

2. Dividends

| | Annual dividends | | | | |
|---------------------------|------------------|-----------|-----------|-----------------|-------|
| | End of 1Q | End of 2Q | End of 3Q | End of the year | Total |
| | yen | yen | yen | yen | yen |
| FYE 06/20/2021 | - | 15.50 | - | 18.00 | 33.50 |
| FYE 06/20/2022 | - | 21.00 | | | |
| FYE 06/20/2022 (forecast) | | | - | 21.00 | 42.00 |

(Note) Modification of the dividends forecast released most recently: None

3. Projected Business Results for FYE 06/20/2022 (06/21/2021- 06/20/2022)

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit | | Profit per share |
|-----------|-------------|-----|------------------|-----|-----------------|-----|-------------|-----|------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Full year | 131,000 | 0.4 | 11,800 | 2.6 | 12,900 | 1.0 | 9,000 | 0.2 | 129.93 |

(Note) Modification of the earnings forecast released most recently: None

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) and other standards since the beginning of the FYE 06/20/2022, and the respective earnings estimates reported above show the amounts after which the above-mentioned accounting standard is applied. In addition, the rates of increase and decrease in the respective figures compared with the same period of the previous fiscal year are calculated on the assumption that the above-mentioned standard, etc. are applied to the FYE 06/20/2021.

*NOTES

(1) Adoption of special accounting treatment used in preparation of the quarterly financial statements: None

(2) Change in accounting policies or estimates and retrospective restatements

- | | | |
|--|---|------|
| 1) Change in accounting policies in accordance with revision of accounting standards | : | Yes |
| 2) Change in accounting policies other than item 1) above | : | None |
| 3) Change in accounting estimates | : | None |
| 4) Retrospective restatements | : | None |

(3) Number of outstanding shares (common stock)

| | | | | |
|---|----------------------|-------------------|----------------------|--------------------|
| 1) Number of outstanding shares at the end of the period (including treasury stock) | 2Q of FYE 06/20/2022 | 73,348,911 shares | FYE 06/20/2021 | 103,225,760 shares |
| 2) Number of treasury stock at the end of the period | 2Q of FYE 06/20/2022 | 7,232,660 shares | FYE 06/20/2021 | 33,955,369 shares |
| 3) Average number of shares during the period (cumulative for all quarters) | 2Q of FYE 06/20/2022 | 68,411,313 shares | 2Q of FYE 06/20/2021 | 69,266,238 shares |

* The financial results fall outside the scope of the review by a certified public accountant or an audit corporation.

* Explanation for appropriate use of operating results forecasts and other special notes

The financial results forecasts and other figures contained herein concerning the future are based on current information in possession of the company pertaining thereto, and on certain presumptions that are assessed as rational; however, this information does not constitute a commitment to achieve the relevant figures. The actual results may vary greatly due to various factors.

Quarterly Financial Statement and Main Notes

(1) Quarterly Balance Sheets

| | (Unit: million yen) | |
|--|--|---|
| | Previous Accounting Year (06/20/2021) | Current 2Q Accounting Period (12/20/2021) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 45,533 | 38,152 |
| Accounts receivable-trade | 3,268 | — |
| Accounts receivable - trade, and contract assets | — | 3,572 |
| Merchandise | 13,767 | 15,547 |
| Costs on construction contracts in progress | 311 | 431 |
| Raw materials and supplies | 272 | 285 |
| Other | 1,841 | 1,802 |
| Allowance for doubtful accounts | (2) | (1) |
| Total current assets | 64,993 | 59,790 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 69,171 | 69,268 |
| Structures | 8,434 | 8,496 |
| Machinery and equipment | 728 | 677 |
| Vehicles | 45 | 49 |
| Tools, furniture and fixtures | 3,901 | 3,903 |
| Land | 56,487 | 56,487 |
| Leased assets | 529 | 384 |
| Construction in progress | 310 | 1,161 |
| Accumulated depreciation | (53,217) | (54,171) |
| Total property, plant and equipment | 86,391 | 86,258 |
| Intangible assets | | |
| Leasehold interests in land | 1,038 | 1,228 |
| Software | 533 | 644 |
| Other | 216 | 67 |
| Total intangible assets | 1,789 | 1,941 |
| Investments and other assets | | |
| Investment securities | 2,120 | 1,726 |
| Stocks of subsidiaries and affiliates | 184 | 184 |
| Deferred tax assets | 3,688 | 3,203 |
| Other | 1,438 | 1,711 |
| Total investments and other assets | 7,431 | 6,826 |
| Total noncurrent assets | 95,612 | 95,025 |
| Total assets | 160,606 | 154,816 |

(Unit: million yen)

| | Previous Accounting Year (06/20/2021) | Current 2Q Accounting Period (12/20/2021) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 6,925 | 8,287 |
| Current portion of long-term loans payable | 4,401 | 4,401 |
| Lease obligations | 94 | 64 |
| Income taxes payable | 2,440 | 1,608 |
| Advances received on construction contracts in progress | 1,309 | 1,288 |
| Provision for bonuses | 26 | 8 |
| Provision for directors' bonuses | 42 | 17 |
| Other | 7,044 | 4,856 |
| Total current liabilities | 22,284 | 20,533 |
| Noncurrent liabilities | | |
| Long-term loans payable | 16,339 | 14,136 |
| Lease obligations | 102 | 83 |
| Provision for retirement benefits | 2,054 | 1,993 |
| Asset retirement obligations | 2,645 | 2,651 |
| Long-term guarantee deposited | 4,355 | 4,435 |
| Provision for employees' share-based remuneration | 66 | 93 |
| Provision for directors' share-based remuneration | 73 | 84 |
| Total noncurrent liabilities | 25,636 | 23,479 |
| Total liabilities | 47,921 | 44,012 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 12,000 | 12,000 |
| Capital surplus | | |
| Other capital surplus | 12,224 | — |
| Total capital surpluses | 12,224 | — |
| Retained earnings | | |
| Legal retained earnings | 681 | 806 |
| Other retained earnings | | |
| General reserve | 136,330 | 86,330 |
| Retained earnings brought forward | 9,053 | 22,813 |
| Total retained earnings | 146,064 | 109,950 |
| Treasury stock | (58,734) | (12,002) |
| Total shareholders' equity | 111,554 | 109,948 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 1,130 | 856 |
| Total valuation and translation adjustments | 1,130 | 856 |
| Total net assets | 112,684 | 110,804 |
| Total liabilities and net assets | 160,606 | 154,816 |

