

[Translation]

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Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Under Japanese GAAP)

February 10, 2022

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Listing Tokyo Stock Exchange
Ticker Code 7686
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Scheduled date to file quarterly securities report: February 10, 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 nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

(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, 2021	64,098	2.3	△2,572	—	△2,152	—	△1,761	—
December 31, 2020	62,660	△25.6	△1,438	—	△985	—	△992	—

Note: Comprehensive income For the nine months ended December 31, 2021: JPY △1,795 million [—%]
For the nine months ended December 31, 2020: JPY △1,023 million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	JPY	JPY
December 31, 2021	△196.11	—
December 31, 2020	△128.30	—

Note: 1. Diluted net income per share for the third quarter of the fiscal year ending March 2022 and the third quarter of the fiscal year ending March 31, 2021 is not stated as it is a quarterly net loss per share despite the existence of diluted shares. Not yet.
2. "Accounting Standards for Revenue Recognition" (Corporate Accounting Standards No. 29, March 31, 2020), etc. have been applied from the beginning of the first quarter consolidated accounting period, and the figures for the third quarter of the fiscal year ending March 2022. The figures are after applying the relevant accounting standards.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
December 31, 2021	33,467	3,364	10.1
March 31, 2021	26,994	3,212	11.9

Reference: Equity As of December 31, 2021: JPY 3,391 million
As of March 31, 2021: JPY 3,212 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, 2021	-	24.90	-	24.90	49.80
Fiscal year ending March 31, 2022	-	10.00	-		
Fiscal year ending March 31, 2022 (Forecast)				-	-

Note: Revisions to the forecast of cash dividends most recently announced: No

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

(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, 2022	86,882	8.3	△3,031	-	△2,603	-	△2,055	-	△220.82

Note: Revisions to the forecast of financial results most recently announced: Yes

Regarding the consolidated performance forecast, please refer to the "Notice regarding revisions to the consolidated performance forecast for the fiscal year ending March 2022" announced today.

※ 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 : Yes
 - (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, 2021	9,306,200 shares
As of March 31, 2021	7,777,200 shares

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

As of December 31, 2021	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)

Nine months ended December 31, 2021	8,981,506 shares
Nine months ended December 31, 2020	7,732,343 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, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	2,525	3,362
Notes and accounts receivable - trade	4,745	8,407
Merchandise	3,610	4,862
Accounts receivable - others	1,180	1,952
Others	1,750	1,582
Allowance for doubtful accounts	△26	△50
Total current assets	13,785	20,117
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,516	3,908
Vehicles, net	0	2
Tools, furniture and fixtures, net	209	325
Land	3,002	3,002
Leased assets, net	2	1
Total property, plant and equipment	6,732	7,240
Intangible assets		
Goodwill	1,485	1,365
Software	664	621
Leased assets	203	72
Others	3	3
Total intangible assets	2,357	2,062
Investments and other assets		
Investment securities	511	419
Deferred tax assets	833	1,324
Leasehold and guarantee deposits	2,105	2,143
Long-term prepaid expenses	528	54
Others	273	225
Allowance for doubtful accounts	△133	△121
Total investments and other assets	4,119	4,046
Total non-current assets	13,208	13,350
Total assets	26,994	33,467

(JPY million)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	10,079	16,400
Short-term borrowings	5,614	5,952
Lease liabilities	164	44
Income taxes payable	52	46
Provision for bonuses	329	202
Asset retirement obligations	16	5
Others	2,278	2,064
Total current liabilities	18,535	24,717
Non-current liabilities		
Long-term borrowings	4,166	4,339
Lease liabilities	39	27
Deferred tax liabilities	76	58
Retirement benefit liability	101	99
Asset retirement obligations	694	736
Others	168	123
Total non-current liabilities	5,246	5,385
Total liabilities	23,781	30,102
Net assets		
Shareholders' equity		
Share capital	379	36
Capital surplus	638	3,215
Retained earnings	2,070	22
Treasury shares	—	△0
Total shareholders' equity	3,087	3,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	125	90
Total accumulated other comprehensive income	125	90
Total net assets	3,212	3,364
Total liabilities and net assets	26,994	33,467

(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, 2020	Nine months ended December 31, 2021
Sales	62,660	64,098
Cost of sales	49,657	50,446
Gross profit	13,002	13,651
Selling, general and administrative expenses	14,441	16,224
Operating profit (loss)	△1,438	△2,572
Non-operating income		
Interest income	6	3
Commission income	6	6
Subsidy income	375	421
Others	99	63
Total non-operating income	488	495
Non-operating expenses		
Interest expenses	25	43
Others	9	32
Total non-operating expenses	35	76
Ordinary profit (loss)	△985	△2,152
Extraordinary income		
Gain on sale of investment securities	1	49
Total extraordinary income	1	49
Extraordinary losses		
Loss on valuation of investment securities	61	16
Impairment losses	-	90
Others	0	1
Total extraordinary losses	61	108
Profit (loss) before income taxes	△1,046	△2,212
Income taxes - current	109	38
Income taxes - deferred	△164	△488
Total income taxes	△54	△450
Profit (loss)	△992	△1,761
Profit (loss) attributable to owners of parent	△992	△1,761

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

(JPY million)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss)	△992	△1,761
Other comprehensive income		
Valuation difference on available-for-sale securities	△31	△34
Total other comprehensive income	△31	△34
Comprehensive income	△1,023	△1,795
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△1,023	△1,795
Comprehensive income attributable to non-controlling interests	—	—