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Non-consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 12, 2025

Company name: KOURAKUEN CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 7554

URL: <https://www.kourakuen.co.jp>

Representative: Tsutae Niida

Representative Director, Chairman and President

Inquiries: Hideo Watanabe

Executive Managing Director, Senior General Manager of
Administration Division

Telephone: +81-24-943-3351

Scheduled date of annual general meeting of shareholders: June 19, 2025

Scheduled date to commence dividend payments: -

Scheduled date to file annual securities report: June 18, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	18,843	112.3	443	-	413	-	799	-
March 31, 2024	8,874	1.4	(502)	-	(619)	-	(504)	-

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	48.16	48.16	20.5	3.8	2.4
March 31, 2024	(32.57)	-	-	-	-

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ - million
Fiscal year ended March 31, 2024: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	12,494	5,992	47.8	312.28
March 31, 2024	9,069	1,851	20.4	117.45

(Reference) Equity: As of March 31, 2025: ¥ 5,967 million
As of March 31, 2024: ¥ 1,846 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	1,991	33	923	4,721
March 31, 2024	-	-	-	-

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	0.00	-	0.00	0.00	-	-	-
March 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending								
March 31, 2026 (Forecast)	-	-	-	-	-		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2025 :

Commemorative dividend - yen

Special dividend - yen

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	14,000	192.8	500	-	500	-	350	(19.5)	18.32
Full year	28,000	48.6	1,100	147.8	1,100	165.8	800	0.0	41.86

* Notes:

(1) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(2) Number of issued shares (common shares)

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

March 31, 2025: 20,832,441 shares

March 31, 2024: 17,443,841 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 1,723,342 shares

March 31, 2024: 1,722,999 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 16,602,237 shares

Fiscal Year ended March 31, 2024: 15,499,704 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	1,090,896	4,721,957
Accounts receivable - trade	1,482,394	680,590
Inventories	164,193	277,503
Prepaid expenses	226,151	216,542
Advances paid	689,454	7,903
Accounts receivable - other	687,491	103,177
Other	4,100	10,506
Allowance for doubtful accounts	(2,130,248)	-
Total current assets	2,214,433	6,018,182
Non-current assets		
Property, plant and equipment		
Buildings, net	2,703,626	2,079,108
Structures, net	424,227	324,378
Machinery and equipment, net	50,711	256,553
Vehicles, net	6,688	7,641
Tools, furniture and fixtures, net	6,047	109,708
Land	1,227,001	1,245,936
Leased assets, net	814,068	704,713
Total property, plant and equipment	5,232,371	4,728,040
Intangible assets		
Leasehold interests in land	74,294	71,352
Other	39,849	32,754
Total intangible assets	114,144	104,107
Investments and other assets		
Investment securities	74,560	78,300
Investments in capital	22	22
Leasehold and guarantee deposits	1,355,326	1,167,063
Deferred tax assets	-	350,015
Other	78,253	52,587
Allowance for doubtful accounts	-	(3,732)
Total investments and other assets	1,508,161	1,644,256
Total non-current assets	6,854,677	6,476,405
Total assets	9,069,110	12,494,587

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	953,033	1,070,498
Short-term borrowings	2,300,000	1,100,000
Current portion of long-term borrowings	265,011	199,960
Lease liabilities	64,139	152,479
Accounts payable - other	310,822	575,954
Accrued expenses	320,083	1,010,233
Income taxes payable	27,305	163,503
Accrued consumption taxes	46,912	287,189
Deposits received	18,001	15,186
Unearned revenue	31,269	11,707
Provision for bonuses	30,014	316,012
Provision for loss on store closings	1,000	1,950
Sublease loss allowance	3,137	3,137
Provision for sales discount	-	29,363
Asset retirement obligations	71,941	2,767
Other	4,806	9,354
Total current liabilities	4,447,478	4,949,297
Non-current liabilities		
Long-term borrowings	1,100,000	108,410
Lease liabilities	265,122	229,815
Provision for retirement benefits	234,061	215,042
Sublease loss allowance	4,444	1,307
Asset retirement obligations	895,733	871,383
Deferred tax liabilities	3,854	-
Other	266,985	127,074
Total non-current liabilities	2,770,202	1,553,032
Total liabilities	7,217,680	6,502,330

