

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2023 (Based on Japanese GAAP)

August 14, 2023

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 to file Quarterly Securities Report: August 14, 2023
 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 June 30, 2023 (from October 1, 2022 to June 30, 2023)

(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 June 30, 2023	15,789	18.7	1,608	59.9	1,497	61.0	573	145.0
Nine months ended June 30, 2022	13,303	–	1,006	–	929	–	234	–

(Note) EBITDA (operating profit + depreciation and amortization):
 Nine months ended June 30, 2023: 2,389 million yen [34.8%]
 Nine months ended June 30, 2022: 1,773 million yen [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended June 30, 2023	10.04		10.00	
Nine months ended June 30, 2022	4.02		4.01	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	21,363	11,511	46.3
As of September 30, 2022	21,329	11,663	47.7

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 September 30, 2022	–	0.00	–	0.00	0.00
Year ending September 30, 2023	–	0.00	–		
Year ending September 30, 2023 (Forecast)				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 nine months ended June 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 June 30, 2023	58,299,259 shares	As of September 30, 2022	58,286,959 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	2,002,143 shares	As of September 30, 2022	1,001,413 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended June 30, 2023	57,116,225 shares	Nine months ended June 30, 2022	58,227,226 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	7,269	9,240
Accounts receivable - trade	1,007	986
Merchandise	84	287
Work in process	168	294
Raw materials and supplies	2	2
Real estate for sale	2,758	1,649
Operational investment securities	2,979	1,313
Other	596	585
Allowance for doubtful accounts	(38)	(53)
Total current assets	14,826	14,307
Non-current assets		
Property, plant and equipment	397	671
Intangible assets		
Goodwill	3,526	3,756
Other	527	723
Total intangible assets	4,053	4,480
Investments and other assets		
Investment securities	678	636
Deferred tax assets	825	467
Other	834	1,084
Allowance for doubtful accounts	(291)	(282)
Total investments and other assets	2,047	1,904
Total non-current assets	6,498	7,056
Deferred assets	4	–
Total assets	21,329	21,363

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	550	666
Outstanding claims	8	5
Policy reserve	4	3
Short-term borrowings	2,981	3,281
Current portion of long-term borrowings	1,034	822
Asset retirement obligations	3	—
Income taxes payable	313	403
Advances received	1,104	1,244
Provision for bonuses	30	12
Provision for point services	4	4
Correction related cost	45	45
Provision for loss on relocation	244	—
Provision for loss on business liquidation	59	4
Other	910	1,039
Total current liabilities	7,295	7,533
Non-current liabilities		
Bonds payable	8	—
Long-term borrowings	1,840	1,654
Asset retirement obligations	95	130
Deferred tax liabilities	225	21
Provision for share awards	146	122
Retirement benefit liability	—	20
Provision for retirement benefits for directors (and other officers)	—	87
Other	54	281
Total non-current liabilities	2,370	2,318
Total liabilities	9,666	9,851
Net assets		
Shareholders' equity		
Share capital	13	13
Capital surplus	9,016	9,018
Retained earnings	1,191	1,764
Treasury shares	(443)	(909)
Total shareholders' equity	9,777	9,888
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	399	(13)
Foreign currency translation adjustment	6	7
Total accumulated other comprehensive income	406	(6)
Share acquisition rights	10	10
Non-controlling interests	1,469	1,619
Total net assets	11,663	11,511
Total liabilities and net assets	21,329	21,363

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	13,303	15,789
Cost of sales	6,542	8,194
Gross profit	6,760	7,595
Selling, general and administrative expenses	5,754	5,987
Operating profit	1,006	1,608
Non-operating income		
Interest income	0	1
Foreign exchange gains	34	–
Insurance income	0	17
Other	20	17
Total non-operating income	54	36
Non-operating expenses		
Interest expenses	33	36
Commission expenses	53	46
Foreign exchange losses	–	1
Loss on equity method investment	32	44
Other	11	19
Total non-operating expenses	131	147
Ordinary profit	929	1,497
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on reversal of share acquisition rights	0	0
Gain on differences between asset retirement obligations and actual asset retirement costs	–	2
Gain on reversal of provision for share awards	–	17
Gain on reversal of provision for loss on relocation	–	51
Total extraordinary income	0	72
Extraordinary losses		
Loss on sale of non-current assets	8	–
Loss on retirement of non-current assets	1	3
Impairment losses	1	9
Provision for loss on business liquidation	12	4
Loss on business liquidation	–	10
Settlement package	10	–
Loss on litigation	2	9
Other	9	11
Total extraordinary losses	46	48
Profit before income taxes	884	1,521
Income taxes - current	445	606
Income taxes - deferred	65	196
Total income taxes	510	803
Profit	373	717
Profit attributable to non-controlling interests	139	144
Profit attributable to owners of parent	234	573

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Profit	373	717
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,078)	(412)
Foreign currency translation adjustment	8	0
Total other comprehensive income	(1,070)	(412)
Comprehensive income	(697)	305
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(836)	161
Comprehensive income attributable to non-controlling interests	139	144