

[Translation]

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

May 12, 2022

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Listing Tokyo Stock Exchange
Ticker Code 7686
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Scheduled date of annual general meeting of shareholders: June 28, 2022
Scheduled date to commence dividend payments: June 13, 2022
Scheduled date to file annual securities report : June 29, 2022
Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes
(For institutional investors and securities analysts)

(JPY amounts are rounded down to million, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

Fiscal year ended	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
March 31, 2022	85,514	6.6	Δ3,328	—	Δ2,898	—	Δ2,808	—
March 31, 2021	80,226	Δ26.1	Δ2,602	—	Δ1,728	—	Δ1,601	—

Note: Comprehensive income For the fiscal year ended March 31, 2022: JPY Δ2,856 million [—%]
For the fiscal year ended March 31, 2021: JPY Δ1,611 million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	JPY	JPY	JPY	%	%
March 31, 2022	Δ309.96	—	Δ101.8	Δ10.4	Δ3.9
March 31, 2021	Δ206.89	—	Δ50.0	Δ6.2	Δ3.2

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2022 JPY — million
For the fiscal year ended March 31, 2021 JPY — million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	JPY million	JPY million	%	JPY
March 31, 2022	28,541	2,307	8.1	247.84
March 31, 2021	26,994	3,212	11.9	413.13

Reference: Equity As of March 31, 2022: ¥2,307 Million
As of March 31, 2021: ¥3,212 Million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
March 31, 2022	Δ2,442	Δ1,056	3,723	2,748
March 31, 2021	Δ1,634	Δ1,385	2,055	2,525

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2021	JPY —	JPY 24.90	JPY —	JPY 24.90	JPY 49.80	JPY million 386	% —	% 9.2
Fiscal year ending March 31, 2022	—	10.00	—	10.00	20.00	186	—	6.1
Fiscal year ending March 31, 2023 (Forecast)	—	—	—	—	—		—	

Note: The dividend forecast for the fiscal year ending March 2023 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: The impact of the new coronavirus infection has been reflected in the above earnings forecast based on information available at this time. However, if future changes in the situation require revisions to the earnings forecast, We will promptly disclose the details.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation) : No

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes

(ii) Changes in accounting policies due to other reasons : No

(iii) Changes in accounting estimates : No

(iv) Restatement: No

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	9,312,200 shares
As of March 31, 2021	7,777,200 shares

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

As of March 31, 2022	44 shares
As of March 31, 2021	— shares

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

Fiscal year ended March 31, 2022	9,062,168 shares
Fiscal year ended March 31, 2021	7,740,782 shares

※ Financial results reports are exempt from audit 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. Consolidated Financial Statements and major notes

(1) Consolidated Balance Sheets

(JPY million)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,525	2,748
Notes and accounts receivable - trade	4,745	5,586
Merchandise	3,610	4,274
Accounts receivable - others	1,180	1,075
Others	1,750	1,895
Allowance for doubtful accounts	△26	△39
Total current assets	13,785	15,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,516	3,887
Vehicles, net	0	1
Tools, furniture and fixtures, net	209	267
Land	3,002	3,002
Leased assets, net	2	1
Total property, plant and equipment	6,732	7,160
Intangible assets		
Goodwill	1,485	1,325
Software	664	681
Leased assets	203	39
Others	3	3
Total intangible assets	2,357	2,050
Investments and other assets		
Investment securities	511	293
Deferred tax assets	833	1,210
Leasehold and guarantee deposits	2,105	2,154
Others	802	256
Allowance for doubtful accounts	△133	△125
Total investments and other assets	4,119	3,789
Total non-current assets	13,208	13,000
Total assets	26,994	28,541

(JPY million)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	10,079	11,393
Short-term borrowings	5,614	7,645
Lease liabilities	164	35
Income taxes payable	52	105
Provision for bonuses	329	319
Asset retirement obligations	16	3
Others	2,278	1,720
Total current liabilities	18,535	21,224
Non-current liabilities		
Long-term borrowings	4,166	4,080
Lease liabilities	39	3
Deferred tax liabilities	76	44
Retirement benefit liability	101	101
Asset retirement obligations	694	739
Others	168	40
Total non-current liabilities	5,246	5,009
Total liabilities	23,781	26,233
Net assets		
Shareholders' equity		
Share capital	379	38
Capital surplus	638	3,217
Retained earnings	2,070	△1,025
Treasury shares	—	△0
Total shareholders' equity	3,087	2,229
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	125	77
Total accumulated other comprehensive income	125	77
Total net assets	3,212	2,307
Total liabilities and net assets	26,994	28,541