(2) Quarterly Statement of Income
2Q

(Unit: million yen)

| | Previous 2Q (From 06/21/2020 to 12/20/2020) | Current 2Q (From 06/21/2021 to 12/20/2021) |
|--|---|--|
| Net sales | 67,140 | 62,162 |
| Cost of sales | 46,271 | 42,392 |
| Gross profit | 20,868 | 19,770 |
| Operating revenue | | |
| Rent income of real estate | 2,366 | 2,427 |
| Income from service fees | 229 | 202 |
| Other | 73 | 75 |
| Total operating revenue | 2,669 | 2,705 |
| Operating gross profit | 23,538 | 22,476 |
| Selling, general and administrative expenses | 17,801 | 16,259 |
| Operating income | 5,736 | 6,216 |
| Non-operating income | | |
| Interest income | 39 | 2 |
| Dividends income | 15 | 15 |
| Commission fee | 199 | 181 |
| Other | 272 | 351 |
| Total non-operating income | 526 | 551 |
| Non-operating expenses | | |
| Interest expenses | 20 | 16 |
| Commission expenses | — | 84 |
| Other | 4 | 5 |
| Total non-operating expenses | 24 | 106 |
| Ordinary income | 6,238 | 6,661 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 0 | — |
| Gain on sales of investment securities | 214 | — |
| Total extraordinary income | 214 | — |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 63 | 27 |
| Loss on sales of investment securities | 495 | — |
| Other | 0 | — |
| Total extraordinary loss | 559 | 27 |
| Profit before income taxes | 5,893 | 6,633 |
| Income taxes-current | 1,528 | 1,446 |
| Income taxes-deferred | 317 | 592 |
| Total income taxes | 1,846 | 2,039 |
| Profit | 4,047 | 4,594 |

(3) Quarterly Statement of cash flows

(Unit: million yen)

| | Previous 2Q (From 06/21/2020 to 12/20/2020) | Current 2Q (From 06/21/2021 to 12/20/2021) |
|--|---|--|
| Net cash provided by (used in) operating activities | | |
| Profit (loss) before income taxes | 5,893 | 6,633 |
| Depreciation | 1,387 | 1,345 |
| Insurance claim income | (4) | (2) |
| Increase (decrease) in allowance for doubtful accounts | 0 | (0) |
| Increase (decrease) in provision for bonuses | 314 | (18) |
| Increase (decrease) in provision for directors' bonuses | (21) | (25) |
| Increase (decrease) in provision for employees' share-based remuneration | 28 | 27 |
| Increase (decrease) in employees' stock benefit allowance | 39 | 34 |
| Increase (decrease) in provision for retirement benefits | 90 | (60) |
| Interest and dividend income | (54) | (18) |
| Interest expenses | 20 | 16 |
| Commission expenses | — | 84 |
| Loss (gain) on sales of investment securities | 281 | — |
| Loss on retirement of non-current assets | 63 | 27 |
| Loss (gain) on sales of non-current assets | (0) | — |
| Decrease (increase) in trade receivables | (385) | (304) |
| Decrease (increase) in inventories | (2,264) | (1,912) |
| Increase (decrease) in trade payables | 2,455 | 1,362 |
| Increase (decrease) in accrued consumption taxes | (529) | (815) |
| Other | 91 | (1,262) |
| Subtotal | 7,407 | 5,112 |
| Interest and dividends received | 63 | 18 |
| Interest paid | (20) | (16) |
| Proceeds from insurance income | 4 | 2 |
| Income taxes paid | (2,205) | (2,273) |
| Net cash provided by (used in) operating activities | 5,249 | 2,842 |
| Net cash provided by (used in) investing activities | | |
| Proceeds from withdrawal of time deposits | 1,000 | — |
| Purchase of property, plant and equipment | (828) | (1,080) |
| Proceeds from sales of property, plant and equipment | 0 | — |
| Payments for retirement of property, plant and equipment | (53) | (13) |
| Purchase of intangible assets | (142) | (244) |
| Proceeds from sales of investment securities | 2,751 | — |
| Other | (30) | (290) |
| Net cash provided by (used in) investing activities | 2,697 | (1,629) |
| Net cash provided by (used in) financing activities | | |
| Repayments of long-term borrowings | (2,198) | (2,202) |
| Purchase of treasury shares | (0) | (5,084) |
| Repayments of lease obligations | (94) | (53) |
| Dividends paid | (1,219) | (1,254) |
| Net cash provided by (used in) financing activities | (3,512) | (8,595) |
| Net increase (decrease) in cash and cash equivalents | 4,435 | (7,381) |
| Cash and cash equivalents at beginning of period | 37,875 | 45,495 |
| Cash and cash equivalents at end of period | 42,310 | 38,114 |