

[Translation]

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Under Japanese GAAP)

May 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 of annual general meeting of shareholders: June 25, 2021
 Scheduled date to commence dividend payments: June 11, 2021
 Scheduled date to file annual securities report : June 28, 2021
 Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes
 (For institutional investors and securities analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 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	%
Fiscal year ended March 31, 2021	80,226	Δ26.1	Δ2,602	—	Δ1,728	—	Δ1,601	—
March 31, 2020	108,562	Δ0.1	1,259	Δ29.2	1,259	Δ30.3	513	Δ31.2

Note: Comprehensive income For the fiscal year ended March 31, 2021: ¥ Δ1,611 Million [—%]
 For the fiscal year ended March 31, 2020: ¥ 328 Million [Δ53.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	JPY	JPY	%	%	%
March 31, 2021	Δ206.89	—	Δ50.0	Δ6.2	Δ3.2
March 31, 2020	69.86	67.47	10.4	4.4	1.2

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2021 JPY— million
 For the fiscal year ended March 31, 2020 JPY— million

Note: Regarding diluted net income per share for the fiscal year ending March 31, 2020, the Company's shares were listed on the Second Section of the Tokyo Stock Exchange on December 23, 2019, and the Company's shares were listed on the Second Section of the Tokyo Stock Exchange on December 23, 2019. The average stock price up to the end of the fiscal year is considered the average stock price during the period. In addition, diluted net income per share for the fiscal year ending March 31, 2021 is not stated as it is a net loss per share, although there are diluted shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	JPY million	JPY million	%	JPY
March 31, 2021	26,994	3,212	11.9	413.13
March 31, 2020	28,472	5,162	18.1	671.02

Reference: Equity As of March 31, 2021: JPY 3,212 million
 As of March 31, 2020: JPY 5,162 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	JPY million	JPY million	JPY million	JPY million
March 31, 2021	Δ1,634	Δ1,385	2,055	2,525
March 31, 2020	1,945	Δ1,195	899	3,489

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2020	JPY	JPY	JPY	JPY	JPY	JPY million	%	%
	—	24.90	—	24.90	49.80	371	71.3	7.6
Fiscal year ending March 31, 2021	—	24.90	—	24.90	49.80	386	—	9.2
Fiscal year ending March 31, 2022 (Forecast)	—	24.90	—	24.90	49.80		—	

Note: The dividend payout ratio for the fiscal year ending March 2021 is not stated because a net loss was recorded.

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 September 30, 2021	48,803	25.3	Δ657	-	Δ642	-	Δ421	-	Δ54.13
Fiscal year ending March 31, 2022	104,079	29.7	52	-	41	-	106	-	13.63

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation) : Yes

New : 4companies (Sanno Co., Ltd. Kakuyasu Co., Ltd. Dangami Co., Ltd. Meiwa Bussan Co., Ltd.)
Excluded : 1company (KY Management Co., Ltd.)

(2) 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

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	7,777,200 shares
As of March 31, 2020	7,693,400 shares

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

As of March 31, 2021	— shares
As of March 31, 2020	— shares

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

Fiscal year ended March 31, 2021	7,740,782 shares
Fiscal year ended March 31, 2020	7,344,644 shares

※ Financial results reports are exempt from audit 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 based on the Company's commitment to achieving them. It's not a thing. In addition, actual results may differ significantly due to various factors.

4. Consolidated Financial Statements and major notes

(1) Consolidated Balance Sheets

(JPY million)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	3,489	2,525
Notes and accounts receivable - trade	6,843	4,745
Merchandise	4,290	3,610
Accounts receivable - others	1,191	1,180
Income taxes refund receivable	4	629
Others	390	1,069
Allowance for doubtful accounts	△85	△26
Total current assets	16,123	13,733
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,376	3,516
Vehicles, net	0	0
Tools, furniture and fixtures, net	178	209
Land	2,997	3,002
Leased assets, net	8	2
Construction in progress	161	—
Total property, plant and equipment	6,723	6,732
Intangible assets		
Goodwill	12	1,485
Software	733	664
Leased assets	358	203
Others	2	3
Total intangible assets	1,106	2,357
Investments and other assets		
Investment securities	589	511
Deferred tax assets	689	833
Leasehold and guarantee deposits	2,453	2,157
Long-term prepaid expenses	660	528
Others	249	273
Allowance for doubtful accounts	△124	△133
Total investments and other assets	4,518	4,171
Total non-current assets	12,348	13,260
Total assets	28,472	26,994

(JPY million)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	12,569	10,079
Short-term borrowings	4,864	5,614
Lease liabilities	186	164
Income taxes payable	341	52
Provision for bonuses	323	329
Asset retirement obligations	13	16
Others	1,911	2,278
Total current liabilities	20,211	18,535
Non-current liabilities		
Long-term borrowings	1,983	4,166
Lease liabilities	181	39
Deferred tax liabilities	77	76
Retirement benefit liability	—	101
Asset retirement obligations	687	694
Others	168	168
Total non-current liabilities	3,098	5,246
Total liabilities	23,310	23,781
Net assets		
Shareholders' equity		
Share capital	355	379
Capital surplus	615	638
Retained earnings	4,056	2,070
Total shareholders' equity	5,027	3,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135	125
Total accumulated other comprehensive income	135	125
Total net assets	5,162	3,212
Total liabilities and net assets	28,472	26,994

