

[Translation]

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Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

August 12, 2022

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Listing Tokyo Stock Exchange
Ticker Code 7686
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Scheduled date to file quarterly securities report: August 12, 2022
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 three months ended June 30, 2022 (From April 1, 2022 to June 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	%
Three months ended								
June 30, 2022	26,541	42.7	△186	—	△186	—	△150	—
June 30, 2021	18,598	10.8	△1,307	—	△1,126	—	△709	—

Note: Comprehensive income For the three months ended June 30, 2022: JPY △125 million [—%]
For the three months ended June 30, 2021: JPY △709 million [—%]

	Basic earnings per share	Diluted earnings per share
Three months ended	JPY	JPY
June 30, 2022	△16.14	—
June 30, 2021	△85.03	—

Note: Although there are diluted shares, quarterly net income per share after adjustment for diluted shares is not stated because it is a quarterly net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
June 30, 2022	30,879	2,095	6.8
March 31, 2022	28,541	2,307	8.1

Reference: Equity As of June 30, 2022: JPY 2,095 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	-				
Fiscal year ending March 31, 2023 (Forecast)		-	-	-	-

Note: Revisions to the forecast of cash dividends most recently announced: No
The dividend forecast has not been determined at this time.

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 September 30, 2022	57,688	56.3	△201	-	△243	-	△258	-	△27.78
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 June 30, 2022	9,322,100 shares
As of March 31, 2022	9,312,200 shares

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

As of June 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)

Three months ended June 30, 2022	9,318,441 shares
Three months ended June 30, 2021	8,342,944 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 June 30, 2022
Assets		
Current assets		
Cash and deposits	2,748	2,289
Notes and accounts receivable - trade	5,586	7,549
Merchandise	4,274	4,503
Accounts receivable - others	1,075	1,397
Others	1,895	2,087
Allowance for doubtful accounts	△39	△54
Total current assets	15,540	17,772
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,887	3,925
Vehicles, net	1	1
Tools, furniture and fixtures, net	267	286
Land	3,002	3,002
Leased assets, net	1	0
Construction in progress	—	5
Total property, plant and equipment	7,160	7,222
Intangible assets		
Goodwill	1,325	1,285
Software	681	653
Leased assets	39	29
Others	3	3
Total intangible assets	2,050	1,972
Investments and other assets		
Investment securities	293	333
Deferred tax assets	1,210	1,267
Leasehold and guarantee deposits	2,154	2,173
Others	256	229
Allowance for doubtful accounts	△125	△92
Total investments and other assets	3,789	3,911
Total non-current assets	13,000	13,106
Total assets	28,541	30,879

(JPY million)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	11,393	14,355
Short-term borrowings	7,645	7,119
Lease liabilities	35	27
Income taxes payable	105	21
Provision for bonuses	319	566
Asset retirement obligations	3	20
Others	1,720	1,958
Total current liabilities	21,224	24,068
Non-current liabilities		
Long-term borrowings	4,080	3,795
Lease liabilities	3	2
Deferred tax liabilities	44	56
Retirement benefit liability	101	105
Asset retirement obligations	739	725
Others	40	30
Total non-current liabilities	5,009	4,715
Total liabilities	26,233	28,784
Net assets		
Shareholders' equity		
Share capital	38	40
Capital surplus	3,217	3,219
Retained earnings	△1,025	△1,268
Treasury shares	△0	△0
Total shareholders' equity	2,229	1,992
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77	103
Total accumulated other comprehensive income	77	103
Total net assets	2,307	2,095
Total liabilities and net assets	28,541	30,879

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(First quarter consolidated cumulative period)

(JPY million)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Sales	18,598	26,541
Cost of sales	14,616	21,016
Gross profit	3,982	5,525
Selling, general and administrative expenses	5,290	5,711
Operating profit (loss)	△1,307	△186
Non-operating income		
Subsidy income	203	4
Others	5	11
Total non-operating income	208	15
Non-operating expenses		
Interest expenses	12	14
Share issuance costs	9	—
Others	5	1
Total non-operating expenses	27	16
Ordinary profit (loss)	△1,126	△186
Extraordinary income		
Gain on sale of investment securities	15	—
Total extraordinary income	15	—
Profit (loss) before income taxes	△1,110	△186
Income taxes - current	13	21
Income taxes - deferred	△414	△57
Total income taxes	△401	△36
Profit (loss)	△709	△150
Profit (loss) attributable to owners of parent	△709	△150

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

(JPY million)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss)	△709	△150
Other comprehensive income		
Valuation difference on available-for-sale securities	△0	25
Total other comprehensive income	△0	25
Comprehensive income	△709	△125
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△709	△125
Comprehensive income attributable to non-controlling interests	—	—