

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended December 31, 2021 (Based on Japanese GAAP)

February 14, 2022

Company name: Kufu Company Inc.
 Stock exchange listing: Tokyo
 Stock code: 4376 URL <https://kufu.co.jp/>
 Representative: Director & Representative Executive Officer Yoshiteru Akita
 Inquiries: Director & Executive Officer Jun Kanma TEL 03-6264-2323
 Scheduled date to file Quarterly Securities Report: February 14, 2022
 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 three months ended December 31, 2021 (from October 1, 2021 to December 31, 2021)

(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	%
Three months ended December 31, 2021	4,528	–	369	–	359	–	83	–
Three months ended December 31, 2020	–	–	–	–	–	–	–	–

(Note) EBITDA (operating profit + depreciation and amortization): Three months ended December 31, 2021: 626 million yen [–%]
 Three months ended December 31, 2020: – million yen [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2021	1.44		1.43	
Three months ended December 31, 2020	–		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	20,201	10,774	46.7
As of September 30, 2021	–	–	–

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, 2021	–	–	–	–	–
Year ending September 30, 2022	–	–	–	–	–
Year ending September 30, 2022 (Forecast)	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	18,000	–	1,300	–	2,300	–

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2021
(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 December 31, 2021	58,263,064 shares	As of September 30, 2021	– shares
-------------------------	-------------------	--------------------------	----------

Number of treasury shares at the end of the period

As of December 31, 2021	908 shares	As of September 30, 2021	– shares
-------------------------	------------	--------------------------	----------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2021	58,247,928 shares	Three months ended December 31, 2020	– shares
--------------------------------------	-------------------	--------------------------------------	----------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of December 31, 2021

Assets	
Current assets	
Cash and deposits	7,119,153
Notes and accounts receivable - trade	966,058
Merchandise	122,895
Work in process	472,494
Raw materials and supplies	4,232
Real estate for sale	2,479,827
Operational investment securities	2,199,063
Other	646,769
Allowance for doubtful accounts	(14,419)
Total current assets	13,996,076
Non-current assets	
Property, plant and equipment	545,269
Intangible assets	
Goodwill	4,024,646
Other	521,169
Total intangible assets	4,545,816
Investments and other assets	
Deferred tax assets	581,259
Other	791,395
Allowance for doubtful accounts	(269,009)
Total investments and other assets	1,103,645
Total non-current assets	6,194,732
Deferred assets	10,643
Total assets	20,201,452
Liabilities	
Current liabilities	
Accounts payable - trade	519,372
Outstanding claims	9,748
Policy reserve	2,349
Short-term borrowings	2,272,705
Current portion of long-term borrowings	1,065,538
Income taxes payable	163,411
Provision for bonuses	29,529
Provision for point services	4,674
Correction related cost	45,420
Provision for loss on business liquidation	7,077
Other	2,685,715
Total current liabilities	6,805,543
Non-current liabilities	
Bonds payable	16,600
Long-term borrowings	2,297,394
Asset retirement obligations	97,404
Provision for share awards	145,052
Other	64,925
Total non-current liabilities	2,621,377
Total liabilities	9,426,920

(Thousands of yen)

As of December 31, 2021

Net assets	
Shareholders' equity	
Share capital	10,335
Capital surplus	9,017,405
Retained earnings	822,403
Treasury shares	(596)
Total shareholders' equity	<u>9,849,546</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(417,348)
Foreign currency translation adjustment	(1,365)
Total accumulated other comprehensive income	<u>(418,714)</u>
Share acquisition rights	8,738
Non-controlling interests	<u>1,334,961</u>
Total net assets	<u>10,774,532</u>
Total liabilities and net assets	<u>20,201,452</u>

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

Consolidated statements of income (cumulative)

(Thousands of yen)

Three months ended
December 31, 2021

Net sales	4,528,366
Cost of sales	2,197,473
Gross profit	2,330,893
Selling, general and administrative expenses	1,960,920
Operating profit	369,972
Non-operating income	
Interest income	38
Foreign exchange gains	5,270
Other	6,292
Total non-operating income	11,601
Non-operating expenses	
Interest expenses	11,012
Commission expenses	6,848
Other	4,541
Total non-operating expenses	22,403
Ordinary profit	359,170
Extraordinary income	
Gain on sale of non-current assets	154
Gain on reversal of share acquisition rights	66
Total extraordinary income	220
Extraordinary losses	
Loss on retirement of non-current assets	298
Impairment losses	1,738
Provision for loss on business liquidation	7,077
Other	4,186
Total extraordinary losses	13,301
Profit before income taxes	346,089
Income taxes - current	147,561
Income taxes - deferred	82,139
Total income taxes	229,700
Profit	116,388
Profit attributable to non-controlling interests	32,733
Profit attributable to owners of parent	83,654

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

Three months ended
December 31, 2021

Profit	116,388
Other comprehensive income	
Valuation difference on available-for-sale securities	(873,312)
Foreign currency translation adjustment	(441)
Total other comprehensive income	(873,753)
Comprehensive income	(757,365)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(790,099)
Comprehensive income attributable to non-controlling interests	32,733