

[Translation]

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Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under Japanese GAAP)

November 12, 2021

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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 12, 2021
Scheduled date to commence dividend payments: December 10, 2021
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes

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

1. Consolidated financial results for the six months ended September 30, 2021 (From April 1, 2021 to September 30, 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	%
Six months ended								
September 30, 2021	36,906	△5.2	△2,768	—	△2,357	—	△1,898	—
September 30, 2020	38,923	△29.5	△1,514	—	△1,064	—	△843	—

Note: Comprehensive income For the six months ended September 30, 2021: JPY △1,872 million [—%]
For the six months ended September 30, 2020: JPY △ 836 million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	JPY	JPY
September 30, 2021	△215.29	—
September 30, 2020	△109.17	—

Note: 1. Diluted net income per share for the second quarter of the fiscal year ending March 2022 and the second quarter of the fiscal year ending March 31, 2021 is not stated because 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	%
September 30, 2021	25,967	3,379	13.0
March 31, 2021	26,994	3,212	11.9

Reference: Equity As of September 30, 2021: JPY 3,379 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

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, 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	91,819	14.5	Δ2,294	—	Δ1,886	—	Δ1,566	—	Δ168.35

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

For consolidated business forecasts, please refer to the "Notice regarding announcement of business forecasts for the fiscal year ending March 31, 2022" released 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 September 30, 2021	9,302,100 shares
As of March 31, 2021	7,777,200 shares

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

As of September 30, 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)

Six months ended September 30, 2021	8,819,640 shares
Six months ended September 30, 2020	7,723,075 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 September 30, 2021
Assets		
Current assets		
Cash and deposits	2,525	2,034
Notes and accounts receivable - trade	4,745	3,468
Merchandise	3,610	4,028
Accounts receivable - others	1,180	1,314
Income taxes refund receivable	629	318
Others	1,121	1,514
Allowance for doubtful accounts	△26	△19
Total current assets	13,785	12,658
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,516	3,679
Vehicles, net	0	3
Tools, furniture and fixtures, net	209	250
Land	3,002	3,002
Leased assets, net	2	1
Total property, plant and equipment	6,732	6,938
Intangible assets		
Goodwill	1,485	1,405
Software	664	643
Leased assets	203	115
Others	3	3
Total intangible assets	2,357	2,168
Investments and other assets		
Investment securities	511	537
Deferred tax assets	833	1,376
Leasehold and guarantee deposits	2,105	2,131
Long-term prepaid expenses	528	48
Others	273	210
Allowance for doubtful accounts	△133	△101
Total investments and other assets	4,119	4,202
Total non-current assets	13,208	13,308
Total assets	26,994	25,967

(JPY million)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	10,079	9,561
Short-term borrowings	5,614	5,361
Lease liabilities	164	87
Income taxes payable	52	39
Provision for bonuses	329	339
Asset retirement obligations	16	5
Others	2,278	1,529
Total current liabilities	18,535	16,924
Non-current liabilities		
Long-term borrowings	4,166	4,598
Lease liabilities	39	28
Deferred tax liabilities	76	87
Retirement benefit liability	101	101
Asset retirement obligations	694	714
Others	168	133
Total non-current liabilities	5,246	5,664
Total liabilities	23,781	22,588
Net assets		
Shareholders' equity		
Share capital	379	35
Capital surplus	638	3,214
Retained earnings	2,070	△22
Treasury shares	—	△0
Total shareholders' equity	3,087	3,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	125	151
Total accumulated other comprehensive income	125	151
Total net assets	3,212	3,379
Total liabilities and net assets	26,994	25,967

(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, 2020	Six months ended September 30, 2021
Sales	38,923	36,906
Cost of sales	30,909	28,999
Gross profit	8,013	7,906
Selling, general and administrative expenses	9,528	10,675
Operating profit (loss)	△1,514	△2,768
Non-operating income		
Interest income	4	2
Commission income	4	5
Subsidy income	366	398
Others	98	54
Total non-operating income	474	460
Non-operating expenses		
Interest expenses	16	25
Share issuance costs	-	9
Others	7	14
Total non-operating expenses	24	49
Ordinary profit (loss)	△1,064	△2,357
Extraordinary income		
Gain on sale of investment securities	-	29
Total extraordinary income	-	29
Extraordinary losses		
Loss on valuation of investment securities	61	-
Loss on retirement of non-current assets	-	1
Impairment losses	-	90
Total extraordinary losses	61	91
Profit (loss) before income taxes	△1,125	△2,420
Income taxes - current	28	23
Income taxes - deferred	△311	△544
Total income taxes	△282	△521
Profit (loss)	△843	△1,898
Profit (loss) attributable to owners of parent	△843	△1,898

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

(JPY million)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	△843	△1,898
Other comprehensive income		
Valuation difference on available-for-sale securities	6	26
Total other comprehensive income	6	26
Comprehensive income	△836	△1,872
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△836	△1,872
Comprehensive income attributable to non-controlling interests	—	—