

Translation

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## Summary of Consolidated Financial Results for the Year Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

Company name: Kufu Company Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4376 URL <https://kufu.company/>  
 Representative: Director & Representative Executive Officer Yoshiteru Akita  
 Inquiries: Director & Executive Officer Jun Kanma TEL 03-6264-2323  
 Scheduled date of ordinary general meeting of shareholders: December 22, 2022  
 Scheduled date to file Securities Report: December 23, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

#### (1) Consolidated operating results

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	%
Year ended September 30, 2022	18,625	–	1,558	–	1,479	–	452	–
Year ended September 30, 2021	–	–	–	–	–	–	–	–

(Note) EBITDA (operating profit + depreciation and amortization): Year ended September 30, 2022: 2,581 million yen [–%]  
 Year ended September 30, 2021: – million yen [–%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2022	7.80	7.77	4.4	6.8	8.4
Year ended September 30, 2021	–	–	–	–	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	21,329	11,663	47.7	177.77
As of September 30, 2021	–	–	–	–

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2022	1,553	(1,042)	(1,042)	7,238
Year ended September 30, 2021	–	–	–	–

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2021	–	–	–	–	–	–	–	–
Year ended September 30, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ending September 30, 2023 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

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		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	21,000	12.8	2,000	28.4	3,100	20.1

4. Notes

- (1) Changes in significant subsidiaries during the year ended September 30, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) 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  |

(3) Number of issued shares (common shares)

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

As of September 30, 2022	58,286,959 shares	As of September 30, 2021	– shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,001,413 shares	As of September 30, 2021	– shares
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Average number of shares during the period

Year ended September 30, 2022	58,038,428 shares	Year ended September 30, 2021	– shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

As of September 30, 2022

Assets	
Current assets	
Cash and deposits	7,269,013
Accounts receivable - trade	1,007,224
Merchandise	84,305
Work in process	168,595
Raw materials and supplies	2,269
Real estate for sale	2,758,334
Operational investment securities	2,979,331
Other	596,492
Allowance for doubtful accounts	(38,936)
Total current assets	<u>14,826,629</u>
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	300,850
Other, net	96,980
Total property, plant and equipment	<u>397,830</u>
Intangible assets	
Goodwill	3,526,212
Other	527,147
Total intangible assets	<u>4,053,360</u>
Investments and other assets	
Investment securities	678,604
Deferred tax assets	825,575
Other	834,607
Allowance for doubtful accounts	(291,623)
Total investments and other assets	<u>2,047,163</u>
Total non-current assets	<u>6,498,354</u>
Deferred assets	
Share issuance costs	4,983
Total deferred assets	<u>4,983</u>
Total assets	<u>21,329,967</u>

(Thousands of yen)

As of September 30, 2022

Liabilities	
Current liabilities	
Accounts payable - trade	550,130
Outstanding claims	8,062
Policy reserve	4,043
Short-term borrowings	2,981,658
Current portion of long-term borrowings	1,034,272
Asset retirement obligations	3,525
Income taxes payable	313,649
Advances received	1,104,977
Provision for bonuses	30,140
Provision for point services	4,908
Correction related cost	45,420
Provision for loss on relocation	244,991
Provision for loss on business liquidation	59,406
Other	910,379
Total current liabilities	<u>7,295,564</u>
Non-current liabilities	
Bonds payable	8,250
Long-term borrowings	1,840,193
Asset retirement obligations	95,035
Deferred tax liabilities	225,986
Provision for share awards	146,761
Other	54,758
Total non-current liabilities	<u>2,370,985</u>
Total liabilities	<u>9,666,550</u>
Net assets	
Shareholders' equity	
Share capital	13,182
Capital surplus	9,016,914
Retained earnings	1,191,480
Treasury shares	(443,824)
Total shareholders' equity	<u>9,777,754</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	399,143
Foreign currency translation adjustment	6,897
Total accumulated other comprehensive income	<u>406,041</u>
Share acquisition rights	10,216
Non-controlling interests	1,469,404
Total net assets	<u>11,663,417</u>
Total liabilities and net assets	<u>21,329,967</u>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

Fiscal year ended  
September 30, 2022

Net sales	18,625,068
Cost of sales	9,411,176
Gross profit	9,213,891
Selling, general and administrative expenses	7,655,765
Operating profit	1,558,126
Non-operating income	
Interest income	217
Foreign exchange gains	42,224
Subsidy income	9,263
Other	35,469
Total non-operating income	87,174
Non-operating expenses	
Interest expenses	47,333
Commission expenses	59,290
Provision for doubtful accounts	5,269
Loss on equity method investment	45,188
Other	8,470
Total non-operating expenses	165,552
Ordinary profit	1,479,748
Extraordinary income	
Gain on sale of non-current assets	239
Gain on reversal of share acquisition rights	560
Total extraordinary income	800
Extraordinary losses	
Loss on sale of non-current assets	8,934
Impairment losses	68,951
Provision for loss on business liquidation	81,877
Provision for loss on relocation	244,991
Other	35,708
Total extraordinary losses	440,462
Profit before income taxes	1,040,085
Income taxes - current	590,849
Income taxes - deferred	(159,199)
Total income taxes	431,649
Profit	608,435
Profit attributable to non-controlling interests	155,703
Profit attributable to owners of parent	452,732

