

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 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: May 13, 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 six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)

(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, 2022	9,127	–	773	–	717	–	241	–
Six months ended March 31, 2021	–	–	–	–	–	–	–	–

(Note) EBITDA (operating profit + depreciation and amortization): Six months ended March 31, 2022: 1,284 million yen [–%]  
 Six months ended March 31, 2021: – million yen [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2022	4.15		4.13	
Six months ended March 31, 2021	–		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2022	20,479	10,539	44.7
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				
Year ended September 30, 2021	–	–	–	–	–
Year ending September 30, 2022	–	0.00	–	–	–
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 six months ended March 31, 2022  
(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, 2022	58,286,139 shares	As of September 30, 2021	– shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,148 shares	As of September 30, 2021	– 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, 2022	58,259,005 shares	Six months ended March 31, 2021	– shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

As of March 31, 2022

Assets	
Current assets	
Cash and deposits	7,120,029
Notes and accounts receivable - trade	1,135,949
Merchandise	124,917
Work in process	462,018
Raw materials and supplies	4,612
Real estate for sale	2,595,037
Operational investment securities	1,759,868
Other	548,980
Allowance for doubtful accounts	(25,849)
Total current assets	<u>13,725,564</u>
Non-current assets	
Property, plant and equipment	535,664
Intangible assets	
Goodwill	3,858,502
Other	506,908
Total intangible assets	<u>4,365,411</u>
Investments and other assets	
Deferred tax assets	597,224
Other	1,531,265
Allowance for doubtful accounts	(284,322)
Total investments and other assets	<u>1,844,167</u>
Total non-current assets	<u>6,745,243</u>
Deferred assets	8,756
Total assets	<u>20,479,564</u>
Liabilities	
Current liabilities	
Accounts payable - trade	565,710
Outstanding claims	9,986
Policy reserve	2,113
Short-term borrowings	2,982,306
Current portion of long-term borrowings	1,065,752
Income taxes payable	308,897
Provision for bonuses	33,291
Provision for point services	4,431
Correction related cost	45,420
Provision for loss on business liquidation	5,641
Other	2,590,958
Total current liabilities	<u>7,614,508</u>
Non-current liabilities	
Bonds payable	16,600
Long-term borrowings	1,998,025
Asset retirement obligations	97,433
Provision for share awards	151,139
Other	62,450
Total non-current liabilities	<u>2,325,648</u>
Total liabilities	<u>9,940,156</u>

(Thousands of yen)

As of March 31, 2022

Net assets	
Shareholders' equity	
Share capital	13,128
Capital surplus	9,017,403
Retained earnings	980,556
Treasury shares	(682)
Total shareholders' equity	<u>10,010,405</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(856,544)
Foreign currency translation adjustment	2,197
Total accumulated other comprehensive income	<u>(854,347)</u>
Share acquisition rights	8,885
Non-controlling interests	<u>1,374,463</u>
Total net assets	<u>10,539,407</u>
Total liabilities and net assets	<u>20,479,564</u>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

Six months ended  
March 31, 2022

Net sales	9,127,670
Cost of sales	4,513,062
Gross profit	4,614,607
Selling, general and administrative expenses	3,841,530
Operating profit	773,077
Non-operating income	
Interest income	98
Foreign exchange gains	16,472
Other	10,570
Total non-operating income	27,141
Non-operating expenses	
Interest expenses	21,408
Commission expenses	51,413
Other	9,773
Total non-operating expenses	82,595
Ordinary profit	717,623
Extraordinary income	
Gain on sale of non-current assets	154
Gain on reversal of share acquisition rights	423
Total extraordinary income	578
Extraordinary losses	
Loss on retirement of non-current assets	298
Impairment losses	1,738
Provision for loss on business liquidation	11,441
Other	8,566
Total extraordinary losses	22,045
Profit before income taxes	696,156
Income taxes - current	313,733
Income taxes - deferred	66,174
Total income taxes	379,908
Profit	316,248
Profit attributable to non-controlling interests	74,440
Profit attributable to owners of parent	241,807

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

(Thousands of yen)

Six months ended  
March 31, 2022

Profit	316,248
Other comprehensive income	
Valuation difference on available-for-sale securities	(1,312,507)
Foreign currency translation adjustment	3,121
Total other comprehensive income	<u>(1,309,386)</u>
Comprehensive income	<u>(993,138)</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(1,067,578)
Comprehensive income attributable to non-controlling interests	74,440

**Consolidated statements of cash flows**

(Thousands of yen)

Six months ended  
March 31, 2022

Cash flows from operating activities	
Profit before income taxes	696,156
Depreciation	179,525
Impairment losses	1,738
Amortization of goodwill	332,289
Increase (decrease) in allowance for doubtful accounts	25,796
Interest and dividend income	(98)
Interest expenses	21,408
Foreign exchange losses (gains)	(983)
Loss (gain) on sale of property, plant and equipment	(154)
Decrease (increase) in trade receivables	(169,677)
Decrease (increase) in inventories	(112,181)
Decrease (increase) in real estate for sale	(170,293)
Increase (decrease) in trade payables	102,101
Increase (decrease) in accrued expenses	(55,126)
Increase (decrease) in deposits received	(64,051)
Increase (decrease) in unearned revenue	51,633
Decrease (increase) in consumption taxes refund receivable	78,466
Other, net	16,826
Subtotal	933,374
Interest and dividends received	54,098
Income taxes paid	(351,974)
Interest paid	(21,046)
Income taxes refund	22,965
Net cash provided by (used in) operating activities	637,419
Cash flows from investing activities	
Purchase of property, plant and equipment	(32,269)
Proceeds from sale of property, plant and equipment	132
Purchase of intangible assets	(95,715)
Payments of leasehold and guarantee deposits	(4,206)
Proceeds from refund of leasehold and guarantee deposits	3,902
Purchase of investment securities	(723,592)
Payments for investment partnerships in capital	(50,000)
Other, net	(331)
Net cash provided by (used in) investing activities	(902,081)

(Thousands of yen)

Six months ended  
March 31, 2022

Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(1,229,798)
Proceeds from long-term borrowings	1,300,000
Repayments of long-term borrowings	(456,980)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	5,656
Redemption of bonds	(8,350)
Purchase of treasury shares	(682)
Proceeds from issuance of share acquisition rights	1,037
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10,610)
Other, net	(6,927)
Net cash provided by (used in) financing activities	(406,654)
Effect of exchange rate change on cash and cash equivalents	10,877
Net increase (decrease) in cash and cash equivalents	(660,439)
Cash and cash equivalents at beginning of period	7,750,214
Cash and cash equivalents at end of period	7,089,774