

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

April 28, 2023

Company name: Fundely Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3137 URL <https://www.fundely.co.jp/>
 Representative: President, Founder Kosuke Abe
 Director and General Manager of Administration Department Tomonori Kayano TEL 03-6741-5880
 Inquiries: Administration Department
 Scheduled date of ordinary general meeting of shareholders: June 20, 2023
 Scheduled date to file Securities Report: June 21, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	2,810	(10.0)	(285)	–	(284)	–	(284)	–
Year ended March 31, 2022	3,123	2.0	(177)	–	(158)	–	(1,948)	–

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	(44.79)	–	(58.7)	(5.5)	(10.1)
Year ended March 31, 2022	(306.54)	–	(120.7)	(2.4)	(5.7)

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	4,935	349	6.8	53.37
As of March 31, 2022	5,462	643	11.6	99.25

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	189	(0)	(279)	975
Year ended March 31, 2022	738	(50)	(289)	1,066

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	1,486	6.3	19	–	(3)	–	(4)	–	(0.63)
Full year	3,037	8.1	52	–	51	–	50	–	7.97

4. Notes

(1) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(2) Number of issued shares (common shares)

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

As of March 31, 2023	6,457,500 shares	As of March 31, 2022	6,457,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	132,600 shares	As of March 31, 2022	100,000 shares
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Average number of shares during the period

Year ended March 31, 2023	6,347,784 shares	Year ended March 31, 2022	6,357,500 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,066,839	975,782
Accounts receivable - trade	187,510	131,738
Merchandise and finished goods	374,215	254,206
Work in process	1,548	1,918
Raw materials and supplies	45,228	12,931
Prepaid expenses	39,037	44,336
Other	3,951	13,552
Allowance for doubtful accounts	(64)	(71)
Total current assets	1,718,265	1,434,395
Non-current assets		
Property, plant and equipment		
Buildings	2,538,445	2,538,445
Accumulated depreciation	(283,176)	(419,028)
Buildings, net	2,255,268	2,119,416
Structures	528,839	528,839
Accumulated depreciation	(83,061)	(125,093)
Structures, net	445,777	403,746
Tools, furniture and fixtures	99,136	99,136
Accumulated depreciation	(80,951)	(88,425)
Tools, furniture and fixtures, net	18,185	10,710
Machinery, equipment and vehicles	965,927	966,430
Accumulated depreciation	(502,641)	(560,803)
Machinery, equipment and vehicles, net	463,286	405,626
Land	516,725	516,725
Total property, plant and equipment	3,699,243	3,456,225
Intangible assets		
Patent right	–	700
Trademark right	2,900	2,393
Software	333	259
Total intangible assets	3,234	3,353
Investments and other assets		
Leasehold deposits	33,104	33,086
Guarantee deposits	8,708	8,731
Other	71	46
Total investments and other assets	41,884	41,865
Total non-current assets	3,744,362	3,501,444
Total assets	5,462,628	4,935,839

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	112,039	97,468
Current portion of long-term borrowings	270,360	270,360
Accounts payable - other	69,775	182,982
Accrued expenses	16,710	20,252
Income taxes payable	6,367	1,481
Deposits received	6,571	6,734
Provision for bonuses	13,369	14,731
Other	62,270	534
Total current liabilities	557,464	594,546
Non-current liabilities		
Long-term borrowings	4,256,510	3,986,150
Asset retirement obligations	5,480	5,487
Total non-current liabilities	4,261,990	3,991,637
Total liabilities	4,819,454	4,586,183
Net assets		
Shareholders' equity		
Share capital	279,864	279,864
Capital surplus		
Legal capital surplus	229,864	229,864
Total capital surplus	229,864	229,864
Retained earnings		
Other retained earnings		
Retained earnings brought forward	208,410	(75,877)
Total retained earnings	208,410	(75,877)
Treasury shares	(87,143)	(96,299)
Total shareholders' equity	630,995	337,550
Share acquisition rights	12,177	12,105
Total net assets	643,173	349,656
Total liabilities and net assets	5,462,628	4,935,839