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Share capital	3,328,459	4,988,077
Capital surplus		
Legal capital surplus	3,274,867	4,934,485
Other capital surplus	149,332	149,332
Total capital surplus	3,424,200	5,083,817
Retained earnings		
Legal retained earnings	62,800	62,800
Other retained earnings		
General reserve	2,930,070	2,930,070
Retained earnings brought forward	(5,524,779)	(4,725,155)
Total retained earnings	(2,531,909)	(1,732,285)
Treasury shares	(2,383,370)	(2,383,820)
Total shareholders' equity	1,837,380	5,955,788
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,027	11,648
Total valuation and translation adjustments	9,027	11,648
Share acquisition rights	5,021	24,819
Total net assets	1,851,429	5,992,256
Total liabilities and net assets	9,069,110	12,494,587

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	8,874,422	18,843,888
Cost of sales	7,425,519	8,326,747
Gross profit	1,448,903	10,517,141
Selling, general and administrative expenses		
Promotion expenses	43,303	85,500
Sales supplies expense	1,369	65,128
Transportation costs	630,507	646,947
Remuneration for directors (and other officers)	90,813	99,462
Salaries and allowances	337,700	4,177,100
Provision for bonuses	26,130	300,815
Retirement benefit expenses	12,242	37,133
Welfare expenses	70,559	543,889
Hiring expenses	3,257	16,396
Rent expenses	47,661	1,285,087
Repair expenses	17,313	110,384
Utilities expenses	25,591	1,023,515
Medical expenses	911	195,996
Depreciation	47,419	411,390
Research and development expenses	27,814	37,629
Commission expenses	387,638	568,300
Other	181,033	468,633
Total selling, general and administrative expenses	1,951,270	10,073,311
Operating profit (loss)	(502,366)	443,829
Non-operating income		
Interest income	1,476	1,190
Dividend income	3,610	3,098
Rental income from non-current assets	136,188	126,732
Other	64,287	42,000
Total non-operating income	205,563	173,021
Non-operating expenses		
Interest expenses	68,953	44,753
Rental expenses on non-current assets	135,951	127,545
Other	117,683	30,640
Total non-operating expenses	322,588	202,938
Ordinary profit (loss)	(619,391)	413,912

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Extraordinary income		
Gain on sale of non-current assets	333,241	12,826
Reversal of allowance for doubtful accounts	368,599	2,130,248
Other	159,757	86,793
Total extraordinary income	861,597	2,229,868
Extraordinary losses		
Loss on sale of non-current assets	-	18,791
Loss on abandonment of non-current assets	4,611	18,456
Impairment losses	654,760	302,393
Loss on extinguishment of tie-in shares	-	1,378,113
Other	77,551	37,542
Total extraordinary losses	736,923	1,755,298
Profit (loss) before income taxes	(494,717)	888,483
Income taxes - current	10,180	74,590
Income taxes - deferred	-	14,269
Total income taxes	10,180	88,859
Profit (loss)	(504,897)	799,623

Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	2,988,273	2,934,681	149,332	3,084,013
Changes during period				
Issuance of new shares	340,186	340,186		340,186
Dividends of surplus				
Profit (loss)				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes in items other than shareholders' equity				
Total changes during period	340,186	340,186	-	340,186
Balance at end of period	3,328,459	3,274,867	149,332	3,424,200

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance at beginning of period	62,800	2,930,070	(5,019,881)	(2,027,011)	(2,383,218)	1,662,056
Changes during period						
Issuance of new shares						680,373
Dividends of surplus			-	-		-
Profit (loss)			(504,897)	(504,897)		(504,897)
Purchase of treasury shares					(151)	(151)
Disposal of treasury shares					-	-
Net changes in items other than shareholders' equity						
Total changes during period	-	-	(504,897)	(504,897)	(151)	175,323
Balance at end of period	62,800	2,930,070	(5,524,779)	(2,531,909)	(2,383,370)	1,837,380

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	2,265	2,265	28,650	1,692,972

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Changes during period				
Issuance of new shares				680,373
Dividends of surplus				-
Profit (loss)				(504,897)
Purchase of treasury shares				(151)
Disposal of treasury shares				-
Net changes in items other than shareholders' equity	6,762	6,762	(23,628)	(16,866)
Total changes during period	6,762	6,762	(23,628)	158,457
Balance at end of period	9,027	9,027	5,021	1,851,429

