

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2023 (Based on Japanese GAAP)

November 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 of ordinary general meeting of shareholders: December 21, 2023
 Scheduled date to file Securities Report: December 22, 2023
 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, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	20,486	10.0	1,882	20.8	1,735	17.3	548	21.1
Year ended September 30, 2022	18,625	–	1,558	–	1,479	–	452	–

(Note) EBITDA (operating profit + depreciation and amortization): Year ended September 30, 2023: 2,926 million yen [13.3%]
 Year ended September 30, 2022: 2,581 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, 2023	9.56	9.52	5.4	8.2	9.2
Year ended September 30, 2022	7.80	7.77	4.4	6.8	8.4

(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, 2023	20,973	11,596	48.0	173.58
As of September 30, 2022	21,329	11,663	47.7	177.77

(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, 2023	4,754	(886)	(1,749)	9,369
Year ended September 30, 2022	1,553	(1,042)	(1,042)	7,238

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, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended September 30, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending September 30, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Notes

- (1) Changes in significant subsidiaries during the year ended September 30, 2023
 (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, 2023	58,301,719 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 September 30, 2023	292,268 shares	As of September 30, 2022	1,001,413 shares
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Average number of shares during the period

Year ended September 30, 2023	57,340,844 shares	Year ended September 30, 2022	58,038,428 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	7,269	9,405
Accounts receivable - trade	1,007	1,129
Merchandise	84	321
Work in process	168	185
Raw materials and supplies	2	6
Real estate for sale	2,758	1,232
Operational investment securities	2,979	1,334
Other	596	525
Allowance for doubtful accounts	(38)	(18)
Total current assets	14,826	14,122
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	300	456
Other, net	96	212
Total property, plant and equipment	397	669
Intangible assets		
Goodwill	3,526	3,591
Other	527	794
Total intangible assets	4,053	4,386
Investments and other assets		
Investment securities	678	627
Deferred tax assets	825	614
Other	834	780
Allowance for doubtful accounts	(291)	(226)
Total investments and other assets	2,047	1,795
Total non-current assets	6,498	6,851
Deferred assets		
Share issuance costs	4	-
Total deferred assets	4	-
Total assets	21,329	20,973

(Millions of yen)

As of September 30, 2022 As of September 30, 2023

	As of September 30, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	550	823
Outstanding claims	8	4
Policy reserve	4	5
Short-term borrowings	2,981	2,272
Current portion of long-term borrowings	1,034	997
Asset retirement obligations	3	0
Income taxes payable	313	457
Contract liabilities	1,323	1,259
Provision for bonuses	30	11
Provision for point services	4	4
Correction related cost	45	45
Provision for loss on relocation	244	—
Provision for loss on business liquidation	59	—
Other	691	811
Total current liabilities	7,295	6,693
Non-current liabilities		
Bonds payable	8	—
Long-term borrowings	1,840	2,079
Asset retirement obligations	95	129
Deferred tax liabilities	225	32
Provision for share awards	146	101
Retirement benefit liability	—	21
Provision for retirement benefits for directors (and other officers)	—	41
Other	54	274
Total non-current liabilities	2,370	2,682
Total liabilities	9,666	9,376
Net assets		
Shareholders' equity		
Share capital	13	13
Capital surplus	9,016	8,452
Retained earnings	1,191	1,739
Treasury shares	(443)	(132)
Total shareholders' equity	9,777	10,073
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	399	(13)
Foreign currency translation adjustment	6	9
Total accumulated other comprehensive income	406	(4)
Share acquisition rights	10	10
Non-controlling interests	1,469	1,517
Total net assets	11,663	11,596
Total liabilities and net assets	21,329	20,973

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

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	18,625	20,486
Cost of sales	9,411	10,686
Gross profit	9,213	9,800
Selling, general and administrative expenses	7,655	7,917
Operating profit	1,558	1,882
Non-operating income		
Interest income	0	1
Foreign exchange gains	42	3
Subsidy income	9	2
Insurance income	–	17
Surrender value of insurance policies	0	32
Other	35	15
Total non-operating income	87	72
Non-operating expenses		
Interest expenses	47	49
Commission expenses	59	73
Provision for doubtful accounts	5	–
Loss on equity method investment	45	63
Other	8	34
Total non-operating expenses	165	220
Ordinary profit	1,479	1,735
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on reversal of share acquisition rights	0	0
Gain on extinguishment of tie-in shares	–	10
Gain on reversal of provision for share awards	–	31
Gain on reversal of provision for loss on relocation	–	51
Other	–	2
Total extraordinary income	0	97
Extraordinary losses		
Loss on sale of non-current assets	8	0
Impairment losses	68	67
Provision for loss on business liquidation	81	4
Loss on sale of shares of subsidiaries	–	41
Provision for loss on relocation	244	–
Other	35	37
Total extraordinary losses	440	151
Profit before income taxes	1,040	1,680
Income taxes - current	590	656
Income taxes - deferred	(159)	231
Total income taxes	431	888
Profit	608	792
Profit attributable to non-controlling interests	155	244
Profit attributable to owners of parent	452	548

