

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: Kufu Company Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4376 URL: <https://kufu.company/>  
 Representative: Director & Representative Executive Yoshiteru Akita  
 Officer  
 Inquiries: Director & Executive Officer Jun Kanma TEL 03-6264-2323  
 Scheduled date to file Quarterly Securities Report: May 15, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)

(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	%
Six months ended March 31, 2024	6,891	(25.5)	(164)	–	(234)	–	(401)	–
Six months ended March 31, 2023	9,246	1.3	585	(24.3)	489	(31.9)	90	(62.7)

(Note) EBITDA (operating profit + depreciation and amortization): Six months ended March 31, 2024: 354 million yen [(67.9)%]  
 Six months ended March 31, 2023: 1,104 million yen [(14.0)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2024	(6.78)		–	
Six months ended March 31, 2023	1.57		1.57	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	18,494	10,245	53.9
As of September 30, 2023	20,973	11,596	48.0

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

3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	16,000	(21.9)	700	(62.8)	1,800	(38.5)

4. Notes

(1) Changes in significant subsidiaries during the six months ended March 31, 2024  
(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: No

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 March 31, 2024	64,177,595 shares	As of September 30, 2023	58,301,719 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	2,579,961 shares	As of September 30, 2023	292,268 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	59,235,556 shares	Six months ended March 31, 2023	57,295,052 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	9,405	5,754
Accounts receivable - trade	1,129	1,037
Merchandise	321	343
Work in process	185	284
Raw materials and supplies	6	15
Real estate for sale	1,232	1,257
Operational investment securities	1,334	1,472
Other	525	1,078
Allowance for doubtful accounts	(18)	(35)
Total current assets	14,122	11,209
Non-current assets		
Property, plant and equipment	669	729
Intangible assets		
Goodwill	3,591	3,845
Other	794	924
Total intangible assets	4,386	4,770
Investments and other assets		
Investment securities	627	599
Deferred tax assets	614	585
Other	780	844
Allowance for doubtful accounts	(226)	(243)
Total investments and other assets	1,795	1,785
Total non-current assets	6,851	7,285
Total assets	20,973	18,494

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	823	679
Outstanding claims	4	2
Policy reserve	5	5
Short-term borrowings	2,272	2,049
Current portion of long-term borrowings	997	739
Income taxes payable	457	149
Contract liabilities	1,259	1,255
Provision for bonuses	11	11
Provision for point services	4	4
Correction related cost	45	45
Provision for loss on business liquidation	—	33
Other	811	817
Total current liabilities	6,693	5,795
Non-current liabilities		
Long-term borrowings	2,079	1,646
Asset retirement obligations	129	145
Deferred tax liabilities	32	28
Provision for share awards	101	92
Retirement benefit liability	21	22
Provision for retirement benefits for directors (and other officers)	41	41
Other	274	476
Total non-current liabilities	2,682	2,453
Total liabilities	9,376	8,249
Net assets		
Shareholders' equity		
Share capital	13	30
Capital surplus	8,452	9,437
Retained earnings	1,739	1,337
Treasury shares	(132)	(843)
Total shareholders' equity	10,073	9,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13)	(6)
Foreign currency translation adjustment	9	10
Total accumulated other comprehensive income	(4)	3
Share acquisition rights	10	4
Non-controlling interests	1,517	274
Total net assets	11,596	10,245
Total liabilities and net assets	20,973	18,494

