

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2023 (Based on Japanese GAAP)

August 14, 2023

Company name: KONAKA CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 7494 URL <https://www.konaka.co.jp>
 Representative: Representative Director, President and CEO Kensuke Konaka
 Group Representative
 Senior Managing Executive Officer, CFO,
 Inquiries: General Manager of Administration Makoto Okumura TEL 045(825)7700
 Headquarters
 Scheduled date to file Quarterly Securities Report: August 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended June 30, 2023	52,736	4.5	757	–	840	–	851	–
Nine months ended June 30, 2022	50,444	–	(1,018)	–	(135)	–	(908)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended June 30, 2023	29.20		–	
Nine months ended June 30, 2022	(31.20)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	53,923	20,291	36.8
As of September 30, 2022	54,307	19,797	35.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2022	–	10.00	–	10.00	20.00
Year ending September 30, 2023	–	10.00	–		
Year ending September 30, 2023 (Forecast)				10.00	20.00

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	69,332	9.7	(441)	–	247	–	(248)	–	(8.52)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2023	31,146,685 shares	As of September 30, 2022	31,146,685 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	1,896,086 shares	As of September 30, 2022	2,031,282 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended June 30, 2023	29,169,489 shares	Nine months ended June 30, 2022	29,115,761 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	6,744	7,306
Accounts receivable - trade	2,532	3,071
Merchandise and finished goods	15,499	15,441
Work in process	1	2
Raw materials and supplies	286	373
Other	1,469	1,339
Allowance for doubtful accounts	(0)	–
Total current assets	26,533	27,534
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,842	3,594
Land	10,409	10,038
Other, net	356	435
Total property, plant and equipment	14,607	14,067
Intangible assets		
Trademark right	1,090	51
Other	328	508
Total intangible assets	1,418	560
Investments and other assets		
Investment securities	2,932	3,456
Leasehold and guarantee deposits	7,638	7,140
Retirement benefit asset	399	451
Other	817	756
Allowance for doubtful accounts	(42)	(44)
Total investments and other assets	11,746	11,760
Total non-current assets	27,773	26,389
Total assets	54,307	53,923
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,641	2,121
Electronically recorded obligations - operating	2,045	3,486
Short-term borrowings	13,562	12,371
Current portion of long-term borrowings	658	7,777
Income taxes payable	422	470
Contract liabilities	994	824
Provision for bonuses	420	450
Other	3,880	3,306
Total current liabilities	23,625	30,807
Non-current liabilities		
Long-term borrowings	7,738	92
Retirement benefit liability	606	595
Provision for point card certificates	37	26
Other	2,502	2,109
Total non-current liabilities	10,885	2,824
Total liabilities	34,510	33,632

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	5,305	5,305
Capital surplus	13,253	13,253
Retained earnings	2,553	2,644
Treasury shares	(3,342)	(3,119)
Total shareholders' equity	17,770	18,083
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,481	1,853
Foreign currency translation adjustment	(46)	(7)
Remeasurements of defined benefit plans	(73)	(63)
Total accumulated other comprehensive income	1,361	1,782
Non-controlling interests	665	425
Total net assets	19,797	20,291
Total liabilities and net assets	54,307	53,923

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	50,444	52,736
Cost of sales	21,609	22,094
Gross profit	28,834	30,642
Selling, general and administrative expenses	29,853	29,884
Operating profit (loss)	(1,018)	757
Non-operating income		
Interest income	11	18
Dividend income	31	36
Rental income from real estate	363	275
Subsidies for employment adjustment	345	–
Other	372	188
Total non-operating income	1,125	518
Non-operating expenses		
Interest expenses	126	127
Rental expenses on real estate	61	53
Share issuance costs	–	214
Other	54	40
Total non-operating expenses	242	435
Ordinary profit (loss)	(135)	840
Extraordinary income		
Gain on sale of non-current assets	4	811
Gain on sale of investment securities	49	0
Penalty income	–	440
Other	–	230
Total extraordinary income	54	1,481
Extraordinary losses		
Loss on retirement of non-current assets	3	26
Impairment losses	1,291	1,526
Loss on store closings	31	68
Other	19	0
Total extraordinary losses	1,345	1,620
Profit (loss) before income taxes	(1,426)	701
Income taxes - current	238	439
Income taxes - deferred	(18)	(320)
Total income taxes	220	119
Profit (loss)	(1,646)	581
Loss attributable to non-controlling interests	(738)	(270)
Profit (loss) attributable to owners of parent	(908)	851

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Profit (loss)	(1,646)	581
Other comprehensive income		
Valuation difference on available-for-sale securities	(243)	371
Foreign currency translation adjustment	(36)	68
Remeasurements of defined benefit plans, net of tax	(11)	10
Total other comprehensive income	(291)	450
Comprehensive income	(1,938)	1,032
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,174)	1,272
Comprehensive income attributable to non-controlling interests	(763)	(240)