[Translation]

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Representative Director and President Junichi Sato
（Ticker Code：7686 Tokyo Stock Exchange Second Section）
Inquiry to Executive Officer and General Manager of Finance and Accounting Dept Yoshiyuki Maegaichi

Initial Public Offering and the latest fiscal year financial outlook

This is to announce that the Company has been listed in the second Section of the Tokyo Stock Exchange since December 23, 2019, and sincerely ask for the continuous support of the stakeholders. The following is the Company's consolidated earnings forecast for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020).

(Unit: JPY Million)

	FY2019 outlook			Interim Results of FY2019		FY2019	
		% of sales	YoY		% of sales		% of sales
Sales	110,460	-	+1.6%	55,198	-	108,715	-
Operating Profit	1,820	1.6%	+2.3%	799	1.4%	1,779	1.6%
Recurring Profit	1,842	1.7%	+2.0%	805	1.5%	1,806	1.7%
Net Profit to Parent Company	946	0.9%	+26.9%	510	0.9%	745	0.7%
EPS (quarterly EPS)	JPY 129.31			JPY 70.53		JPY 103.03	
Yearly DPS	JPY 49.80			-		JPY 49.80	
Interim DPS	JPY 24.9			JPY 24.9		JPY 24.90	

(Note)

1. The earnings per share for the fiscal year ended March 31, 2019 and the first half of the fiscal year ending March 31, 2020 were calculated using the average number of outstanding shares for the respective periods. The earnings per share for the fiscal year ending March 31, 2020 (forecast) was computed based on the projected average number of shares outstanding during the period, which includes the number of shares to be publicly offered (285,000).
2. The Company conducted a 20-for-1 stock split on September 30, 2019. The above calculations of earnings per share were based on the assumption that this stock split was conducted at the beginning of the fiscal year ended March 31, 2019. The dividends per share for the fiscal year ended March 31, 2019 based on the stock split are shown in brackets.
3. Although it was midway during the fiscal year period, the Company has revised its earnings forecast for the fiscal year ending March 31, 2020. The original forecast was prepared in March 2019, but the Company revised it on August 14, considering the impact of a change in a major store chain's business policies in April and sales in June and July, which were below the initial forecast chiefly due to abnormal weather. The Company has revised the forecast based on actual results from April to June, estimated results in July, and forecasts for August and the following months.

Assumptions for the forecast for the fiscal year ending March 31, 2020

1. Outlook for the Group (the Company and its consolidated subsidiaries)

The name of our liquor stores includes the phrase "Any Liquor Store." This phrase expresses the Group's determination and preparedness to meet any demand from our customers.

The Group is determined to deliver the goods that customers need in the ways that they request. We aim to deliver goods "anytime, anywhere and in any quantity." Our wish is that customers consider us to be the most convenient liquor store. Our primary management policy is to develop infrastructure for the distribution of primarily liquors.

The liquor sales industry in which the Group operates peaked in 1996 and has been declining since. In 2003, regulations that governed the licensing of retail sales for alcoholic beverages were removed, allowing major retailers to sell them. Alcoholic beverages intended for home consumption were sold at a greater number of stores. Competition increased significantly. Many alcoholic beverages have been sold at low prices. However, fair trade standards for alcoholic beverages came into force in 2017, and a new rule was established to prevent the sale of goods at a price lower than the total cost of the goods sold. This led to a decrease in sales at discounted prices, which resulted in the improvement of the profit structure and profits. Looking at the distribution of alcoholic beverages for commercial purposes, such as supply to restaurants, the number of liquor wholesalers has been decreasing every year. The number of companies with profits after tax of less than five million yen has been declining, while the number of relatively large companies has been gradually increasing according to the National Tax Agency's March 2019 report and other data.

In this environment, the Group sells alcoholic beverages for both commercial use and home consumption. This enables the Group to maintain and increase the volume of alcohol delivered in its trade areas. The Group has 11 distribution centers for commercial purposes and 173 stores, small storage facilities and other business sites (as of October 30, 2019, including the Web Center, the center for nationwide delivery) primarily located in Tokyo's 23 wards and the center of Osaka. The Group delivers orders placed by customers efficiently in a short time using these facilities.

The Group delivers alcoholic beverages sold for commercial purposes from its distribution centers, stores, small storage facilities and other business sites to meet restaurants' needs. It can offer same-day delivery for additional orders from restaurants that have depleted their stock. The Group's delivery service is unique and convenient.