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(JPY million)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Sales	80,226	85,514
Cost of sales	63,376	67,289
Gross profit	16,850	18,225
Selling, general and administrative expenses	19,452	21,553
Operating profit (loss)	△2,602	△3,328
Non-operating income		
Interest income	9	4
Commission income	9	11
Subsidy income	804	436
Others	98	73
Total non-operating income	922	525
Non-operating expenses		
Interest expenses	39	59
Others	9	37
Total non-operating expenses	49	96
Ordinary profit (loss)	△1,728	△2,898
Extraordinary income		
Gain on sale of investment securities	4	76
Total extraordinary income	4	76
Extraordinary losses		
Loss on valuation of investment securities	65	42
Impairment losses	98	233
Others	0	1
Total extraordinary losses	164	278
Profit (loss) before income taxes	△1,888	△3,100
Income taxes - current	46	91
Income taxes - refund	△341	—
Income taxes - deferred	7	△382
Total income taxes	△287	△291
Profit (loss)	△1,601	△2,808
Profit (loss) attributable to owners of parent	△1,601	△2,808

(Consolidated Statements of Comprehensive Income)

(JPY million)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	△1,601	△2,808
Other comprehensive income		
Valuation difference on available-for-sale securities	△9	△47
Total other comprehensive income	△9	△47
Comprehensive income	△1,611	△2,856
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△1,611	△2,856
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(JPY million)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	355	615	4,056	5,027
Changes during period				
Issuance of new shares	23	23	—	46
Dividends of surplus	—	—	△384	△384
Profit (loss) attributable to owners of parent	—	—	△1,601	△1,601
Net changes in items other than shareholders' equity	—	—	—	—
Total changes during period	23	23	△1,986	△1,939
Balance at end of period	379	638	2,070	3,087

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	135	135	5,162
Changes during period			
Issuance of new shares	—	—	46
Dividends of surplus	—	—	△384
Profit (loss) attributable to owners of parent	—	—	△1,601
Net changes in items other than shareholders' equity	△9	△9	△9
Total changes during period	△9	△9	△1,949
Balance at end of period	125	125	3,212

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(JPY million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	379	638	2,070	—	3,087
Changes during period					
Issuance of new shares	1,118	1,118	—	—	2,237
Capital reduction	△1,459	1,459	—	—	—
Dividends of surplus	—	—	△286	—	△286
Purchase of treasury shares	—	—	—	△0	△0
Profit (loss) attributable to owners of parent	—	—	△2,808	—	△2,808
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	△341	2,578	△3,095	△0	△857
Balance at end of period	38	3,217	△1,025	△0	2,229

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	125	125	3,212
Changes during period			
Issuance of new shares	—	—	2,237
Capital reduction	—	—	—
Dividends of surplus	—	—	△286
Purchase of treasury shares	—	—	△0
Profit (loss) attributable to owners of parent	—	—	△2,808
Net changes in items other than shareholders' equity	△47	△47	△47
Total changes during period	△47	△47	△905
Balance at end of period	77	77	2,307

(4) Consolidated statement of cash flows

(JPY million)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (Loss) before income taxes	△1,888	△3,100
Depreciation	684	756
Amortization of goodwill	52	159
Impairment losses	98	233
Loss (gain) on sale of investment securities	△3	△76
Loss (gain) on valuation of investment securities	65	42
Increase (decrease) in allowance for doubtful accounts	△62	5
Increase (decrease) in provision for bonuses	△26	△9
Interest and dividend income	△9	△4
Subsidy income	△804	△436
Interest expenses	39	59
Decrease (increase) in trade receivables	2,735	△871
Decrease (increase) in inventories	889	△926
Decrease (increase) in accounts receivable - other	386	157
Increase (decrease) in trade payables	△3,368	1,246
Increase (decrease) in accounts payable - other	△368	63
Increase (decrease) in accrued consumption taxes	△334	△484
Others, net	251	△475
Subtotal	△1,664	△3,659
Interest and dividends received	9	6
Subsidies received	541	699
Interest paid	△38	△59
Income taxes refund	4	629
Income taxes paid	△486	△59
Net cash provided by (used in) operating activities	△1,634	△2,442
Cash flows from investing activities		
Purchase of non-current assets	△412	△1,170
Proceeds from sale of investment securities	8	185
Payments of leasehold and guarantee deposits	△43	△180
Proceeds from refund of leasehold and guarantee deposits	486	123
Payments for asset retirement obligations	△27	△17
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△1,330	—
Others, net	△66	3
Net cash provided by (used in) investing activities	△1,385	△1,056
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	394	2,020
Proceeds from long-term borrowings	3,013	960
Repayments of long-term borrowings	△825	△1,034
Repayments of lease liabilities	△188	△164
Purchase of treasury shares	—	△0
Proceeds from issuance of shares	—	2,209
Proceeds from issuance of shares resulting from exercise of share acquisition rights	46	19
Dividends paid	△384	△286
Net cash provided by (used in) financing activities	2,055	3,723
Net increase (decrease) in cash and cash equivalents	△964	223
Cash and cash equivalents at beginning of period	3,489	2,525
Cash and cash equivalents at end of period	2,525	2,748