture and fixtures, net	267	301
Land	3,002	3,002
Leased assets, net	1	0
Total property, plant and equipment	7,160	7,295
Intangible assets		
Goodwill	1,325	1,245
Software	681	614
Leased assets	39	20
Others	3	3
Total intangible assets	2,050	1,883
Investments and other assets		
Investment securities	293	303
Deferred tax assets	1,210	1,229
Leasehold and guarantee deposits	2,154	2,172
Others	256	232
Allowance for doubtful accounts	△125	△85
Total investments and other assets	3,789	3,851
Total non-current assets	13,000	13,030
Total assets	28,541	31,158

(JPY million)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	11,393	14,612
Short-term borrowings	7,645	8,191
Lease liabilities	35	18
Income taxes payable	105	48
Provision for bonuses	319	335
Asset retirement obligations	3	10
Others	1,720	2,041
Total current liabilities	21,224	25,257
Non-current liabilities		
Long-term borrowings	4,080	3,507
Lease liabilities	3	1
Deferred tax liabilities	44	55
Retirement benefit liability	101	105
Asset retirement obligations	739	722
Others	40	46
Total non-current liabilities	5,009	4,438
Total liabilities	26,233	29,696
Net assets		
Shareholders' equity		
Share capital	38	42
Capital surplus	3,217	3,221
Retained earnings	△1,025	△1,898
Treasury shares	△0	△0
Total shareholders' equity	2,229	1,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	98
Total accumulated other comprehensive income	77	98
Total net assets	2,307	1,462
Total liabilities and net assets	28,541	31,158

(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, 2021	Six months ended September 30, 2022
Sales	36,906	53,797
Cost of sales	28,999	42,685
Gross profit	7,906	11,111
Selling, general and administrative expenses	10,675	11,796
Operating profit (loss)	△2,768	△684
Non-operating income		
Interest income	2	2
Commission income	5	5
Subsidy income	398	10
Others	54	18
Total non-operating income	460	37
Non-operating expenses		
Interest expenses	25	29
Share issuance costs	9	—
Others	14	11
Total non-operating expenses	49	41
Ordinary profit (loss)	△2,357	△688
Extraordinary income		
Gain on sale of investment securities	29	7
Total extraordinary income	29	7
Extraordinary losses		
Loss on retirement of non-current assets	1	4
Impairment losses	90	65
Total extraordinary losses	91	70
Profit (loss) before income taxes	△2,420	△751
Income taxes - current	23	48
Income taxes - deferred	△544	△19
Total income taxes	△521	29
Profit (loss)	△1,898	△780
Profit (loss) attributable to owners of parent	△1,898	△780

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

(JPY million)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	△1,898	△780
Other comprehensive income		
Valuation difference on available-for-sale securities	26	20
Total other comprehensive income	26	20
Comprehensive income	△1,872	△760
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△1,872	△760
Comprehensive income attributable to non-controlling interests	—	—