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Consolidated Financial Results for the Nine Months Ended June 30, 2023 [Japanese GAAP]

August 10, 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: August 10, 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 million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended June 30, 2023 (October 1, 2022 to June 30, 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	%
Nine months ended June 30, 2023	1,563	(12.1)	(154)	-	(156)	-	(157)	-
June 30, 2022	1,778	2.2	(108)	-	(107)	-	(103)	-

(Note) Comprehensive income: Nine months ended June 30, 2023: ¥ (157) million [-%]
Nine months ended June 30, 2022: ¥ (103) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2023	(20.63)	-
June 30, 2022	(14.35)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	1,689	633	37.3
September 30, 2022	1,454	454	30.9

(Reference) Equity: As of June 30, 2023: ¥ 630 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

(Note) Breakdown of the 3rd quarter dividend for the fiscal year ending September 30, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

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: No

* Notes:

(1) Changes in significant subsidiaries during the nine months ended June 30, 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):

June 30, 2023: 8,077,670 shares

September 30, 2022: 7,419,970 shares

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

June 30, 2023: 10,859 shares

September 30, 2022: 189,490 shares

3) Average number of shares outstanding during the period:

Nine months ended June 30, 2023: 7,609,938 shares

Nine months ended June 30, 2022: 7,188,231 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	649,439	607,385
Accounts receivable - trade	149,407	127,887
Merchandise and finished goods	323,968	446,934
Raw materials and supplies	12,111	19,676
Other	41,457	61,080
Allowance for doubtful accounts	(451)	(178)
Total current assets	1,175,932	1,262,786
Non-current assets		
Property, plant and equipment	570	9,816
Intangible assets		
Goodwill	53,238	220,611
Customer relationship	122,317	106,362
Other	3,951	2,438
Total intangible assets	179,506	329,413
Investments and other assets	98,073	87,250
Total non-current assets	278,150	426,480
Total assets	1,454,083	1,689,267
Liabilities		
Current liabilities		
Accounts payable - trade	73,532	54,273
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	127,384	123,721
Income taxes payable	31,495	27,323
Provision for bonuses	1,200	-
Provision for point card certificates	-	3,553
Provision for shareholder benefit program	21,708	-
Asset retirement obligations	2,674	3,200
Other	146,701	121,002
Total current liabilities	704,696	633,073
Non-current liabilities		
Bonds payable	-	200,000
Long-term borrowings	221,813	168,910
Deferred tax liabilities	27,361	13,539
Asset retirement obligations	45,577	37,980
Other	518	2,272
Total non-current liabilities	295,270	422,703
Total liabilities	999,966	1,055,776
Net assets		
Shareholders' equity		
Share capital	992,447	1,122,822
Capital surplus	459,505	611,731
Retained earnings	(943,591)	(1,100,603)
Treasury shares	(59,731)	(3,466)
Total shareholders' equity	448,630	630,484
Share acquisition rights	5,486	3,006
Total net assets	454,116	633,490

Total liabilities and net assets	1,454,083	1,689,267
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Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

	For the nine months ended June 30, 2022	For the nine months ended June 30, 2023
Net sales	1,778,508	1,563,484
Cost of sales	586,726	503,835
Gross profit	1,191,782	1,059,649
Selling, general and administrative expenses	1,300,754	1,214,038
Operating loss	(108,971)	(154,389)
Non-operating income		
Interest income	4	4
Income on compensation	49	39
Subsidy income	5,454	719
Commission income	-	4,090
Other	1,791	1,792
Total non-operating income	7,300	6,647
Non-operating expenses		
Interest expenses	4,461	3,435
Interest on bonds	-	909
Share acquisition rights issuance costs	-	3,338
Other	1,043	745
Total non-operating expenses	5,505	8,429
Ordinary loss	(107,176)	(156,172)
Extraordinary income		
Gain on sale of non-current assets	2,699	738
Gain on reversal of share acquisition rights	5,599	167
Total extraordinary income	8,299	905
Extraordinary losses		
Impairment losses	1,586	-
Total extraordinary losses	1,586	-
Loss before income taxes	(100,463)	(155,267)
Income taxes - current	12,807	15,976
Income taxes - deferred	(10,117)	(14,231)
Total income taxes	2,690	1,744
Loss	(103,154)	(157,011)
Loss attributable to owners of parent	(103,154)	(157,011)

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

(Thousands of yen)

	For the nine months ended June 30, 2022	For the nine months ended June 30, 2023
Loss	(103,154)	(157,011)
Comprehensive income	(103,154)	(157,011)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(103,154)	(157,011)
Comprehensive income attributable to non-controlling interests	-	-