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Consolidated Financial Results for the Three Months Ended February 29, 2024 [Japanese GAAP]

April 15, 2024

Company name: KUSHIKATSU TANAKA HOLDINGS CO.

Stock exchange listing: Tokyo

Code number: 3547

URL: <http://kushi-tanaka.co.jp>

Representative: Toshio Sakamoto

President and Representative Director

Contact: Kenji Kamiyama

Administrative Manager

Phone: +81-3-5449-6410

Scheduled date of filing quarterly securities report: April 15, 2024

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended February 29, 2024 (December 1, 2023 to February 29, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------------|-----------------|------|------------------|------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three months ended February 29, 2024 | 3,821 | 14.7 | 239 | 24.9 | 280 | 44.7 | 175 | 81.7 |
| February 28, 2023 | 3,332 | 48.9 | 191 | - | 193 | (70.3) | 96 | (76.6) |

(Note) Comprehensive income: Three months ended February 29, 2024: ¥ 174 million [80.8%]
Three months ended February 28, 2023: ¥ 96 million [(76.6)%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
| Three months ended February 29, 2024 | Yen 19.06 | Yen - |
| February 28, 2023 | 10.49 | 10.49 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|-------------------------|--------------------------|--------------------------|------------------------|
| As of February 29, 2024 | Millions of yen 7,167 | Millions of yen 2,270 | % 31.6 |
| November 30, 2023 | 7,009 | 2,215 | 31.5 |

(Reference) Equity: As of February 29, 2024: ¥ 2,262 million
As of November 30, 2023: ¥ 2,206 million

2. Dividends

| | Annual dividends | | | | |
|--|--------------------|--------------------|--------------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended November 30, 2023 | - | 0.00 | - | 13.00 | 13.00 |
| Fiscal year ending November 30, 2024 | - | | | | |
| Fiscal year ending November 30, 2024 (Forecast) | | - | - | - | - |

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending November 30, 2024(December 1, 2023 to November 30, 2024)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------------------------------|-----------------|------|------------------|------|-----------------|------|--|------|-----------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending May 31, 2024 | 7,700 | 14.9 | 340 | 3.6 | 370 | 7.4 | 240 | 34.1 | 26.12 |
| Full year | 16,500 | 17.2 | 870 | 13.9 | 950 | 14.0 | 530 | 48.1 | 57.67 |

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended February 29, 2024

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

February 29, 2024: 9,428,280 shares

November 30, 2023: 9,428,280 shares

2) Number of treasury shares at the end of the period:

February 29, 2024: 238,206 shares

November 30, 2023: 238,206 shares

3) Average number of shares outstanding during the period:

Three months ended February 29, 2024: 9,190,074 shares

Three months ended February 28, 2023: 9,187,834 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

| | As of November 30, 2023 | As of February 29, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,089,127 | 2,225,794 |
| Accounts receivable - trade | 830,980 | 832,063 |
| Merchandise and finished goods | 2,348 | - |
| Raw materials and supplies | 81,195 | 93,705 |
| Accounts receivable - other | 336,254 | 67,490 |
| Income taxes refund receivable | 18,338 | 17,060 |
| Other | 249,706 | 379,605 |
| Allowance for doubtful accounts | (1,027) | (3,163) |
| Total current assets | 3,606,924 | 3,612,557 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 1,827,986 | 1,906,940 |
| Other, net | 326,411 | 460,708 |
| Total property, plant and equipment | 2,154,397 | 2,367,649 |
| Intangible assets | | |
| Software | 14,704 | 13,432 |
| Total intangible assets | 14,704 | 13,432 |
| Investments and other assets | | |
| Guarantee deposits | 746,951 | 780,787 |
| Other | 652,355 | 561,269 |
| Allowance for doubtful accounts | (165,800) | (168,600) |
| Total investments and other assets | 1,233,506 | 1,173,457 |
| Total non-current assets | 3,402,608 | 3,554,538 |
| Total assets | 7,009,532 | 7,167,095 |

(Thousands of yen)

| | As of November 30, 2023 | As of February 29, 2024 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,006,723 | 892,805 |
| Short-term borrowings | 373,344 | 333,345 |
| Current portion of long-term borrowings | 802,698 | 912,151 |
| Accounts payable - other | 262,284 | 214,729 |
| Accrued expenses | 510,607 | 399,511 |
| Income taxes payable | 136,779 | 75,467 |
| Provision for bonuses | 94,304 | - |
| Provision for loss on store closings | - | 3,040 |
| Other | 250,553 | 252,182 |
| Total current liabilities | 3,437,295 | 3,083,232 |
| Non-current liabilities | | |
| Long-term borrowings | 777,374 | 1,226,284 |
| Asset retirement obligations | 252,038 | 257,929 |
| Other | 327,209 | 329,209 |
| Total non-current liabilities | 1,356,621 | 1,813,423 |
| Total liabilities | 4,793,917 | 4,896,655 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 306,594 | 306,594 |
| Capital surplus | 844,972 | 844,972 |
| Retained earnings | 1,438,924 | 1,494,613 |
| Treasury shares | (383,606) | (383,606) |
| Total shareholders' equity | 2,206,884 | 2,262,573 |
| Non-controlling interests | 8,730 | 7,865 |
| Total net assets | 2,215,615 | 2,270,439 |
| Total liabilities and net assets | 7,009,532 | 7,167,095 |

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

| | For the three months ended February 28, 2023 | For the three months ended February 29, 2024 |
|--|---|---|
| Net sales | 3,332,224 | 3,821,972 |
| Cost of sales | 1,243,705 | 1,444,484 |
| Gross profit | 2,088,518 | 2,377,488 |
| Selling, general and administrative expenses | 1,897,163 | 2,138,467 |
| Operating profit | 191,355 | 239,021 |
| Non-operating income | | |
| Interest and dividend income | 1,443 | 3,767 |
| Sponsorship money income | 29,803 | 29,939 |
| Foreign exchange gains | - | 11,370 |
| Other | 6,305 | 7,171 |
| Total non-operating income | 37,551 | 52,249 |
| Non-operating expenses | | |
| Interest expenses | 3,545 | 3,171 |
| Provision of allowance for doubtful accounts for subsidiaries and associates | 24,400 | 2,800 |
| Share of loss of entities accounted for using equity method | 702 | 1,685 |
| Other | 6,717 | 3,557 |
| Total non-operating expenses | 35,365 | 11,214 |
| Ordinary profit | 193,542 | 280,056 |
| Extraordinary losses | | |
| Loss on store closings | 885 | - |
| Loss on sale of non-current assets | - | 4,415 |
| Loss on retirement of non-current assets | - | 1,947 |
| Provision for loss on store closings | 2,100 | 3,040 |
| Total extraordinary losses | 2,985 | 9,402 |
| Profit before income taxes | 190,557 | 270,653 |
| Income taxes - current | 49,279 | 78,574 |
| Income taxes - deferred | 44,895 | 17,783 |
| Total income taxes | 94,175 | 96,357 |
| Profit | 96,382 | 174,295 |
| Loss attributable to non-controlling interests | (12) | (864) |
| Profit attributable to owners of parent | 96,394 | 175,160 |

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousands of yen)

| | For the three months ended February 28, 2023 | For the three months ended February 29, 2024 |
|---|---|---|
| Profit | 96,382 | 174,295 |
| Comprehensive income | 96,382 | 174,295 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 96,394 | 175,160 |
| Comprehensive income attributable to non-controlling interests | (12) | (864) |