Catering to its customers' diverse lifestyles, the Group delivers alcoholic beverages to customers for home consumption. In addition to selling alcoholic beverages at stores, the Group delivers them from its stores, small storage facilities and other sites to certain areas in Tokyo, Yokohama, Kawasaki and Osaka. Alcoholic drinks can be delivered for free within an hour “anytime, anywhere, and in any quantity.” They can be sent to any location the customer chooses, whether it is their home or a place where a barbecue or cherry blossom viewing event is taking place. As the number of elderly households is increasing and women are becoming more empowered, it is expected that the demand for the fast delivery of heavy and bulky products, particularly alcoholic and nonalcoholic beverages, will rise. The Group’s efficient delivery service sets it apart from its competitors.

The Group has built a system that enables it to reduce sales prices and expand delivery services. It has in-house distribution centers which allow it to distribute goods to stores without relying on logistics companies.

In selling alcoholic beverages for commercial purposes, the most significant factor contributing to increasing the number of customers is the Group's existing customers. They refer new customers to new stores and introduce other restaurants to the Group. Therefore, we make every effort to strengthen our relationships with customers in our operations every day. As the Group opens new stores, it engages in sales activities to develop its markets. In addition to this, the Group strives to strengthen its relationships with customers by expanding its customer base and improving convenience, which is made possible by Kakuyasu Navi Online, the Company’s website for businesses. Users can place orders, see invoice amounts, and obtain information about product trends and the industry on this website. The Group collaborates with companies in different industries, such as background music companies that provide music to restaurants and companies operating online restaurant discovery platforms, to obtain information about restaurants’ needs and increase the number of customers.

To increase the number of customers for home consumption, the Group utilizes its website and app for home consumption in addition to newspaper inserts and catalogs. The Group plans to open four new stores, including relocated stores, in the fiscal year under review. When considering the opening of new stores, the Group considers synergy with existing stores and delivery efficiency. It aims to increase sales by creating an efficient delivery network and improving delivery efficiency in the areas where its customers are concentrated.

The Group will continue to actively open new stores and improve its websites to offer various services to enhance shareholder value and corporate value in the medium to long term.

As the Group pursues these initiatives, it expects to post consolidated net sales of 110,460 million yen, operating profit of 1,820 million yen, ordinary profit of 1,842 million yen, and profit attributable to owners of parent of 946 million yen in the fiscal year ending March 31, 2020 up 1.6%, 2.3%, 2.0% and 26.9%, respectively, year on year.

2. Outlook for sales, profit and loss

（1） Sales

The Group operates in one single business segment, liquor sales. Sales are classified into four categories: commercial, home delivery, POS, and wholesale.

Commercial sales are sales of goods delivered to business customers, including restaurants, from centers for business purposes, stores, small storage facilities and other business sites.

Home delivery sales refer to orders placed by individuals or offices (who are not business customers), which are delivered to their homes or places designated by them from stores, small storage facilities, and other business sites.

POS sales are sales recorded at the point of sale in the store that the customer visits. (POS: point-of-sale system)

The Company sells liquor to other liquor sales businesses as a wholesaler. Wholesale sales are sales that the Company records as a wholesaler.

The Company prepares a sales plan for each sales category by multiplying the projected number of customers by the projected sales per customer based on net sales, the number of customers, sales per customer in the previous fiscal year and monthly trends until the forecast is finalized. The sales plan also reflects any unique factors and sales initiatives for the fiscal year for which the forecast is being created.

The Company prepared an initial forecast for its commercial sales this fiscal year based on the number of customers and sales per customer in the previous fiscal year. The forecast also factored in projected sales from expected new restaurant customers and this fiscal year's special elements such as the number of consecutive holidays in early May, the anticipated impact of the increased consumption tax from October 1 on spending, and an expected rise in the number of customers due to it being a leap year (2020). The forecast was revised after a downturn in sales due to the unusual weather in June and July, that is, long spells of rainy weather and low temperatures. The revised forecast factors in results from April to June and estimated results in July. The Company expects that the number of customers will increase 4.1% year on year and sales per customer will decline 1.2% year on year. Business sales in the fiscal year ending March 31, 2020 are forecast to be 79,550 million yen, up 2.8% year on year.

Commercial sales for the first half of the fiscal year ending March 31, 2020 stood at 39,195 million yen. These sales reflect the impact of the unusual weather conditions, such as low temperatures, shorter hours of sunshine, and long spells of rainy weather that occurred in July, and solid growth in sales, particularly at beer gardens, due to better weather and the addition of new customers in August.

