

Kakuyasu Group Reports FY2023 Annual Financial Results

- Strong sales growth of 12.6% YoY
- Operating profit growing over two-fold
- Raises yearly outlook and DPS in FY24

Tokyo, May 15, 2024 – Kakuyasu Group Co.,Ltd. (TSE: 7686) announces FY2023 annual financial results, reflecting strong sales and operating profit growth on YoY basis. Business sales became a primary driver of the growth.

FY2023 Results Takeaways

- Consolidated sales of JPY 129.4 billion, up 12.6%.
 - ✓ Business sales of JPY 89.2 billion, up 16.6%.
 - ✓ Household sales of JPY 38.4 billion, up 4.6%.
- Gross profit of JPY 29.5 billion, up 17.9%.
- Operating profit of JPY 2.9 billion, up 255.3%.

Excerpted Consolidated Profit Performance

(JPY in billion)	FY23	FY22	Change	
Sales	129.4	115.0	14.4	12.6%
Gross Profit	29.5	25.0	4.5	17.9%
SGA Expenses	26.7	24.3	2.4	10.0%
Operating Profit	2.9	0.8	2.1	257.0%
Recurring Profit	2.9	0.8	2.1	259.8%
Net Profit attributable to owners of the parent company	1.6	0.609	1.0	161.9%
<i>Gross Margin</i>	22.8%	21.8%	-	-
<i>Operating Margin</i>	2.2%	0.7%	-	-

- Merchandize price hike mainly contributed to improving gross margin by 1.0%.

Consolidated Sales Breakdown

(JPY in billion)	FY23	FY22	Change	
Business	89.2	76.5	12.7	16.6%
Household	38.4	36.7	1.7	4.6%
Home Delivery	21.8	20.4	1.5	7.1%
Store	16.5	16.3	0.2	1.3%
Wholesale	1.9	1.8	0.1	5.7%
Sales in Total	129.4	115.0	14.4	12.6%

- Business sales drove overall sales.

SGA Expenses Breakdown

(JPY in billion)	FY23	FY22	Change	
Headcount expenses	15.6	13.8	1.8	12.8%
Advertising and sales promotions	0.8	0.5	0.3	55.3%
Other SGA expenses	10.3	9.9	0.4	3.8%
SGA expenses in Total	26.7	24.3	2.4	10.0%

- Headcount expenses
 - ✓ Headcount expenses growth largely attributed to business sales expansion and overall upward pay revision introduced in October 2023.
- Advertising and sales promotions
 - ✓ Placed TV commercials during Q1 & Q2.

Profit below the line

(JPY in billion)	FY23	FY22	Change	
Operating Profit	2.9	0.8	2.1	257.0%
Non-operating profit	0.0	0.0	0.0	7.4%
Non-operating expenses	0.0	0.0	0.0	-9.3%
Recurring Profit	2.8	0.8	2.0	259.8%
Extraordinary profit	0.3	0.0	0.3	1882.2%
Extraordinary losses	0.5	0.5	0.0	-11.0%
Pretax Profit	2.8	0.3	2.5	820.6%
Income tax etc.	1.2	-0.3	1.5	-
Net Profit attributable to owners of the parent company	1.6	0.6	1.0	161.9%

- Extraordinary profit
 - ✓ A sale-leaseback transaction of a distribution center in March 2024 contributed to the temporary profit.
- Extraordinary losses
 - ✓ Extraordinary losses mainly came from impairment losses for some stores throughout FY23.
- Income tax etc.
 - ✓ Accumulated taxable income were linked to a reversal of DTA associated with loss carried-forwards, resulting in bottom line increased.

Excerpted Balance Sheet

(JPY in billion)	End of '24 March	End of '23 March	Change		End of '24 March	End of '23 March	Change
Current Assets	21.4	19.5	2.0	Liabilities	29.9	30.3	-0.4
Cash	3.2	2.7	0.4	A/P	16.0	15.6	0.4
A/R	9.8	8.9	0.9	Debt	8.6	10.5	-1.9
Inventory	5.7	5.2	0.5				
Non-current Assets	12.5	13.6	-1.1	Net Assets	4.1	2.8	1.3
Total	34.0	33.1	0.9	Total	34.0	33.1	0.9

Excerpted Cash Flows

(JPY in billion)	FY23	FY22	Change
Operating Cash Flows	2.8	2.5	0.2
Investing Cash Flows	-0.2	-1.1	1.0
Financing Cash Flows	-2.1	-1.4	-0.7
Net Cash Flow	0.4	0.0	0.4
Cash balance at the FY beginning	2.7	2.7	0.0
Cash balance at the FY end	3.2	2.7	0.4

FY2024 Full-Year Earnings Guidance

(JPY in billion)	FY23			FY22	Change	
	Full-Year	1H	2H			
Sales	137.4	67.5	70.0	129.4	8.0	6.2%
Operating Profit	3.6	1.3	2.3	2.9	0.7	25.6%
Recurring Profit	3.6	1.3	2.3	2.9	0.7	26.1%
Net Profit attributable to owners of the parent company	2.2	0.8	1.4	1.6	0.6	38.7%

- Anticipating sales and profit growth driven by
 - ✓ Cultivating private restaurants.
 - ✓ Strengthening sales of Kakuyasu private brand merchandize.
 - ✓ Improving sales of other goods, adding to liquors.
- Improving profitability through
 - ✓ Expanding apps and renovating sales websites.
 - ✓ Improving usability of its apps and websites.
 - ✓ Diversifying payment methods including point payment, ID payment and so on.

FY2024 Dividend Guidance

	DPS			Payout
	Interim	Year-end	Total	
FY2022	JPY 10.0	JPY 20.0	JPY 30.0	45.8%
FY2023	JPY 25.0	JPY 25.0	JPY 50.0	29.1%
FY2024 E	JPY 30.0	JPY 10.0	-	-

- 3 for 1 stock split will become effective on October 1 2024, and if the split won't be taken into account, FY24 year-end DPS will end up JPY 30.0.

TOPICS

- New Reportable Segments
Plans to report on the new segments from upcoming Q1 in August 2024 thereafter, for the purpose of appropriately evaluating the actual state of business activities.

New Segments	Definitions	Recipients
Quick Delivery	Quick delivery system of liquor and goods by small vehicle or non-vehicle to various places on demand basis, from small warehouses or stores.	Privately owned restaurants, general consumers, general corporations, and individuals etc.
Route Delivery	Punctual delivery system of liquor and goods by vehicle to predetermined places on specific date, time, and route, from distribution centers.	Nation-wide chain restaurants, regional chain restaurants, hotels, and so on.
Store Sales	Over-the-counter sales at stores.	Store visitors.

- Stock Split
Declared 3 for 1 stock split, subject to effectiveness in October 2024, mainly to accelerate its stock liquidity.

Disclaimer

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Kakuyasu disclaims any obligation to update these statements. Forward-looking statements may include, but are not limited to, statements regarding future financial results, long-term value creation goals, productivity, operating efficiency, liquor or goods prices and so on. Many risks, contingencies and uncertainties could cause actual results to differ materially from Kakuyasu's forward-looking statements.

Additional information concerning these and other factors can be found in Kakuyasu's filings with the Financial Services Agency and the Tokyo Stock Exchange, including the most recent annual report and quarterly reports.