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## Consolidated Financial Results for the Six Months Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: 4Cs HD Co., Ltd.

Stock exchange listing: Tokyo

Code number: 3726

URL: <https://www.4cs-holdings.co.jp>

Representative: Yoshimi Tendo

,President and Representative Director

Contact: Masanori Uehata

,Director and General Manager of Administration Headquarters

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Scheduled date of filing quarterly securities report: May 12, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

### 1. Consolidated Financial Results for the Six Months Ended March 31, 2023 (October 1, 2022 to March 31, 2023)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	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	1,028	(16.6)	(104)	-	(104)	-	(103)	-
March 31, 2022	1,233	25.9	(90)	-	(88)	-	(78)	-

(Note) Comprehensive income: Six months ended March 31, 2023: ¥ (103) million [ -%]  
Six months ended March 31, 2022: ¥ (78) million [ -%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2023	(14.00)	-
March 31, 2022	(10.93)	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
March 31, 2023	1,824	687	37.5
September 30, 2022	1,454	454	30.9

(Reference) Equity: As of March 31, 2023: ¥ 683 million  
As of September 30, 2022: ¥ 448 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2022	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2023	-	0.00			
Fiscal year ending September 30, 2023 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023(October 1, 2022 to September 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,491	7.2	13	-	13	-	(4)	-	(0.58)

(Note) Revision to the financial results forecast announced most recently: Yes

### \* Notes:

#### (1) Changes in significant subsidiaries during the six months ended March 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name: iiy Co.,Ltd )

Exclusion: 1 (Company name: Cure Co.,Ltd. )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

#### (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

#### (4) Total number of issued shares (common shares)

##### 1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023: 8,077,670 shares

September 30, 2022: 7,419,970 shares

##### 2) Number of treasury shares at the end of the period:

March 31, 2023: 11,349 shares

September 30, 2022: 189,490 shares

##### 3) Average number of shares outstanding during the period:

Six months ended March 31, 2023: 7,381,635 shares

Six months ended March 31, 2022: 7,188,248 shares

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	649,439	736,082
Accounts receivable - trade	149,407	139,338
Merchandise and finished goods	323,968	410,540
Raw materials and supplies	12,111	18,850
Other	41,457	79,551
Allowance for doubtful accounts	(451)	(190)
<b>Total current assets</b>	<b>1,175,932</b>	<b>1,384,172</b>
Non-current assets		
Property, plant and equipment	570	10,539
Intangible assets		
Goodwill	53,238	227,483
Customer relationship	122,317	111,681
Other	3,951	2,899
<b>Total intangible assets</b>	<b>179,506</b>	<b>342,064</b>
Investments and other assets	98,073	87,264
<b>Total non-current assets</b>	<b>278,150</b>	<b>439,868</b>
<b>Total assets</b>	<b>1,454,083</b>	<b>1,824,041</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	73,532	89,539
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	127,384	134,361
Income taxes payable	31,495	27,850
Provision for bonuses	1,200	-
Provision for point card certificates	-	3,467
Provision for shareholder benefit program	21,708	-
Asset retirement obligations	2,674	4,253
Other	146,701	125,260
<b>Total current liabilities</b>	<b>704,696</b>	<b>684,730</b>
Non-current liabilities		
Bonds payable	-	200,000
Long-term borrowings	221,813	193,640
Deferred tax liabilities	27,361	17,009
Asset retirement obligations	45,577	38,944
Other	518	2,569
<b>Total non-current liabilities</b>	<b>295,270</b>	<b>452,163</b>
<b>Total liabilities</b>	<b>999,966</b>	<b>1,136,894</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	992,447	1,122,822
Capital surplus	459,505	611,618
Retained earnings	(943,591)	(1,046,929)
Treasury shares	(59,731)	(3,621)
<b>Total shareholders' equity</b>	<b>448,630</b>	<b>683,890</b>
Share acquisition rights	5,486	3,256
<b>Total net assets</b>	<b>454,116</b>	<b>687,146</b>