The Company also created initial forecasts for home delivery sales and POS sales forecasts based on the previous fiscal year's number of customers and sales per customer. It also took into account special factors for this fiscal year, including the number of consecutive holidays in early May, the anticipated impact of the increased consumption tax from October 1 on spending, and an expected increase in the number of customers due to the leap year. The Company also factored in an increase in the number of customers for home delivery due to an increase in the number of delivery staff in time slots when many orders are received and in areas where there are many orders and a decrease in the number of customers who contribute to POS sales due to a decrease in the consumption of liquor and a decrease of the number of customers due to an increase in the number of places where consumers can purchase liquor. Finally, the sales volumes of low-priced wine and shochu (distilled liquor) mixed with soda water and RTD (ready-to-drink) beverages (which can be drunk as soon as the bottles or cans are opened) increased, which led to a decrease in sales per customer. This was also factored into the forecast. The forecast was revised after a downturn in sales due to the unusual weather conditions, such as long spells of rainy weather and low temperatures that occurred in June and July. The revised forecast factors in results from April to June and estimated results in July. Home delivery sales in the fiscal year ending March 31, 2020 are expected to stand at 15,776 million yen, down 1.8% year on year, reflecting a 6.3% year-on-year increase in the number of customers and a 7.6% year-on-year decrease in sales per customer. POS sales are projected to be 14,847 million yen, down 1.5% year on year. This is due to a 0.8% year-on-year decrease in the number of customers and a 0.7% year-on-year decline in sales per customer.

In the first half of this fiscal year, home delivery sales and POS sales were, similarly to commercial sales, affected by weather and a last-minute increase in demand due to the consumption tax hike at the end of September and came to 8,216 million yen and 7,625 million yen, respectively.

In the first half of this fiscal year, the Group's aggregate net sales, that is, the sum of the commercial, home delivery, and POS sales and wholesale stated above, and other sales of 161 million yen, was 55,198 million yen. The aggregate net sales for the fiscal year ending March 31, 2020 are expected to stand at 110,460 million yen, up 1.6% year on year.

(２) Cost of sales and Gross profit

The cost of sales is composed of the cost of goods purchased and internal logistics cost.

The cost of goods purchased includes purchased goods, rebates and purchase allowances. Internal logistics cost is personnel expenses and rent expenses on buildings.

To estimate the cost of sales in the annual forecast, the Company typically multiplies sales forecasts for each sales category by the cost of sales ratios for each category. These ratios are calculated based on trends of cost of sales ratios in the previous fiscal year.

The Company estimated the cost of sales in the initial annual forecast for the fiscal year ending March 31, 2020 based on trends of cost of sales in the previous fiscal year.

The revised cost of sales forecast for each sales category is calculated using the cost of sales ratio estimated based on results in the first quarter of this fiscal year. The aggregate cost of sales is expected to be 88,329 million yen (up 1.3% year on year).

Based on the cost of sales, gross profit in the fiscal year ending March 31, 2020 is expected to stand at 22,130 million yen (up 2.6% year on year).

Gross profit in the first half of this fiscal year came to 10,933 million yen.

(３) Selling, general and administrative expenses, and Operating Profit

The primary accounts under selling, general and administrative expenses are personnel expenses, rent expenses on buildings and lease payments. Personnel expenses for the fiscal year ending March 31, 2020 are expected to be 13,292 million yen (up 3.0% year on year), reflecting an increase in connection with growth in delivery sales and an expected increase in the number of delivery staff for growth in the medium to long term.

Rent expenses on buildings and lease payments are expected to be 3,445 million yen (down 0.2% year on year), reflecting a reduction in rent due to the previous fiscal year's closure of the Tatsumi distribution centers for business purposes, although store openings are planned.

Based on the changes above, the Company forecasts that selling, general and administrative expenses will increase 2.7% year on year to 20,310 million yen. Operating profit is expected to increase 2.3% year on year to 1,820 million yen due to an increase in gross profit.

In the first half of this fiscal year, selling, general and administrative expenses came to 10,133 million yen and operating profit was 799 million yen.

(４) Non-operating Profit and Loss, Recurring Profit

Non-operating income is expected to include dividend income and beer coupon redemption fees. Non-operating expenses are expected to include borrowing interest expenses.

Non-operating income and non-operating expenses in the fiscal year ending March 31, 2020 will not change significantly from the previous fiscal year.

Ordinary profit will increase 2.0% year on year to 1,842 million yen.

(５) Extraordinary Profit and Loss, Net Profit attributable to the parent company's shareowners

Extraordinary losses are expected to be 89 million yen, including impairment losses at stores. With the listing, retained earnings tax and reversal of deferred tax assets will be recorded in connection with income taxes.

Consequently, profit attributable to owners of parent is expected to increase 26.9% year on year to 946 million yen.

Disclaimer:

Forward-looking statements in this document, including forecasts, are based on information that the Group has obtained as of the time of disclosure and on certain assumptions deemed reasonable by the Group. Actual results may differ materially from forward-looking statements due to a number of factors.