

[Translation]

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## Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Under Japanese GAAP)

February 12, 2021

Company Name Kakuyasu Group Co., Ltd.  
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: February 12, 2021  
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, 2020 (From April 1, 2020 to December 31, 2020)

(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, 2020	62,660	△25.6	△1,438	—	△985	—	△992	—
December 31, 2019	84,225	—	1,300	—	1,307	—	803	—

Note: Comprehensive income For the nine months ended December 31, 2020: JPY △1,023 million [—%]  
For the nine months ended December 31, 2019: JPY 802 million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	JPY	JPY
December 31, 2020	△128.30	—
December 31, 2019	110.88	107.61

Note: Diluted net income per share for the third quarter of the fiscal year ending March 31, 2021 is not stated because it is a quarterly net loss per share, although there are diluted shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	JPY million	JPY million	%
December 31, 2020	31,925	3,789	11.9
March 31, 2020	28,472	5,162	18.1

Reference: Equity As of December 31, 2020: JPY 3,789 million  
As of March 31, 2020: JPY 5,162 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, 2020	-	24.90	-	24.90	49.80
Fiscal year ending March 31, 2021	-	24.90	-		
Fiscal year ending March 31, 2021 (Forecast)				24.90	49.80

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

## 3. Consolidated financial results for the fiscal year ending March 31, 2021 (Forecast) (From April 1, 2020 to March 31, 2021)

(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, 2021	88,495	△18.5	△1,516	-	△1,060	-	△830	-	△107.11

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): Yes

New : 3companies (Sanno Co., Ltd. Kakuyasu Co., Ltd. Dangami Co., Ltd.)  
Excluded: 1companies (KY Management Co., Ltd.)

(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 December 31, 2020	7,755,800 shares
As of March 31, 2020	7,693,400 shares

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

As of December 31, 2020	- shares
As of March 31, 2020	- shares

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

Nine months ended December 31, 2020	7,732,343 shares
Nine months ended December 31, 2019	7,250,873 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, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	3,489	3,931
Notes and accounts receivable - trade	6,843	6,989
Merchandise	4,290	4,560
Accounts receivable - others	1,191	2,210
Others	394	596
Allowance for doubtful accounts	△85	△34
<b>Total current assets</b>	<b>16,123</b>	<b>18,253</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,376	3,550
Vehicles, net	0	0
Tools, furniture and fixtures, net	178	189
Land	2,997	2,997
Leased assets, net	8	4
Construction in progress	161	-
<b>Total property, plant and equipment</b>	<b>6,723</b>	<b>6,741</b>
Intangible assets		
Goodwill	12	1,478
Software	733	668
Leased assets	358	247
Others	2	4
<b>Total intangible assets</b>	<b>1,106</b>	<b>2,399</b>
Investments and other assets		
Investment securities	589	483
Deferred tax assets	689	999
Leasehold and guarantee deposits	2,453	2,286
Long-term prepaid expenses	660	596
Others	249	312
Allowance for doubtful accounts	△124	△148
<b>Total investments and other assets</b>	<b>4,518</b>	<b>4,530</b>
<b>Total non-current assets</b>	<b>12,348</b>	<b>13,671</b>
<b>Total assets</b>	<b>28,472</b>	<b>31,925</b>

(JPY million)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	12,569	13,794
Short-term borrowings	4,864	7,318
Lease liabilities	186	178
Income taxes payable	341	41
Provision for bonuses	323	188
Asset retirement obligations	13	3
Others	1,911	1,903
Total current liabilities	20,211	23,428
Non-current liabilities		
Long-term borrowings	1,983	3,500
Lease liabilities	181	70
Deferred tax liabilities	77	69
Retirement benefit liability	—	100
Asset retirement obligations	687	710
Others	168	256
Total non-current liabilities	3,098	4,707
<b>Total liabilities</b>	<b>23,310</b>	<b>28,135</b>
Net assets		
Shareholders' equity		
Share capital	355	373
Capital surplus	615	632
Retained earnings	4,056	2,679
Total shareholders' equity	5,027	3,685
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135	103
Total accumulated other comprehensive income	135	103
<b>Total net assets</b>	<b>5,162</b>	<b>3,789</b>
<b>Total liabilities and net assets</b>	<b>28,472</b>	<b>31,925</b>

(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, 2019	Nine months ended December 31, 2020
Sales	84,225	62,660
Cost of sales	67,557	49,657
Gross profit	16,668	13,002
Selling, general and administrative expenses	15,367	14,441
Operating profit (loss)	1,300	△1,438
Non-operating income		
Interest income	7	6
Dividend income	7	0
Commission income	8	6
Subsidy income	-	375
Others	12	99
Total non-operating income	35	488
Non-operating expenses		
Interest expenses	21	25
Others	7	9
Total non-operating expenses	28	35
Ordinary profit (loss)	1,307	△985
Extraordinary income		
Gain on sale of investment securities	16	1
Total extraordinary income	16	1
Extraordinary losses		
Loss on valuation of investment securities	-	61
Loss on retirement of non-current assets	1	-
Others	-	0
Total extraordinary losses	1	61
Profit (loss) before income taxes	1,322	△1,046
Income taxes - current	399	109
Income taxes - deferred	118	△164
Total income taxes	518	△54
Profit (loss)	803	△992
Profit (loss) attributable to owners of parent	803	△992

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

(JPY million)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss)	803	△992
Other comprehensive income		
Valuation difference on available-for-sale securities	△1	△31
Total other comprehensive income	△1	△31
Comprehensive income	802	△1,023
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	802	△1,023
Comprehensive income attributable to non-controlling interests	—	—