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	3,328,459	3,274,867	149,332	3,424,200
Changes during period				
Issuance of new shares	1,659,617	1,659,617		1,659,617
Dividends of surplus				
Profit (loss)				
Purchase of treasury shares			-	-
Disposal of treasury shares			(0)	(0)
Net changes in items other than shareholders' equity				
Total changes during period	1,659,617	1,659,617	(0)	1,659,617
Balance at end of period	4,988,077	4,934,485	149,332	5,083,817

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance at beginning of period	62,800	2,930,070	(5,524,779)	(2,531,909)	(2,383,370)	1,837,380
Changes during period						
Issuance of new shares						3,319,235
Dividends of surplus			-	-		-
Profit (loss)			799,623	799,623		799,623
Purchase of treasury shares					(504)	(504)
Disposal of treasury shares					54	53
Net changes in items other than shareholders' equity						
Total changes during period	-	-	799,623	799,623	(450)	4,118,408
Balance at end of period	62,800	2,930,070	(4,725,155)	(1,732,285)	(2,383,820)	5,955,788

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	9,027	9,027	5,021	1,851,429
Changes during period				

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Issuance of new shares				3,319,235
Dividends of surplus				-
Profit (loss)				799,623
Purchase of treasury shares				(504)
Disposal of treasury shares				53
Net changes in items other than shareholders' equity	2,620	2,620	19,797	22,418
Total changes during period	2,620	2,620	19,797	4,140,827
Balance at end of period	11,648	11,648	24,819	5,992,256

Non-consolidated Statements of Cash Flows

(Thousands of yen)

For the fiscal year
ended March 31, 2025

Cash flows from operating activities	
Profit before income taxes	888,483
Depreciation	760,254
Impairment losses	302,393
Notes regarding reversal of allowance for doubtful accounts	(2,130,248)
Loss (gain) on extinguishment of tie-in shares	1,378,113
Increase (decrease) in provision for bonuses	41,427
Increase (decrease) in provision for loss on store closings	1,950
Increase (decrease) in provision of reserve for loss on subleasing business	(3,137)
Increase (decrease) in provision for sales discount	29,363
Increase (decrease) in provision for retirement benefits	(19,019)
Increase (decrease) in allowance for doubtful accounts	3,732
Interest and dividend income	(4,288)
Interest expenses	44,753
Commission for syndicate loan	606
Loss (gain) on sale of non-current assets	5,965
Loss on abandonment of non-current assets	11,101
Decrease (increase) in trade receivables	(70,145)
Decrease (increase) in inventories	(3,781)
Decrease (increase) in other assets	808,099
Increase (decrease) in trade payables	176,041
Increase (decrease) in accrued expenses	(42,647)
Increase (decrease) in other liabilities	14,291
Increase (decrease) in accrued consumption taxes	10,633
Other, net	(22,812)
Subtotal	2,181,130
Interest and dividends received	3,994
Interest paid	(46,543)
Payments of commission for syndicate loan	(636)
Income taxes paid	(146,074)
Net cash provided by (used in) operating activities	1,991,870

(Thousands of yen)

For the fiscal year
ended March 31, 2025

Cash flows from investing activities	
Purchase of property, plant and equipment	(243,525)
Proceeds from sale of property, plant and equipment	136,855
Purchase of intangible assets	(8,100)
Proceeds from sale of intangible assets	1,892
Payments of leasehold and guarantee deposits	(10,295)
Proceeds from refund of leasehold and guarantee deposits	159,502
Guarantee deposits received	2,000
Proceeds from collection of construction assistance fund receivables	62,238
Proceeds from sale of golf club membership	18,363
Payments for asset retirement obligations	(84,833)
Other payments	(708)
Net cash provided by (used in) investing activities	33,390
Cash flows from financing activities	
Repayments of lease liabilities	(138,444)
Net increase (decrease) in short-term borrowings	(1,200,000)
Proceeds from long-term borrowings	300,000
Repayments of long-term borrowings	(1,356,641)
Proceeds from issuance of shares	3,319,235
Purchase of treasury shares	(504)
Proceeds from sale of treasury shares	53
Net cash provided by (used in) financing activities	923,699
Effect of exchange rate change on cash and cash equivalents	1,262
Net increase (decrease) in cash and cash equivalents	2,950,223
Cash and cash equivalents at beginning of period	1,090,896
Increase (decrease) in cash and cash equivalents resulting from merger of consolidated subsidiaries	680,837
Cash and cash equivalents at end of period	4,721,957