

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 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: May 15, 2023  
 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, 2023 (from October 1, 2022 to March 31, 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	%
Six months ended March 31, 2023	9,246	1.3	585	(24.3)	489	(31.9)	90	(62.7)
Six months ended March 31, 2022	9,127	–	773	–	717	–	241	–

(Note) EBITDA (operating profit + depreciation and amortization): Six months ended March 31, 2023: 1,104 million yen [(14.0)%]  
 Six months ended March 31, 2022: 1,284 million yen [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2023	1.57		1.57	
Six months ended March 31, 2022	4.15		4.13	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	22,535	11,820	45.6
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				
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 six months ended March 31, 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 March 31, 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 March 31, 2023	1,001,793 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)

Six months ended March 31, 2023	57,295,052 shares	Six months ended March 31, 2022	58,259,005 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,269	7,621
Accounts receivable - trade	1,007	1,189
Merchandise	84	273
Work in process	168	414
Raw materials and supplies	2	2
Real estate for sale	2,758	2,160
Operational investment securities	2,979	2,998
Other	596	659
Allowance for doubtful accounts	(38)	(63)
Total current assets	14,826	15,255
Non-current assets		
Property, plant and equipment	397	690
Intangible assets		
Goodwill	3,526	3,913
Other	527	687
Total intangible assets	4,053	4,601
Investments and other assets		
Investment securities	678	660
Deferred tax assets	825	702
Other	834	868
Allowance for doubtful accounts	(291)	(245)
Total investments and other assets	2,047	1,985
Total non-current assets	6,498	7,277
Deferred assets	4	1
Total assets	21,329	22,535

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	550	758
Outstanding claims	8	8
Policy reserve	4	4
Short-term borrowings	2,981	3,608
Current portion of long-term borrowings	1,034	919
Asset retirement obligations	3	4
Income taxes payable	313	229
Advances received	1,104	1,217
Provision for bonuses	30	28
Provision for point services	4	4
Correction related cost	45	45
Provision for loss on relocation	244	—
Provision for loss on business liquidation	59	5
Other	910	1,119
Total current liabilities	7,295	7,954
Non-current liabilities		
Bonds payable	8	—
Long-term borrowings	1,840	1,844
Asset retirement obligations	95	130
Deferred tax liabilities	225	242
Provision for share awards	146	127
Retirement benefit liability	—	23
Provision for retirement benefits for directors (and other officers)	—	87
Other	54	303
Total non-current liabilities	2,370	2,760
Total liabilities	9,666	10,715
Net assets		
Shareholders' equity		
Share capital	13	13
Capital surplus	9,016	9,017
Retained earnings	1,191	1,281
Treasury shares	(443)	(444)
Total shareholders' equity	9,777	9,869
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	399	399
Foreign currency translation adjustment	6	1
Total accumulated other comprehensive income	406	401
Share acquisition rights	10	10
Non-controlling interests	1,469	1,539
Total net assets	11,663	11,820
Total liabilities and net assets	21,329	22,535

**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, 2022	Six months ended March 31, 2023
Net sales	9,127	9,246
Cost of sales	4,513	4,707
Gross profit	4,614	4,538
Selling, general and administrative expenses	3,841	3,953
Operating profit	773	585
Non-operating income		
Interest income	0	1
Foreign exchange gains	16	–
Insurance income	0	18
Other	10	10
Total non-operating income	27	29
Non-operating expenses		
Interest expenses	21	23
Commission expenses	51	40
Provision for doubtful accounts	5	9
Foreign exchange losses	–	14
Loss on equity method investment	–	19
Other	4	18
Total non-operating expenses	82	125
Ordinary profit	717	489
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	–	13
Gain on reversal of provision for loss on relocation	–	51
Total extraordinary income	0	67
Extraordinary losses		
Loss on retirement of non-current assets	0	2
Impairment losses	1	9
Provision for loss on business liquidation	11	3
Loss on business liquidation	–	13
Loss on litigation	2	4
Other	6	5
Total extraordinary losses	22	39
Profit before income taxes	696	517
Income taxes - current	313	220
Income taxes - deferred	66	141
Total income taxes	379	362
Profit	316	155
Profit attributable to non-controlling interests	74	65
Profit attributable to owners of parent	241	90

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

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Profit	316	155
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,312)	0
Foreign currency translation adjustment	3	(5)
Total other comprehensive income	(1,309)	(4)
Comprehensive income	(993)	150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,067)	85
Comprehensive income attributable to non-controlling interests	74	65

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	696	517
Depreciation	179	186
Impairment losses	1	9
Amortization of goodwill	332	332
Increase (decrease) in allowance for doubtful accounts	25	(35)
Increase (decrease) in provision for loss on business liquidation	5	(43)
Increase (decrease) in provision for loss on relocation	–	(144)
Interest income	(0)	(1)
Interest expenses	21	23
Foreign exchange losses (gains)	(0)	2
Loss (gain) on sale of non-current assets	(0)	(0)
Decrease (increase) in trade receivables	(169)	61
Decrease (increase) in investment securities for sale	–	(17)
Decrease (increase) in inventories	(112)	(230)
Decrease (increase) in real estate for sale	(170)	584
Increase (decrease) in trade payables	102	40
Increase (decrease) in accounts payable - other	18	118
Increase (decrease) in advances received	33	100
Increase (decrease) in unearned revenue	51	53
Decrease (increase) in consumption taxes refund receivable	78	60
Increase (decrease) in accrued consumption taxes	10	(68)
Other, net	(170)	54
Subtotal	933	1,604
Interest and dividends received	54	1
Income taxes paid	(351)	(291)
Interest paid	(21)	(22)
Subsidies received	–	1
Income taxes refund	22	6
Net cash provided by (used in) operating activities	637	1,300
Cash flows from investing activities		
Purchase of property, plant and equipment	(32)	(109)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(95)	(184)
Payments of leasehold and guarantee deposits	(4)	(226)
Proceeds from refund of leasehold and guarantee deposits	3	151
Payments for asset retirement obligations	–	(38)
Purchase of investment securities	(723)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(413)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	109
Other, net	(50)	11
Net cash provided by (used in) investing activities	(902)	(700)

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,229)	332
Proceeds from long-term borrowings	1,300	50
Repayments of long-term borrowings	(456)	(611)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	5	1
Redemption of bonds	(8)	(8)
Purchase of treasury shares	(0)	(0)
Proceeds from issuance of share acquisition rights	1	0
Proceeds from share issuance to non-controlling shareholders	–	0
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10)	(4)
Other, net	(6)	(7)
Net cash provided by (used in) financing activities	(406)	(247)
Effect of exchange rate change on cash and cash equivalents	10	(6)
Net increase (decrease) in cash and cash equivalents	(660)	346
Cash and cash equivalents at beginning of period	7,750	7,238
Cash and cash equivalents at end of period	7,089	7,584