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Consolidated Financial Results for the Three Months Ended December 31, 2023 [Japanese GAAP]

February 9, 2024

Company name: 4Cs HD Co., Ltd.

Stock exchange listing: Tokyo

Code number: 3726

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

Representative: Tomomi Terada

,President and Representative Director

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,Director, General Manager of Corporate Planning Office

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Scheduled date of filing quarterly securities report: February 9, 2024

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 Three Months Ended December 31, 2023 (October 1, 2023 to December 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 | % |
| Three months ended December 31, 2023 | 573 | 23.8 | (32) | - | (33) | - | (38) | - |
| December 31, 2022 | 463 | (29.0) | (71) | - | (70) | - | (72) | - |

(Note) Comprehensive income: Three months ended December 31, 2023: ¥ (38) million [-%]
Three months ended December 31, 2022: ¥ (72) million [-%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three months ended December 31, 2023 | (4.77) | - |
| December 31, 2022 | (9.92) | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|-------------------------|-----------------|-----------------|------------------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2023 | 1,572 | 479 | 30.4 |
| September 30, 2023 | 1,643 | 518 | 31.4 |

(Reference) Equity: As of December 31, 2023: ¥ 477 million
As of September 30, 2023: ¥ 515 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, 2023 | - | 0.00 | - | 0.00 | 0.00 |
| Fiscal year ending September 30, 2024 | - | | | | |
| Fiscal year ending September 30, 2024 (Forecast) | | - | - | - | - |

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024(October 1, 2023 to September 30, 2024)

(% 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 |
| Six months ending March 31, 2024 | 1,308 | 27.2 | (22) | - | (24) | - | (34) | - | (4.28) |
| Full year | 2,790 | 30.6 | 29 | - | 23 | - | 19 | - | 2.38 |

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(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: No

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):

December 31, 2023: 8,077,670 shares

September 30, 2023: 8,077,670 shares

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

December 31, 2023: 9,419 shares

September 30, 2023: 9,869 shares

3) Average number of shares outstanding during the period:

Three months ended December 31, 2023: 8,068,038 shares

Three months ended December 31, 2022: 7,257,169 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

| | As of September 30, 2023 | As of December 31, 2023 |
|---|--------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 539,510 | 529,259 |
| Accounts receivable - trade | 193,914 | 170,214 |
| Merchandise and finished goods | 407,801 | 384,549 |
| Raw materials and supplies | 34,568 | 34,453 |
| Other | 66,814 | 65,265 |
| Allowance for doubtful accounts | (137) | (113) |
| Total current assets | 1,242,472 | 1,183,628 |
| Non-current assets | | |
| Property, plant and equipment | 540 | 488 |
| Intangible assets | | |
| Goodwill | 213,690 | 206,805 |
| Customer relationship | 101,044 | 95,726 |
| Other | 1,936 | 1,570 |
| Total intangible assets | 316,671 | 304,102 |
| Investments and other assets | 83,702 | 83,864 |
| Total non-current assets | 400,914 | 388,456 |
| Total assets | 1,643,387 | 1,572,084 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 62,977 | 70,465 |
| Short-term borrowings | 300,000 | 300,000 |
| Current portion of long-term borrowings | 112,829 | 101,642 |
| Lease liabilities | 433 | 173 |
| Income taxes payable | 24,792 | 14,155 |
| Provision for bonuses | 1,180 | - |
| Provision for point card certificates | 3,560 | 3,538 |
| Provision for shareholder benefit program | 28,237 | 19,907 |
| Asset retirement obligations | - | 18,444 |
| Other | 151,907 | 168,586 |
| Total current liabilities | 685,916 | 696,912 |
| Non-current liabilities | | |
| Bonds payable | 200,000 | 200,000 |
| Long-term borrowings | 144,512 | 122,406 |
| Deferred tax liabilities | 19,738 | 16,388 |
| Asset retirement obligations | 73,455 | 55,014 |
| Other | 1,598 | 1,528 |
| Total non-current liabilities | 439,303 | 395,336 |
| Total liabilities | 1,125,220 | 1,092,249 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,122,822 | 1,122,822 |
| Capital surplus | 611,956 | 612,068 |
| Retained earnings | (1,216,215) | (1,254,712) |
| Treasury shares | (3,152) | (3,016) |
| Total shareholders' equity | 515,410 | 477,162 |
| Share acquisition rights | 2,755 | 2,672 |

| | | |
|----------------------------------|-----------|-----------|
| Total net assets | 518,166 | 479,834 |
| Total liabilities and net assets | 1,643,387 | 1,572,084 |

Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

| | For the three months ended December 31, 2022 | For the three months ended December 31, 2023 |
|--|---|---|
| Net sales | 463,109 | 573,420 |
| Cost of sales | 144,316 | 203,520 |
| Gross profit | 318,792 | 369,899 |
| Selling, general and administrative expenses | 390,034 | 402,802 |
| Operating loss | (71,242) | (32,902) |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Subsidy income | 39 | - |
| Commission income | 1,500 | 1,363 |
| Other | 1,088 | 121 |
| Total non-operating income | 2,629 | 1,486 |
| Non-operating expenses | | |
| Interest expenses | 1,221 | 1,142 |
| Interest expenses on bonds | - | 504 |
| Other | 632 | 525 |
| Total non-operating expenses | 1,854 | 2,171 |
| Ordinary loss | (70,467) | (33,587) |
| Loss before income taxes | (70,467) | (33,587) |
| Income taxes - current | 4,125 | 8,836 |
| Income taxes - deferred | (2,574) | (3,927) |
| Total income taxes | 1,550 | 4,908 |
| Loss | (72,018) | (38,496) |
| Loss attributable to owners of parent | (72,018) | (38,496) |

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

(Thousands of yen)

| | For the three months ended December 31, 2022 | For the three months ended December 31, 2023 |
|---|---|---|
| Loss | (72,018) | (38,496) |
| Comprehensive income | (72,018) | (38,496) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (72,018) | (38,496) |
| Comprehensive income attributable to non-controlling interests | - | - |