

[Translation]

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Consolidated Financial Results for the Six Months Ended September 30, 2020 (Under Japanese GAAP)

November 12, 2020

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: November 13, 2020
Scheduled date to commence dividend payments: December 4, 2020
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 six months ended September 30, 2020 (From April 1, to September 30, 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	%
Six months ended								
September 30, 2020	38,923	Δ29.5	Δ1,514	—	Δ1,064	—	Δ843	—
September 30, 2019	55,198	—	799	—	805	—	510	—

Note: Comprehensive income For the six months ended September 30, 2020: JPY Δ836 million [—%]
For the six months ended September 30, 2019: JPY 503million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	JPY	JPY
September 30, 2020	Δ109.17	—
September 30, 2019	70.53	—

Note: 1. Regarding the quarterly diluted net income per share for the second quarter of the fiscal year ending March 31, 2020, although there are diluted shares, the company's stock was unlisted, so the average stock price during the period cannot be determined, so it is not stated. yeah.
2. Diluted net income per share for the second 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	%
September 30, 2020	27,070	4,164	15.4
March 31, 2020	28,472	5,162	18.1

Reference: Equity As of September 30, 2020: JPY 4,164 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: Yes

Regarding the status of dividends, please refer to the "Notice Regarding Announcement of Earnings Forecast and Dividend Forecast for the Fiscal Year Ending March 2021" and "Notice Regarding Dividend of Surplus (Interim Dividend)" released today.

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: Yes

For consolidated business forecasts, please refer to the "Notice regarding announcement of business forecasts and dividend forecasts for the fiscal year ending March 31, 2021" released today.

※ Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation) : Yes
 New : 1company (Sanno Co., Ltd.)
 Excluded : 1company (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 September 30, 2020	7,748,800 shares
As of March 31, 2020	7,693,400 shares

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

As of September 30, 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)

Six months ended September 30, 2020	7,723,075 shares
Six months ended September 30, 2019	7,240,000 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 September 30, 2020
Assets		
Current assets		
Cash and deposits	3,489	2,746
Notes and accounts receivable - trade	6,843	5,653
Merchandise	4,290	3,936
Accounts receivable - others	1,191	1,620
Others	394	454
Allowance for doubtful accounts	△85	△28
Total current assets	16,123	14,383
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,376	3,562
Vehicles, net	0	0
Tools, furniture and fixtures, net	178	185
Land	2,997	2,997
Leased assets, net	8	5
Construction in progress	161	-
Total property, plant and equipment	6,723	6,751
Intangible assets		
Goodwill	12	415
Software	733	687
Leased assets	358	265
Others	2	3
Total intangible assets	1,106	1,372
Investments and other assets		
Investment securities	589	541
Deferred tax assets	689	1,014
Leasehold and guarantee deposits	2,453	2,235
Long-term prepaid expenses	660	602
Others	249	329
Allowance for doubtful accounts	△124	△160
Total investments and other assets	4,518	4,562
Total non-current assets	12,348	12,687
Total assets	28,472	27,070

(JPY million)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	12,569	11,809
Short-term borrowings	4,864	4,589
Lease liabilities	186	167
Income taxes payable	341	86
Provision for bonuses	323	322
Asset retirement obligations	13	8
Others	1,911	1,480
Total current liabilities	20,211	18,465
Non-current liabilities		
Long-term borrowings	1,983	3,370
Lease liabilities	181	100
Deferred tax liabilities	77	84
Asset retirement obligations	687	686
Others	168	198
Total non-current liabilities	3,098	4,440
Total liabilities	23,310	22,905
Net assets		
Shareholders' equity		
Share capital	355	371
Capital surplus	615	630
Retained earnings	4,056	3,021
Total shareholders' equity	5,027	4,023
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135	141
Total accumulated other comprehensive income	135	141
Total net assets	5,162	4,164
Total liabilities and net assets	28,472	27,070

(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, 2019	Six months ended September 30, 2020
Sales	55,198	38,923
Cost of sales	44,265	30,909
Gross profit	10,933	8,013
Selling, general and administrative expenses	10,133	9,528
Operating profit (loss)	799	△1,514
Non-operating income		
Interest income	4	4
Commission income	5	4
Subsidy income	-	366
Others	10	98
Total non-operating income	21	474
Non-operating expenses		
Interest expenses	14	16
Others	1	7
Total non-operating expenses	15	24
Ordinary profit (loss)	805	△1,064
Extraordinary losses		
Loss on valuation of investment securities	-	61
Loss on retirement of non-current assets	1	-
Total extraordinary losses	1	61
Profit (loss) before income taxes	804	△1,125
Income taxes - current	286	28
Income taxes - deferred	7	△311
Total income taxes	293	△282
Profit (loss)	510	△843
Profit (loss) attributable to owners of parent	510	△843

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

(JPY million)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	510	△843
Other comprehensive income		
Valuation difference on available-for-sale securities	△6	6
Total other comprehensive income	△6	6
Comprehensive income	503	△836
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	503	△836
Comprehensive income attributable to non-controlling interests	—	—