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Profit	608	792
Other comprehensive income		
Valuation difference on available-for-sale securities	(56)	(412)
Foreign currency translation adjustment	7	2
Total other comprehensive income	(48)	(410)
Comprehensive income	559	382
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	403	138
Comprehensive income attributable to non-controlling interests	155	244

Consolidated statements of changes in equity

Fiscal year ended September 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10	9,013	738	—	9,761
Changes during period					
Issuance of new shares	3	3			6
Profit attributable to owners of parent			452		452
Purchase of treasury shares				(443)	(443)
Capital increase of consolidated subsidiaries		0			0
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	3	3	452	(443)	15
Balance at end of period	13	9,016	1,191	(443)	9,777

	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	(0)	455	8	1,314	11,540
Changes during period						
Issuance of new shares						6
Profit attributable to owners of parent						452
Purchase of treasury shares						(443)
Capital increase of consolidated subsidiaries						0
Change in ownership interest of parent due to transactions with non-controlling interests						0
Net changes in items other than shareholders' equity	(56)	7	(48)	1	154	106
Total changes during period	(56)	7	(48)	1	154	122
Balance at end of period	399	6	406	10	1,469	11,663

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13	9,016	1,191	(443)	9,777
Changes during period					
Issuance of new shares	0	0			1
Profit attributable to owners of parent			548		548
Purchase of treasury shares				(465)	(465)
Changes by share exchanges		30		776	807
Purchase of shares of consolidated subsidiaries		(600)			(600)
Capital increase of consolidated subsidiaries		6			6
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during period	0	(564)	548	311	295
Balance at end of period	13	8,452	1,739	(132)	10,073

	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	399	6	406	10	1,469	11,663
Changes during period						
Issuance of new shares						1
Profit attributable to owners of parent						548
Purchase of treasury shares						(465)
Changes by share exchanges						807
Purchase of shares of consolidated subsidiaries						(600)
Capital increase of consolidated subsidiaries						6
Change in ownership interest of parent due to transactions with non-controlling interests						(2)
Net changes in items other than shareholders' equity	(412)	2	(410)	0	48	(361)
Total changes during period	(412)	2	(410)	0	48	(66)
Balance at end of period	(13)	9	(4)	10	1,517	11,596

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,040	1,680
Depreciation	358	394
Impairment losses	68	67
Amortization of goodwill	664	649
Loss (profit) on equity method investment	45	63
Increase (decrease) in allowance for doubtful accounts	39	(86)
Increase (decrease) in provision for loss on business liquidation	59	(48)
Increase (decrease) in provision for loss on relocation	244	(144)
Interest income	(0)	(1)
Interest expenses	47	49
Foreign exchange losses (gains)	(5)	0
Loss (gain) on sale of non-current assets	8	(0)
Decrease (increase) in trade receivables	(40)	154
Decrease (increase) in investment securities for sale	258	1,010
Decrease (increase) in prepaid expenses	(55)	38
Decrease (increase) in inventories	221	(45)
Decrease (increase) in real estate for sale	(307)	1,531
Increase (decrease) in trade payables	80	100
Increase (decrease) in accounts payable - other	(81)	(29)
Increase (decrease) in contract liabilities	(473)	(78)
Decrease (increase) in accounts receivable - other	(50)	9
Decrease (increase) in consumption taxes refund receivable	–	40
Increase (decrease) in accrued consumption taxes	–	6
Other, net	(0)	(28)
Subtotal	2,123	5,333
Interest and dividends received	54	1
Income taxes paid	(662)	(563)
Interest paid	(46)	(48)
Subsidies received	9	2
Income taxes refund	76	29
Net cash provided by (used in) operating activities	1,553	4,754

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(40)	(93)
Proceeds from sale of property, plant and equipment	29	0
Purchase of intangible assets	(222)	(457)
Payments for acquisition of businesses	–	(61)
Payments of leasehold and guarantee deposits	(39)	(240)
Proceeds from refund of leasehold and guarantee deposits	5	206
Payments for asset retirement obligations	–	(43)
Decrease (increase) in short-term loans receivable	–	30
Purchase of investment securities	(723)	(10)
Payments for investment partnerships in capital	(50)	–
Proceeds from cancellation of insurance funds	–	102
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(443)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	109
Other, net	(1)	15
Net cash provided by (used in) investing activities	(1,042)	(886)

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,206)	(1,003)
Proceeds from long-term borrowings	2,150	850
Repayments of long-term borrowings	(1,520)	(1,098)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	5	1
Redemption of bonds	(16)	(16)
Purchase of treasury shares	(443)	(465)
Proceeds from issuance of share acquisition rights	2	0
Proceeds from share issuance to non-controlling shareholders	12	1
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12)	(4)
Other, net	(13)	(14)
Net cash provided by (used in) financing activities	(1,042)	(1,749)
Effect of exchange rate change on cash and cash equivalents	19	6
Net increase (decrease) in cash and cash equivalents	(511)	2,125
Cash and cash equivalents at beginning of period	7,750	7,238
Increase in cash and cash equivalents resulting from merger	–	5
Cash and cash equivalents at end of period	7,238	9,369