

[Translation]

November 12, 2020

Kakuyasu Group Co.,Ltd.

Representative Director and President Junichi Sato

(Ticker Code : 7686 Tokyo Stock Exchange Second Section)

Inquiry to Director Yoshiyuki Maegaichi

### **Stock Acquisition of Dangami Co.,Ltd.**

This is to announce that the Company resolved to acquire entire common stocks of Dangami Co., Ltd. (headquartered in Fukuoka city, Fukuoka prefecture; hereinafter “Dangami”) at the Board of Directors meeting convened today, making them a subsidiary company. Details are described as follows.

#### 1. Purpose of the stock acquisition

The management policy of the Company and its consolidated subsidiaries is centered around their determination and preparedness to meet any customers’ requests. The policy is reflected in the brand name, “*Anything Liquor Store Kakuyasu*”. Under the policy, the Company develops management strategies for sustainable growth. The Company aims to strengthen its management structure and improve efficiency by consolidating and streamlining operations. Since the Company was listed in the 2nd Section of the Tokyo Stock Exchange in December 2019, the Company has been aiming to evolve into a “delivery platform company” by leveraging its distribution infrastructure and expand the Kakuyasu model to major cities beyond Tokyo and the surrounding prefectures under its medium-term growth strategy. In May 2020, the Company acquired Sannoh Co.,Ltd. in Fukuoka to expand into regional cities.

Dangami Co., Ltd. primarily sells liquor for business purposes in Fukuoka and Nagasaki prefectures and operates ten retail stores, including “*Sake-no Gulliver*” stores, mainly in Fukuoka city. These stores are highly recognized in the city. The Company has decided to make Dangami its subsidiary as a step towards expanding into Fukuoka city, Kitakyushu city, and other regions in Kyushu and expanding its domestic business. The Company aims to expand and strengthen its revenue base and enhance its corporate value.

#### 2. Overview of the Acquiree

(1) Company Name	Dangami Co.,Ltd.
(2) Headquarters	1-13-1 Hakataeki-higashi, Hakata-ku, Fukuoka city
(3) Representative	Shoji Dangami, Representative Director
(4) Business	Liquor sales for business and retailing liquors
(5) Paid-in Capital	JPY 10 million

(6) Establishment	May 24, 1967	
(7) Shareowner	Dangami Headquarters Co.,Ltd. 50.0%	
	Shoji Dangami 45.0%	
	Yuko Dangami 5.0%	
(8) Relationship between The Company and the Acquiree	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	Not applicable.
	Whether the buyer falls under related party	Not applicable.

(9) Business results and Financial position of the past three years

Fiscal Year Ending	January 31, 2018	January 31, 2019	January 31, 2020
Net Assets	JPY 1,090 million	JPY 1,303 million	JPY 1,512 million
Total Assets	JPY 2,273 million	JPY 2,676 million	JPY 2,890 million
BVPS	JPY 54,536	JPY 65,195	JPY 75,623
Sales	JPY 7,206 million	JPY 7,692 million	JPY 7,884 million
Operating Profit	JPY 105 million	JPY 222 million	JPY 215 million
Recurring Profit	JPY 149 million	JPY 267 million	JPY 264 million
Net Profit	JPY 114 million	JPY 213 million	JPY 259 million
EPS	JPY 5,736	JPY 10,659	JPY12,982

\* The acquiree has undergone the following reorganization.

On November 1, 2020, the acquiree acquired Kotobukiya Co., Ltd. (net sales were 257 million yen in the fiscal year ended February 29, 2020) and turned it into a subsidiary. The acquiree's assets and liabilities, excluding those related to its liquor sales business, were absorbed into Dangami HQ Co., Ltd. For the split and absorbed businesses, the assets and liabilities were 349 million yen and 104 million yen, respectively. There are no sales related to the businesses.

3. Overview of the Sellers

(1) Company Name	Dangami Headquarters Co.,Ltd.
(2) Headquarters	1-13-1 Hakataeki-higashi, Hakata-ku, Fukuoka city
(3) Representative	Shoji Yuko, Representative Director
(4) Business	Real estate related business

(5) Paid-in Capital	JPY 10 million	
(6) Establishment	October 27, 1973	
(7) Net Assets	JPY 436 million	
(8) Total Assets	JPY 615 million	
(9) Shareowner	Masashi Dangami 80.0%	
	Dangami Headquarters Co.,Ltd. 16.8%	
	Yuko Dangami 3.2%	
(10) Relationship between the Company and the Seller	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	Not applicable.
	Whether the buyer falls under related party	Not applicable.

※ Regardless of Mr.Masashi Dangami and Ms.Yuko Dangami being sellers, we don't write their information because of individuals.

#### 4. Acquiring shares, acquisition price, and post-acquisition ownership

(1)	Acquiring shares	20,000 shares
(2)	Corresponding voting rights	20,000
(3)	Post-acquisition ownership	100.0%
(4)	Acquisition price	JPY 2,146 million
	Common stock	JPY 2,110 million
	Advisors expense and related expenses	JPY 36 million

※ The acquisition price was determined based on the stock valuation by a third party, after negotiations with the sellers.

#### 5. Schedule

• Board Resolution	November 12, 2020
• Signing Date	November 12, 2020
• Closing Date (scheduled)	December 1, 2020

## 6. Future Outlook

Three persons of the Company are set to be appointed as directors at Dangami Co., Ltd. Dangami Co., Ltd. will become a consolidated subsidiary of the Company on December 1, 2020, following the stock acquisition. The accounting results of Dangami Co., Ltd. for only two months (December 2020 and January 2021) will be included in the Company's consolidated results for the current fiscal year. The Company deems the impact of the acquisition is minor and insignificant.

It was also reflected in the results forecast and dividend forecast for the fiscal year ending March 31, 2021, included in the notice published on November 12, 2020. The Company expects that the acquisition will contribute to increases in consolidated results in the medium to long term as the Company leverages both companies' strengths.

Disclaimer: This is an English translation of the disclosure. This translation is prepared and provided for the reader's convenience.