

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 2022

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 12, 2022  
 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, 2022 (from October 1, 2021 to June 30, 2022)

(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, 2022	50,444	–	(1,018)	–	(135)	–	(908)	–
Nine months ended June 30, 2021	47,548	28.1	(4,889)	–	(4,001)	–	(3,855)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended June 30, 2022	(31.20)		–	
Nine months ended June 30, 2021	(132.40)		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2022	58,050		22,552		37.2	
As of September 30, 2021	58,835		25,051		39.7	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended September 30, 2021	–	10.00	–	10.00	20.00
Year ending September 30, 2022	–	10.00	–	–	–
Year ending September 30, 2022 (Forecast)	–	–	–	10.00	20.00

3. Forecast of consolidated financial results for the year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

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	75,000	28.0	700	–	1,400	–	300	–	10.30

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2022  
 (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, 2022	31,146,685 shares	As of September 30, 2021	31,146,685 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	2,031,199 shares	As of September 30, 2021	2,030,693 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, 2022	29,115,761 shares	Nine months ended June 30, 2021	29,116,318 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	6,339	7,737
Notes and accounts receivable - trade	2,092	3,139
Merchandise and finished goods	17,927	16,823
Work in process	0	0
Raw materials and supplies	320	286
Other	1,493	1,412
Allowance for doubtful accounts	(5)	(0)
Total current assets	28,167	29,399
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,819	4,121
Land	10,488	10,486
Other, net	446	396
Total property, plant and equipment	15,755	15,004
Intangible assets		
Trademark right	1,240	1,127
Other	441	362
Total intangible assets	1,681	1,489
Investments and other assets		
Investment securities	3,530	2,909
Leasehold and guarantee deposits	8,248	7,925
Retirement benefit asset	467	518
Other	1,017	841
Allowance for doubtful accounts	(31)	(38)
Total investments and other assets	13,231	12,157
Total non-current assets	30,668	28,651
Total assets	58,835	58,050
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,453	1,966
Electronically recorded obligations - operating	1,531	2,936
Short-term borrowings	13,090	13,593
Current portion of long-term borrowings	728	708
Income taxes payable	461	294
Provision for bonuses	499	435
Other	3,677	4,493
Total current liabilities	21,441	24,429
Non-current liabilities		
Long-term borrowings	8,406	7,870
Retirement benefit liability	619	593
Provision for retirement benefits for directors (and other officers)	31	–
Provision for point card certificates	642	57
Other	2,643	2,547
Total non-current liabilities	12,342	11,068
Total liabilities	33,784	35,498

(Millions of yen)

	As of September 30, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	5,305	5,305
Capital surplus	13,253	13,253
Retained earnings	6,349	4,876
Treasury shares	(3,342)	(3,342)
Total shareholders' equity	21,565	20,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,698	1,464
Foreign currency translation adjustment	47	25
Remeasurements of defined benefit plans	30	18
Total accumulated other comprehensive income	1,776	1,508
Non-controlling interests	1,708	950
Total net assets	25,051	22,552
Total liabilities and net assets	58,835	58,050

**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, 2021	Nine months ended June 30, 2022
Net sales	47,548	50,444
Cost of sales	21,246	21,609
Gross profit	26,301	28,834
Selling, general and administrative expenses	31,191	29,853
Operating loss	(4,889)	(1,018)
Non-operating income		
Interest income	13	11
Dividend income	91	31
Rental income from real estate	344	363
Subsidies for employment adjustment	702	345
Other	207	372
Total non-operating income	1,359	1,125
Non-operating expenses		
Interest expenses	115	126
Rental expenses on real estate	54	61
Arrangement Fee	255	-
Other	46	54
Total non-operating expenses	472	242
Ordinary loss	(4,001)	(135)
Extraordinary income		
Gain on sale of non-current assets	5	4
Gain on sale of investment securities	114	49
Total extraordinary income	120	54
Extraordinary losses		
Loss on retirement of non-current assets	86	3
Impairment losses	808	1,291
Loss on store closings	41	31
Other	0	19
Total extraordinary losses	937	1,345
Loss before income taxes	(4,818)	(1,426)
Income taxes - current	213	238
Income taxes - deferred	(22)	(18)
Total income taxes	190	220
Loss	(5,009)	(1,646)
Loss attributable to non-controlling interests	(1,154)	(738)
Loss attributable to owners of parent	(3,855)	(908)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
Loss	(5,009)	(1,646)
Other comprehensive income		
Valuation difference on available-for-sale securities	559	(243)
Foreign currency translation adjustment	26	(36)
Remeasurements of defined benefit plans, net of tax	5	(11)
Total other comprehensive income	591	(291)
Comprehensive income	(4,417)	(1,938)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,299)	(1,174)
Comprehensive income attributable to non-controlling interests	(1,117)	(763)