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(JPY million)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Sales	108,562	80,226
Cost of sales	87,047	63,376
Gross profit	21,514	16,850
Selling, general and administrative expenses	20,255	19,452
Operating profit (loss)	1,259	△2,602
Non-operating income		
Interest income	9	9
Commission income	10	9
Subsidy income	—	804
Others	21	98
Total non-operating income	41	922
Non-operating expenses		
Interest expenses	30	39
Others	11	9
Total non-operating expenses	41	49
Ordinary profit (loss)	1,259	△1,728
Extraordinary income		
Gain on sale of investment securities	16	4
Total extraordinary income	16	4
Extraordinary losses		
Loss on valuation of investment securities	—	65
Impairment losses	381	98
Others	1	0
Total extraordinary losses	383	164
Profit (loss) before income taxes	892	△1,888
Income taxes - current	433	46
Income taxes - refund	—	△341
Income taxes - deferred	△54	7
Total income taxes	379	△287
Profit (loss)	513	△1,601
Profit (loss) attributable to owners of parent	513	△1,601

(Consolidated Statements of Comprehensive Income)

(JPY million)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit (loss)	513	△1,601
Other comprehensive income		
Valuation difference on available-for-sale securities	△184	△9
Total other comprehensive income	△184	△9
Comprehensive income	328	△1,611
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	328	△1,611
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)

(JPY million)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	100	359	3,903	4,363
Changes during period				
Issuance of new shares	255	255	—	511
Dividends of surplus	—	—	△360	△360
Profit (loss) attributable to owners of parent	—	—	513	513
Net changes in items other than shareholders' equity	—	—	—	—
Total changes during period	255	255	152	664
Balance at end of period	355	615	4,056	5,027

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	319	319	4,682
Changes during period			
Issuance of new shares	—	—	511
Dividends of surplus	—	—	△360
Profit (loss) attributable to owners of parent	—	—	513
Net changes in items other than shareholders' equity	△184	△184	△184
Total changes during period	△184	△184	479
Balance at end of period	135	135	5,162

Current consolidated fiscal year (April 1, 2020 to March 31, 2021)

(JPY million)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	355	615	4,056	5,027
Changes during period				
Issuance of new shares	23	23	—	46
Dividends of surplus	—	—	△384	△384
Profit (loss) attributable to owners of parent	—	—	△1,601	△1,601
Net changes in items other than shareholders' equity	—	—	—	—
Total changes during period	23	23	△1,986	△1,939
Balance at end of period	379	638	2,070	3,087

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	135	135	5,162
Changes during period			
Issuance of new shares	—	—	46
Dividends of surplus	—	—	△384
Profit (loss) attributable to owners of parent	—	—	△1,601
Net changes in items other than shareholders' equity	△9	△9	△9
Total changes during period	△9	△9	△1,949
Balance at end of period	125	125	3,212

(4) Consolidated statement of cash flows

(JPY million)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	892	△1,888
Depreciation	701	684
Amortization of goodwill	3	52
Impairment losses	381	98
Loss (gain) on sale of investment securities	△16	△3
Loss (gain) on valuation of investment securities	—	65
Share issuance costs	4	—
Increase (decrease) in allowance for doubtful accounts	43	△62
Increase (decrease) in provision for bonuses	△44	△26
Interest and dividend income	△17	△9
Subsidy income	—	△804
Interest expenses	30	39
Decrease (increase) in trade receivables	1,919	2,735
Decrease (increase) in inventories	△75	889
Decrease (increase) in accounts receivable - other	132	386
Increase (decrease) in trade payables	△1,157	△3,368
Increase (decrease) in accounts payable - other	△202	△368
Others, net	39	△83
Subtotal	2,634	△1,664
Interest and dividends received	17	9
Subsidies received	—	541
Interest paid	△30	△38
Income taxes refund	1	4
Income taxes paid	△677	△486
Net cash provided by (used in) operating activities	1,945	△1,634
Cash flows from investing activities		
Purchase of non-current assets	△1,179	△412
Proceeds from sale of investment securities	28	8
Payments of leasehold and guarantee deposits	△27	△43
Proceeds from refund of leasehold and guarantee deposits	14	486
Payments for asset retirement obligations	△9	△27
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△1,390
Others, net	△21	△6
Net cash provided by (used in) investing activities	△1,195	△1,385
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,636	394
Proceeds from long-term borrowings	—	3,013
Repayments of long-term borrowings	△682	△825
Repayments of lease liabilities	△201	△188
Proceeds from issuance of shares	417	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	89	46
Dividends paid	△360	△384
Net cash provided by (used in) financing activities	899	2,055
Net increase (decrease) in cash and cash equivalents	1,648	△964
Cash and cash equivalents at beginning of period	1,840	3,489
Cash and cash equivalents at end of period	3,489	2,525