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	9,246	6,891
Cost of sales	4,707	3,145
Gross profit	4,538	3,746
Selling, general and administrative expenses	3,953	3,910
Operating profit (loss)	585	(164)
Non-operating income		
Interest income	1	0
Foreign exchange gains	–	2
Insurance income	18	1
Other	10	16
Total non-operating income	29	20
Non-operating expenses		
Interest expenses	23	20
Commission expenses	40	18
Provision for doubtful accounts	9	20
Foreign exchange losses	14	–
Loss on equity method investment	19	27
Other	18	4
Total non-operating expenses	125	90
Ordinary profit (loss)	489	(234)
Extraordinary income		
Gain on sale of businesses	–	55
Gain on sale of shares of subsidiaries	–	31
Gain on reversal of provision for share awards	13	2
Gain on reversal of provision for loss on relocation	51	–
Other	3	2
Total extraordinary income	67	91
Extraordinary losses		
Loss on retirement of non-current assets	2	33
Impairment losses	9	25
Provision for loss on business liquidation	3	33
Loss on business liquidation	13	6
Loss on litigation	4	6
Other	5	–
Total extraordinary losses	39	105
Profit (loss) before income taxes	517	(248)
Income taxes - current	220	153
Income taxes - deferred	141	56
Total income taxes	362	210
Profit (loss)	155	(458)
Profit (loss) attributable to non-controlling interests	65	(56)
Profit (loss) attributable to owners of parent	90	(401)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit (loss)	155	(458)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	6
Foreign currency translation adjustment	(5)	1
Total other comprehensive income	(4)	7
Comprehensive income	150	(450)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	85	(394)
Comprehensive income attributable to non-controlling interests	65	(56)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	517	(248)
Depreciation	186	196
Impairment losses	9	25
Amortization of goodwill	332	330
Increase (decrease) in allowance for doubtful accounts	(35)	29
Increase (decrease) in provision for loss on business liquidation	(43)	33
Increase (decrease) in provision for loss on relocation	(144)	–
Interest income	(1)	(0)
Interest expenses	23	20
Foreign exchange losses (gains)	2	(1)
Loss (gain) on sale of non-current assets	(0)	1
Loss (gain) on sale of businesses	–	(55)
Decrease (increase) in trade receivables	61	87
Decrease (increase) in investment securities for sale	(17)	(131)
Decrease (increase) in prepaid expenses	(6)	(344)
Decrease (increase) in inventories	(230)	(149)
Decrease (increase) in deposits paid	17	(252)
Decrease (increase) in real estate for sale	584	61
Increase (decrease) in trade payables	40	(157)
Increase (decrease) in accounts payable - other	118	(49)
Increase (decrease) in contract liabilities	154	(11)
Decrease (increase) in consumption taxes refund receivable	60	(4)
Increase (decrease) in accrued consumption taxes	(68)	(89)
Other, net	42	17
Subtotal	1,604	(690)
Interest and dividends received	1	0
Income taxes paid	(291)	(454)
Interest paid	(22)	(18)
Subsidies received	1	0
Income taxes refund	6	69
Net cash provided by (used in) operating activities	1,300	(1,094)

	(Millions of yen)	
	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(109)	(41)
Proceeds from sale of property, plant and equipment	0	6
Purchase of intangible assets	(184)	(297)
Payments for acquisition of businesses	–	(31)
Proceeds from sale of businesses	–	69
Payments of leasehold and guarantee deposits	(226)	(32)
Proceeds from refund of leasehold and guarantee deposits	151	14
Payments for asset retirement obligations	(38)	(0)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(413)	(219)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	109	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(28)
Other, net	11	3
Net cash provided by (used in) investing activities	(700)	(558)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	332	(325)
Proceeds from long-term borrowings	50	26
Repayments of long-term borrowings	(611)	(817)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1	28
Redemption of bonds	(8)	(8)
Purchase of treasury shares	(0)	(679)
Proceeds from issuance of share acquisition rights	0	–
Proceeds from share issuance to non-controlling shareholders	0	10
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4)	(321)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	–	94
Other, net	(7)	(0)
Net cash provided by (used in) financing activities	(247)	(1,994)
Effect of exchange rate change on cash and cash equivalents	(6)	3
Net increase (decrease) in cash and cash equivalents	346	(3,644)
Cash and cash equivalents at beginning of period	7,238	9,369
Cash and cash equivalents at end of period	7,584	5,724