

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2022 (Based on Japanese GAAP)

February 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: February 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 three months ended December 31, 2022 (from October 1, 2022 to December 31, 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	%
Three months ended December 31, 2022	17,142	6.7	(15)	–	170	–	557	–
Three months ended December 31, 2021	16,068	–	(714)	–	(251)	–	(124)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2022	19.15		–	
Three months ended December 31, 2021	(4.27)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	56,530	19,897	34.3
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	–				
Year ending September 30, 2023 (Forecast)		10.00	–	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
Six months ending March 31, 2023	39,185	14.0	1,448	–	2,014	–	1,500	–	51.54
Full year	72,011	14.0	531	–	1,213	–	477	–	16.40

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 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 December 31, 2022	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 December 31, 2022	2,031,297 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)

Three months ended December 31, 2022	29,115,391 shares	Three months ended December 31, 2021	29,115,946 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	6,744	6,687
Accounts receivable - trade	2,532	3,214
Merchandise and finished goods	15,499	16,749
Work in process	1	0
Raw materials and supplies	286	283
Other	1,469	1,592
Allowance for doubtful accounts	(0)	(0)
Total current assets	26,533	28,526
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,842	3,885
Land	10,409	10,409
Other, net	356	465
Total property, plant and equipment	14,607	14,759
Intangible assets		
Trademark right	1,090	1,053
Other	328	340
Total intangible assets	1,418	1,393
Investments and other assets		
Investment securities	2,932	2,998
Leasehold and guarantee deposits	7,638	7,679
Retirement benefit asset	399	416
Other	817	798
Allowance for doubtful accounts	(42)	(42)
Total investments and other assets	11,746	11,850
Total non-current assets	27,773	28,003
Total assets	54,307	56,530
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,641	2,748
Electronically recorded obligations - operating	2,045	3,043
Short-term borrowings	13,562	13,551
Current portion of long-term borrowings	658	8,107
Income taxes payable	422	387
Contract liabilities	994	1,091
Provision for bonuses	420	347
Other	3,880	4,065
Total current liabilities	23,625	33,341
Non-current liabilities		
Long-term borrowings	7,738	107
Retirement benefit liability	606	618
Provision for point card certificates	37	36
Other	2,502	2,529
Total non-current liabilities	10,885	3,291
Total liabilities	34,510	36,632

(Millions of yen)

	As of September 30, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	5,305	5,305
Capital surplus	13,253	13,253
Retained earnings	2,553	2,819
Treasury shares	(3,342)	(3,342)
Total shareholders' equity	17,770	18,036
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,481	1,532
Foreign currency translation adjustment	(46)	(82)
Remeasurements of defined benefit plans	(73)	(69)
Total accumulated other comprehensive income	1,361	1,380
Non-controlling interests	665	479
Total net assets	19,797	19,897
Total liabilities and net assets	54,307	56,530

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Net sales	16,068	17,142
Cost of sales	6,771	7,100
Gross profit	9,296	10,041
Selling, general and administrative expenses	10,010	10,057
Operating loss	(714)	(15)
Non-operating income		
Interest income	3	5
Dividend income	13	15
Rental income from real estate	118	108
Foreign exchange gains	13	76
Subsidies for employment adjustment	296	–
Other	85	39
Total non-operating income	530	246
Non-operating expenses		
Interest expenses	44	42
Rental expenses on real estate	17	14
Other	5	2
Total non-operating expenses	67	60
Ordinary profit (loss)	(251)	170
Extraordinary income		
Gain on sale of non-current assets	–	36
Gain on sale of investment securities	27	–
Penalty income	–	440
Total extraordinary income	27	476
Extraordinary losses		
Loss on retirement of non-current assets	0	3
Loss on store closings	5	64
Total extraordinary losses	5	67
Profit (loss) before income taxes	(229)	579
Income taxes - current	69	199
Income taxes - deferred	(11)	(6)
Total income taxes	58	192
Profit (loss)	(288)	386
Loss attributable to non-controlling interests	(163)	(171)
Profit (loss) attributable to owners of parent	(124)	557

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit (loss)	(288)	386
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	51
Foreign currency translation adjustment	1	(50)
Remeasurements of defined benefit plans, net of tax	(3)	3
Total other comprehensive income	(14)	4
Comprehensive income	(302)	391
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(135)	576
Comprehensive income attributable to non-controlling interests	(166)	(185)