

**Major liquor distributor characterized by store network and logistics/distribution networks it built by itself**

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**【 7686 Kakuyasu Group Sector : Wholesale Trade 】**

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	108,562	-0.1	1,259	-29.2	1,259	-30.3	513	-31.2	69.9	671.0	49.8
Mar. 2021	80,226	-26.1	-2,602	-	-1,728	-	-1,601	-	-206.9	413.1	49.8
Mar. 2022 CE	86,882	8.3	-3,031	-	-2,603	-	-2,055	-	-220.8	-	TBD
Mar. 2022 E	85,141	6.1	-3,193	-	-2,753	-	-2,039	-	-219.1	334.1	20.0
Mar. 2023 E	105,016	23.3	76	-	78	-	54	-	5.8	320.0	20.0
Mar. 2024 E	117,779	12.2	1,871	24.6x	1,873	24.0x	1,218	22.6x	130.9	430.9	20.0

Note: CE(company expectations),E(Stock Research Center expectations)  
Source: Stock Research Center

**1. Corporate Overview**

Kakuyasu Group's main business is sales of liquor for business use including restaurants and for household use in the 23 wards of Tokyo and other metropolitan areas.

**2. Financial Analysis**

From the fiscal year ended March 2015 to the fiscal year ended March 2020, net sales remained almost flat and the ordinary profit grew 3.2% annually although there were fluctuations. However, in the fiscal year ended March 2021 when there was a significant impact of the COVID-19 pandemic, net sales from business use dropped and it posted an ordinary loss.

**3. Non-Financial Analysis**

The source of the company's intellectual capital is the leadership of the president from the founder family. In the past, the company had overcome critical situations by executing bold reforms. In the process of such reforms, the company repeatedly transitioned to new development stages by establishing new business models and cultivating customers.

**4. Corporate Strategy Analysis**

The issues that should be addressed are the measures against the pandemic, stabilization of its financial base, responding to revisions of the Liquor Tax Act and other legal and regulatory changes as well as securing personnel.

Taking the pandemic as an opportunity, the company is implementing its medium- to long-term strategy, which is to evolve into a delivery platform company, ahead of schedule. Therefore, the company is promoting transition to a three-layer logistics model, which is comprised of a route logistics network for business use (layer one), a prompt delivery logistics network for business use (layer two) and a prompt delivery logistics network for household use (layer three), stating it will aim to recover net sales to the same level as before the pandemic for business use and further expansion of delivery for household use.

### **5. Analyst Evaluation**

We highly evaluate the response capabilities of the hundred-year-old company that had overcome numerous crises. We are keeping our eyes on the growth capability that can be gained after overcoming the major crisis of the pandemic, and would like to pay attention to the progress in structuring the three-layer logistics model, which is necessary for such.

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