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Consolidated Financial Results for the Year Ended September 30, 2024 [Japanese GAAP]

November 14, 2024

Company name: 4Cs HD Co., Ltd.
Listing: Tokyo
Securities code: 3726
URL: https://www.4cs-holdings.co.jp
Representative: Tomomi Terada ,President and Representative Director
Inquiries: Hirohiko Matsuno ,Director, General Manager of Corporate Planning Office
Telephone: +81-92-720-5460
Scheduled date of annual general meeting of shareholders: December 20, 2024
Scheduled date to commence dividend payments: -
Scheduled date to file annual securities report: December 24, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

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

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	2,257	5.7	(126)	-	(129)	-	(273)	-
September 30, 2023	2,136	(8.1)	(214)	-	(216)	-	(272)	-

(Note) Comprehensive income: Fiscal year ended September 30, 2024: ¥ (273) million [-%]
Fiscal year ended September 30, 2023: ¥ (272) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2024	(31.27)	-	(32.4)	(6.6)	(5.6)
September 30, 2023	(35.29)	-	(56.6)	(14.0)	(10.0)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended September 30, 2024: ¥ - million
Fiscal year ended September 30, 2023: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	2,293	1,173	51.0	116.28
September 30, 2023	1,643	518	31.4	63.88

(Reference) Equity: As of September 30, 2024: ¥ 1,170 million
As of September 30, 2023: ¥ 515 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2024	(361)	(50)	708	786
September 30, 2023	(324)	(102)	317	489

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2023	-	0.00	-	0.00	0.00	-	-	-
September 30, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending September 30, 2025 (Forecast)	-	-	-	-	-		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended September 30, 2024 :

Commemorative dividend - yen

Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(Percentages indicate year-on-year changes.)

	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, 2025	1,337	20.1	(64)	-	(64)	-	(74)	-	(7.39)
Full year	2,799	24.0	7	-	8	-	7	-	0.74

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: Yes

4) Restatement: None

(3) Number of issued shares (common shares)

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

September 30, 2024: 10,077,670 shares

September 30, 2023: 8,077,670 shares

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

September 30, 2024: 9,089 shares

September 30, 2023: 9,869 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended September 30, 2024: 8,730,367 shares

Fiscal Year ended September 30, 2023: 7,725,225 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	1,833	3.0	(125)	-	(127)	-	(264)	-
September 30, 2023	1,780	26.7	(209)	-	(223)	-	(300)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
September 30, 2024	(30.27)	-
September 30, 2023	(38.90)	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	2,260	1,176	51.9	116.55
September 30, 2023	1,583	512	32.2	63.13

(Reference) Equity: As of September 30, 2024: ¥ 1,173 million
As of September 30, 2023: ¥ 509 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	539,510	836,658
Accounts receivable - trade	193,914	169,015
Merchandise and finished goods	407,801	338,064
Raw materials and supplies	34,568	31,963
Advance payments to suppliers	30,407	399,205
Short-term loans receivable	-	40,000
Other	36,406	134,354
Allowance for doubtful accounts	(137)	(105)
Total current assets	1,242,472	1,949,157
Non-current assets		
Property, plant and equipment		
Buildings	16,555	16,061
Accumulated depreciation	(16,196)	(15,822)
Buildings, net	359	238
Other	34,403	37,215
Accumulated depreciation	(34,222)	(37,122)
Other, net	181	93
Total property, plant and equipment	540	332
Intangible assets		
Goodwill	213,690	186,153
Customer relationship	101,044	79,772
Other	1,936	471
Total intangible assets	316,671	266,396
Investments and other assets		
Leasehold and guarantee deposits	81,951	74,298
Long-term accounts receivable - other	-	42,991
Deferred tax assets	360	428
Other	1,390	2,961
Allowance for doubtful accounts	-	(42,991)
Total investments and other assets	83,702	77,688
Total non-current assets	400,914	344,416
Total assets	1,643,387	2,293,574

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	62,977	70,341
Short-term borrowings	300,000	200,000
Current portion of long-term borrowings	112,829	75,084
Current portion of bonds payable	-	200,000
Advances received	2,307	128,625
Lease liabilities	433	-
Income taxes payable	24,792	29,801
Provision for bonuses	1,180	-
Provision for point card certificates	3,560	3,640
Provision for shareholder benefit program	28,237	34,457
Asset retirement obligations	-	14,489
Other	149,599	154,889
Total current liabilities	685,916	911,329
Non-current liabilities		
Bonds payable	200,000	-
Long-term borrowings	144,512	69,428
Deferred tax liabilities	19,738	14,300
Asset retirement obligations	73,455	41,080
Provision for loss on guarantees	-	81,500
Other	1,598	2,533
Total non-current liabilities	439,303	208,841
Total liabilities	1,125,220	1,120,170
Net assets		
Shareholders' equity		
Share capital	1,122,822	1,586,822
Capital surplus	611,956	1,076,178
Retained earnings	(1,216,215)	(1,489,248)
Treasury shares	(3,152)	(2,938)
Total shareholders' equity	515,410	1,170,814
Share acquisition rights	2,755	2,588
Total net assets	518,166	1,173,403
Total liabilities and net assets	1,643,387	2,293,574