**Consolidated statements of comprehensive income**

(Thousands of yen)

Fiscal year ended  
September 30, 2022

Profit	608,435
Other comprehensive income	
Valuation difference on available-for-sale securities	(56,819)
Foreign currency translation adjustment	7,822
Total other comprehensive income	<u>(48,997)</u>
Comprehensive income	<u>559,438</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	403,735
Comprehensive income attributable to non-controlling interests	155,703

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	9,013,030	738,748	—	9,761,778
Changes during period					
Issuance of new shares	3,182	3,182			6,365
Profit attributable to owners of parent			452,732		452,732
Purchase of treasury shares				(443,824)	(443,824)
Capital increase of consolidated subsidiaries		161			161
Change in ownership interest of parent due to transactions with non-controlling interests		540			540
Net changes in items other than shareholders' equity					
Total changes during period	3,182	3,884	452,732	(443,824)	15,975
Balance at end of period	13,182	9,016,914	1,191,480	(443,824)	9,777,754

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	455,963	(924)	455,039	8,888	1,314,775	11,540,481
Changes during period						
Issuance of new shares						6,365
Profit attributable to owners of parent						452,732
Purchase of treasury shares						(443,824)
Capital increase of consolidated subsidiaries						161
Change in ownership interest of parent due to transactions with non-controlling interests						540
Net changes in items other than shareholders' equity	(56,819)	7,822	(48,997)	1,328	154,628	106,959
Total changes during period	(56,819)	7,822	(48,997)	1,328	154,628	122,935
Balance at end of period	399,143	6,897	406,041	10,216	1,469,404	11,663,417

## Consolidated statements of cash flows

(Thousands of yen)

Fiscal year ended  
September 30, 2022

Cash flows from operating activities	
Profit before income taxes	1,040,085
Depreciation	358,778
Impairment losses	68,951
Amortization of goodwill	664,579
Increase (decrease) in allowance for doubtful accounts	39,203
Increase (decrease) in provision for loss on business liquidation	59,406
Increase (decrease) in provision for loss on relocation	244,991
Interest income	(217)
Interest expenses	47,333
Foreign exchange losses (gains)	(5,499)
Loss (gain) on sale of non-current assets	8,694
Decrease (increase) in trade receivables	(40,513)
Decrease (increase) in investment securities for sale	258,750
Decrease (increase) in prepaid expenses	(55,901)
Decrease (increase) in inventories	221,290
Decrease (increase) in real estate for sale	(307,520)
Increase (decrease) in trade payables	80,613
Increase (decrease) in accounts payable - other	(81,138)
Increase (decrease) in advances received	(522,606)
Increase (decrease) in unearned revenue	50,698
Decrease (increase) in accounts receivable - other	(50,033)
Other, net	43,548
Subtotal	2,123,496
Interest and dividends received	54,217
Income taxes paid	(662,915)
Interest paid	(46,351)
Subsidies received	9,263
Income taxes refund	76,045
Net cash provided by (used in) operating activities	1,553,754
Cash flows from investing activities	
Purchase of property, plant and equipment	(40,031)
Proceeds from sale of property, plant and equipment	29,199
Purchase of intangible assets	(222,104)
Payments of leasehold and guarantee deposits	(39,552)
Proceeds from refund of leasehold and guarantee deposits	5,397
Purchase of investment securities	(723,792)
Payments for investment partnerships in capital	(50,000)
Other, net	(1,263)
Net cash provided by (used in) investing activities	(1,042,147)



(Thousands of yen)

Fiscal year ended  
September 30, 2022

Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(1,206,446)
Proceeds from long-term borrowings	2,150,000
Repayments of long-term borrowings	(1,520,291)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	5,732
Proceeds from share issuance to non-controlling shareholders	12,852
Redemption of bonds	(16,700)
Purchase of treasury shares	(443,824)
Proceeds from issuance of share acquisition rights	2,521
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12,610)
Other, net	(13,687)
Net cash provided by (used in) financing activities	(1,042,452)
Effect of exchange rate change on cash and cash equivalents	19,088
Net increase (decrease) in cash and cash equivalents	(511,756)
Cash and cash equivalents at beginning of period	7,750,214
Cash and cash equivalents at end of period	7,238,457