Total liabilities and net assets	1,454,083	1,824,041
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Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended March 31, 2022	For the six months ended March 31, 2023
Net sales	1,233,579	1,028,702
Cost of sales	419,636	327,524
Gross profit	813,942	701,177
Selling, general and administrative expenses	904,592	805,757
Operating loss	(90,649)	(104,579)
Non-operating income		
Interest income	4	4
Income on compensation	39	13
Subsidy income	4,904	681
Commission income	-	2,727
Other	812	1,646
Total non-operating income	5,761	5,072
Non-operating expenses		
Interest expenses	3,065	2,355
Interest on bonds	-	410
Share acquisition rights issuance costs	-	1,238
Other	194	698
Total non-operating expenses	3,260	4,703
Ordinary loss	(88,148)	(104,209)
Extraordinary income		
Gain on sale of non-current assets	2,699	738
Gain on reversal of share acquisition rights	668	-
Total extraordinary income	3,367	738
Extraordinary losses		
Impairment losses	1,015	-
Total extraordinary losses	1,015	-
Loss before income taxes	(85,795)	(103,471)
Income taxes - current	6,343	10,553
Income taxes - deferred	(13,543)	(10,686)
Total income taxes	(7,199)	(132)
Loss	(78,596)	(103,338)
Loss attributable to owners of parent	(78,596)	(103,338)

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousands of yen)

	For the six months ended March 31, 2022	For the six months ended March 31, 2023
Loss	(78,596)	(103,338)
Comprehensive income	(78,596)	(103,338)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(78,596)	(103,338)
Comprehensive income attributable to non-controlling interests	-	-

## Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended March 31, 2022	For the six months ended March 31, 2023
<b>Cash flows from operating activities</b>		
Loss before income taxes	(85,795)	(103,471)
Depreciation	18,693	12,477
Impairment losses	1,015	-
Amortization of goodwill	4,629	8,535
Increase (decrease) in allowance for doubtful accounts	155	(287)
Increase (decrease) in provision for bonuses	(5,799)	(1,200)
Increase (decrease) in provision for sales returns	(7,891)	-
Increase (decrease) in provision for point card certificates	-	3,467
Increase (decrease) in provision for shareholder benefit program	(28,681)	(21,708)
Interest and dividend income	(4)	(4)
Interest expenses on borrowings and bonds	3,065	2,766
Gain on sale of non-current assets	(2,699)	(738)
Gain on reversal of share acquisition rights	(668)	-
Decrease (increase) in trade receivables	34,003	24,184
Decrease (increase) in inventories	49,098	(50,720)
Increase (decrease) in trade payables	(242)	16,006
Increase (decrease) in accounts payable - other, and accrued expenses	(8,719)	(2,755)
Increase (decrease) in accrued consumption taxes	(21,904)	-
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	-	(34,877)
Increase (decrease) in deposits received	(202)	725
Other, net	7,850	(17,404)
Subtotal	(44,099)	(165,004)
Interest and dividends received	3	2
Interest paid	(3,023)	(2,350)
Income taxes refund	-	4,050
Income taxes paid	(11,891)	(36,930)
Net cash provided by (used in) operating activities	(59,010)	(200,232)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(8,114)
Proceeds from sale of property, plant and equipment	2,700	812
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(97,947)
Payments of leasehold deposits	(34)	(155)
Proceeds from refund of leasehold deposits	268	1,627
Payments of guarantee deposits	(2,296)	-
Proceeds from refund of guarantee deposits	6,788	11,982
Payments for asset retirement obligations	(13,226)	(9,675)
Net cash provided by (used in) investing activities	(5,800)	(101,471)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(73,752)	(67,236)
Proceeds from issuance of bonds	-	200,000
Purchase of treasury shares	(21)	(17)
Repayments of lease liabilities	(497)	(508)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	256,108
Net cash provided by (used in) financing activities	(74,271)	388,346
Net increase (decrease) in cash and cash equivalents	(139,082)	86,642

Cash and cash equivalents at beginning of period	770,145	599,375
Cash and cash equivalents at end of period	631,063	686,017