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Net sales	2,136,884	2,257,804
Cost of sales	705,388	764,312
Gross profit	1,431,496	1,493,491
Selling, general and administrative expenses	1,645,710	1,619,666
Operating loss	(214,214)	(126,174)
Non-operating income		
Interest income	6	290
Income on compensation	123	-
Subsidy income	733	-
Commission income	5,454	5,454
Dividends received	-	5,000
Other	2,845	832
Total non-operating income	9,163	11,577
Non-operating expenses		
Interest expenses	4,509	4,737
Interest expenses on bonds	1,413	2,005
Share issuance costs	244	6,631
Share acquisition rights issuance costs	3,544	-
Other	2,167	1,385
Total non-operating expenses	11,880	14,759
Ordinary loss	(216,931)	(129,355)
Extraordinary income		
Gain on sale of non-current assets	738	1,269
Gain on reversal of share acquisition rights	250	-
Total extraordinary income	988	1,269
Extraordinary losses		
Impairment losses	43,223	4,897
Provision for loss on guarantees	-	81,500
Provision of allowance for doubtful accounts	-	42,991
Other	1,330	-
Total extraordinary losses	44,553	129,388
Loss before income taxes	(260,496)	(257,475)
Income taxes - current	20,111	21,063
Income taxes - deferred	(7,983)	(5,506)
Total income taxes	12,127	15,557
Loss	(272,624)	(273,032)
Loss attributable to owners of parent	(272,624)	(273,032)

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Loss	(272,624)	(273,032)
Comprehensive income	(272,624)	(273,032)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(272,624)	(273,032)
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity

For the fiscal year ended September 30, 2023

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	992,447	459,505	(943,591)	(59,731)	448,630	5,486	454,116
Changes during period							
Issuance of new shares	130,375	130,375			260,750		260,750
Changes by share exchanges		21,738		56,127	77,865		77,865
Loss attributable to owners of parent			(272,624)		(272,624)		(272,624)
Purchase of treasury shares				(27)	(27)		(27)
Disposal of treasury shares		337		478	816		816
Net changes in items other than shareholders' equity						(2,730)	(2,730)
Total changes during period	130,375	152,450	(272,624)	56,578	66,780	(2,730)	64,049
Balance at end of period	1,122,822	611,956	(1,216,215)	(3,152)	515,410	2,755	518,166

For the fiscal year ended September 30, 2024

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	1,122,822	611,956	(1,216,215)	(3,152)	515,410	2,755	518,166
Changes during period							
Issuance of new shares	464,000	464,000			928,000		928,000
Loss attributable to owners of parent			(273,032)		(273,032)		(273,032)
Purchase of treasury shares				(107)	(107)		(107)
Disposal of treasury shares		222		321	544		544
Net changes in items other than shareholders' equity						(167)	(167)
Total changes during period	464,000	464,222	(273,032)	213	655,403	(167)	655,236
Balance at end of period	1,586,822	1,076,178	(1,489,248)	(2,938)	1,170,814	2,588	1,173,403

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Cash flows from operating activities		
Loss before income taxes	(260,496)	(257,475)
Depreciation	25,674	22,946
Impairment losses	43,223	4,897
Amortization of goodwill	22,328	27,536
Increase (decrease) in allowance for doubtful accounts	(340)	42,959
Increase (decrease) in provision for bonuses	(20)	(1,180)
Increase (decrease) in provision for point card certificates	3,560	79
Increase (decrease) in provision for shareholder benefit program	6,529	6,220
Increase (decrease) in provision for loss on guarantees	-	81,500
Interest and dividend income	(7)	(290)
Interest expenses on borrowings and bonds	5,923	6,742
Gain on sale of non-current assets	(738)	(1,269)
Gain on reversal of share acquisition rights	(250)	-
Decrease (increase) in trade receivables	(30,391)	24,899
Decrease (increase) in inventories	(63,700)	72,341
Increase (decrease) in trade payables	(10,555)	7,363
Decrease (increase) in advance payments to suppliers	(27,248)	(368,797)
Increase (decrease) in accounts payable - other, and accrued expenses	11,217	(14,656)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(39,628)	32,591
Increase (decrease) in advances received	1,543	126,318
Decrease (increase) in accounts receivable - other	8,544	(48,710)
Decrease (increase) in deposits paid	-	(78,091)
Increase (decrease) in deposits received	5,974	(5,040)
Other, net	25,430	(14,646)
Subtotal	(273,427)	(333,759)
Interest and dividends received	6	290
Interest paid	(4,478)	(6,444)
Income taxes refund	4,030	1,477
Income taxes paid	(50,518)	(22,667)
Net cash provided by (used in) operating activities	(324,387)	(361,105)

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,114)	(252)
Proceeds from sale of property, plant and equipment	812	1,269
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(97,947)	-
Payments for investments in capital	-	(10,000)
Short-term loan advances	-	(40,000)
Payments of leasehold deposits	(155)	(240)
Proceeds from refund of leasehold deposits	1,627	270
Payments of guarantee deposits	(3,025)	-
Proceeds from refund of guarantee deposits	21,000	7,358
Payments for asset retirement obligations	(17,128)	(9,495)
Other, net	-	967
Net cash provided by (used in) investing activities	(102,931)	(50,123)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(100,000)
Repayments of long-term borrowings	(137,896)	(112,829)
Proceeds from issuance of bonds	200,000	-
Repayments of lease liabilities	(1,023)	(433)
Proceeds from issuance of shares	-	921,368
Purchase of treasury shares	(27)	(107)
Proceeds from disposal of treasury shares	226	377
Proceeds from issuance of shares resulting from exercise of share acquisition rights	256,108	-
Net cash provided by (used in) financing activities	317,388	708,376
Net increase (decrease) in cash and cash equivalents	(109,930)	297,147
Cash and cash equivalents at beginning of period	599,375	489,444
Cash and cash equivalents at end of period	489,444	786,592