

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 9, 2022

Company name: Kansai Food Market Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9919 URL <http://www.kansai-foodmarket.co.jp/>
 Representative: President of Representative Director Katsuhiko Hayashi
 Director and General Manager of
 Inquiries: Administrative Planning Office Gaku Watanabe TEL 072-744-5701
 Scheduled date to file Quarterly Securities Report: February 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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 December 31, 2021 (from April 1, 2021 to December 31, 2021)

(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 December 31, 2021	192,788	–	4,027	–	3,365	–	2,919	–
Nine months ended December 31, 2020	99,316	4.6	2,677	88.1	2,957	75.3	1,973	74.4

Note: Comprehensive income Nine months ended December 31, 2021 ¥2,873 million [–%]
 Nine months ended December 31, 2020 ¥2,135 million [105.0%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	87.81		–	
Nine months ended December 31, 2020	64.83		–	

Notes: 1. In the nine months ended December 31, 2021, share exchanges were conducted resulting in the Company becoming the wholly owning parent company in the share exchanges and Izumiya Co., Ltd. and Hankyu Oasis Co., Ltd. becoming the wholly owned subsidiaries in the respective share exchange, and this has been reflected in the consolidated financial statements with December 31, 2021 as the deemed acquisition date for both cases.

As the share exchanges are treated as reverse acquisitions under business combination accounting, the operating results of the nine months ended December 31, 2021 are presented including the operating results of Izumiya Co., Ltd. and Hankyu Oasis Co., Ltd.

As the scope of this report is different from prior periods, the percentage changes from the same quarter of the previous year are not stated.

2. As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022, each figure for the nine months ended December 31, 2021 is the figure after the application of the said accounting standard, etc.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2021	149,817		59,794		39.9	
As of March 31, 2021	54,720		34,595		63.2	

Reference: Equity As of December 31, 2021 ¥59,794 million
 As of March 31, 2021 ¥34,595 million

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 March 31, 2021	–	8.00	–	10.00	18.00
Year ending March 31, 2022	–	8.00	–		
Year ending March 31, 2022 (Forecast)				10.00	18.00

Notes: 1. Revision of cash dividend forecast most recently announced: Yes

2. Breakdown of year-end dividend for the fiscal year ended March 31, 2021

Ordinary dividend ¥8.00 Special dividend ¥2.00

3. Breakdown of year-end dividend for the fiscal year ending March 31, 2022

Ordinary dividend ¥8.00 Special dividend ¥2.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 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	289,100	–	5,300	–	4,400	–	7,800	–	196.57

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2021

Yes

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Note: Although this matter does not constitute a change in specified subsidiaries in the nine months ended December 31, 2021, KS Company

Split Preparation Co., Ltd. was newly established on September 22, 2021 in order to transition to a holding company structure through an absorption-type company split with an effective date of February 1, 2022, and is included in the scope of consolidation. KS Company Split Preparation Co., Ltd. changed its trade name to Kansai Super Market Ltd. on February 1, 2022.

(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, 2021	63,858,804 shares	As of March 31, 2021	31,940,954 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	4,865,824 shares	As of March 31, 2021	1,951,827 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	33,242,695 shares	Nine months ended December 31, 2020	30,443,164 shares
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Note: On December 15, 2021, a share exchange was conducted resulting in the Company becoming the wholly owning parent company in the share exchange and Izumiya Co., Ltd. becoming the wholly owned subsidiary in the share exchange, and a share exchange was conducted resulting in the Company becoming the wholly owning parent company in the share exchange and Hankyu Oasis Co., Ltd. becoming the wholly owned subsidiary in the share exchange, and the Company issued shares of common stock. As a result, total number of issued shares at the end of the period have increased.

* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	6,879	17,370
Accounts receivable - trade	1,748	14,235
Merchandise and finished goods	2,454	7,310
Raw materials and supplies	64	170
Short-term loans receivable	–	2,502
Accounts receivable - other	965	6,306
Other	497	2,072
Allowance for doubtful accounts	–	(83)
Total current assets	12,610	49,886
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,837	31,357
Machinery, equipment and vehicles, net	231	1,063
Land	21,072	35,557
Construction in progress	–	101
Other, net	2,391	4,419
Total property, plant and equipment	33,533	72,499
Intangible assets		
Goodwill	–	2,324
Other	439	1,619
Total intangible assets	439	3,943
Investments and other assets		
Investment securities	1,755	1,179
Long-term loans receivable	–	3,133
Guarantee deposits	4,374	12,902
Retirement benefit asset	970	1,226
Deferred tax assets	980	4,395
Other	55	657
Allowance for doubtful accounts	–	(6)
Total investments and other assets	8,137	23,488
Total non-current assets	42,109	99,931
Total assets	54,720	149,817

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	7,585	33,898
Current portion of long-term borrowings	1,204	1,168
Accounts payable - other	2,666	14,978
Lease obligations	426	972
Income taxes payable	631	865
Advances received	82	1,923
Provision for bonuses	1,026	832
Other	1,653	12,893
Total current liabilities	15,277	67,532
Non-current liabilities		
Long-term borrowings	1,314	1,199
Provision for retirement benefits for directors (and other officers)	–	49
Retirement benefit liability	876	4,350
Long-term accounts payable - other	6	79
Lease obligations	622	10,599
Long-term guarantee deposits	1,499	3,865
Asset retirement obligations	517	2,208
Other	10	137
Total non-current liabilities	4,846	22,490
Total liabilities	20,124	90,023
Net assets		
Shareholders' equity		
Share capital	9,862	9,862
Capital surplus	10,906	54,671
Retained earnings	15,551	2,916
Treasury shares	(1,860)	(7,383)
Total shareholders' equity	34,460	60,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	253	–
Revaluation reserve for land	–	(479)
Remeasurements of defined benefit plans	(117)	208
Total accumulated other comprehensive income	135	(271)
Total net assets	34,595	59,794
Total liabilities and net assets	54,720	149,817

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	99,316	192,788
Cost of sales	73,987	130,134
Gross profit	25,329	62,653
Selling, general and administrative expenses	22,651	58,626
Operating profit	2,677	4,027
Non-operating income		
Interest income	4	17
Dividend income	21	0
Share of profit of entities accounted for using equity method	6	-
Other	279	133
Total non-operating income	312	151
Non-operating expenses		
Interest expenses	16	284
Contributions for group operations	-	404
Other	15	123
Total non-operating expenses	32	813
Ordinary profit	2,957	3,365
Extraordinary income		
Gain on sale of non-current assets	-	164
Gain on sale of investment securities	4	-
Gain on bargain purchase	-	231
Total extraordinary income	4	396
Extraordinary losses		
Loss on sale and retirement of non-current assets	16	88
Loss on closing stores and others	-	12
Impairment losses	-	80
Provision for loss on store closings	1	-
Total extraordinary losses	17	181
Profit before income taxes	2,945	3,581
Income taxes - current	678	617
Income taxes - deferred	292	44
Total income taxes	971	661
Profit	1,973	2,919
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,973	2,919

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	1,973	2,919
Other comprehensive income		
Valuation difference on available-for-sale securities	167	–
Remeasurements of defined benefit plans, net of tax	0	(45)
Share of other comprehensive income of entities accounted for using equity method	(5)	–
Total other comprehensive income	162	(45)
Comprehensive income	2,135	2,873
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,135	2,873
Comprehensive income attributable to non-controlling interests	–	–