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	3,123,619	2,810,524
Cost of sales		
Beginning inventory of merchandise and finished goods	992,599	1,033,873
Cost of purchased goods	1,217,126	966,649
Cost of products manufactured	867,360	579,815
Total	3,077,086	2,580,337
Transfer to other account	95,920	52,292
Ending inventory of merchandise and finished goods	1,033,873	987,421
Valuation loss on finished goods	(5,090)	73,556
Cost of merchandise and finished goods sold	1,942,202	1,614,180
Gross profit	1,181,417	1,196,343
Selling, general and administrative expenses		
Freight costs	387,574	348,375
Advertising expenses	233,836	375,312
Storage expenses	141,922	124,043
Provision of allowance for doubtful accounts	76	84
Remuneration for directors (and other officers)	108,563	101,558
Salaries and allowances	153,294	149,707
Provision for bonuses	9,654	11,555
Rent expenses on land and buildings	43,432	47,813
Depreciation	4,117	2,019
Commission expenses	66,630	99,405
Other	209,780	221,483
Total selling, general and administrative expenses	1,358,883	1,481,359
Operating loss	(177,466)	(285,016)
Non-operating income		
Commission income	748	595
Bounty income	56,420	47,436
Interest on tax refund	767	–
Miscellaneous income	920	1,162
Total non-operating income	58,855	49,194
Non-operating expenses		
Interest expenses	39,606	47,486
Miscellaneous losses	699	730
Total non-operating expenses	40,306	48,217
Ordinary loss	(158,916)	(284,039)
Extraordinary income		
Gain on reversal of share acquisition rights	2,715	1,232
Total extraordinary income	2,715	1,232
Extraordinary losses		
Impairment losses	1,777,679	–
Subsidy reduction loss	30,897	–
Total extraordinary losses	1,808,576	–
Loss before income taxes	(1,964,777)	(282,806)
Income taxes - current	1,480	1,481
Refund of income taxes for prior periods	(17,440)	–
Total income taxes	(15,960)	1,481
Loss	(1,948,817)	(284,288)

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at beginning of period	279,864	229,864	229,864	2,176,501	2,176,501	(87,143)	2,599,086
Cumulative effects of changes in accounting policies				(201)	(201)		(201)
Restated balance	279,864	229,864	229,864	2,176,300	2,176,300	(87,143)	2,598,885
Changes during period							
Issuance of new shares - exercise of share acquisition rights							-
Dividends of surplus				(19,072)	(19,072)		(19,072)
Loss				(1,948,817)	(1,948,817)		(1,948,817)
Purchase of treasury shares							-
Net changes in items other than shareholders' equity							-
Total changes during period	-	-	-	(1,967,889)	(1,967,889)	-	(1,967,889)
Balance at end of period	279,864	229,864	229,864	208,410	208,410	(87,143)	630,995

	Share acquisition rights	Total net assets
Balance at beginning of period	13,966	2,613,052
Cumulative effects of changes in accounting policies		(201)
Restated balance	13,966	2,612,851
Changes during period		
Issuance of new shares - exercise of share acquisition rights		-
Dividends of surplus		(19,072)
Loss		(1,948,817)
Purchase of treasury shares		-
Net changes in items other than shareholders' equity	(1,788)	(1,788)
Total changes during period	(1,788)	(1,969,678)
Balance at end of period	12,177	643,173

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at beginning of period	279,864	229,864	229,864	208,410	208,410	(87,143)	630,995
Cumulative effects of changes in accounting policies							-
Restated balance	279,864	229,864	229,864	208,410	208,410	(87,143)	630,995
Changes during period							
Issuance of new shares - exercise of share acquisition rights							-
Dividends of surplus							-
Loss				(284,288)	(284,288)		(284,288)
Purchase of treasury shares						(9,155)	(9,155)
Net changes in items other than shareholders' equity							-
Total changes during period	-	-	-	(284,288)	(284,288)	(9,155)	(293,444)
Balance at end of period	279,864	229,864	229,864	(75,877)	(75,877)	(96,299)	337,550

	Share acquisition rights	Total net assets
Balance at beginning of period	12,177	643,173
Cumulative effects of changes in accounting policies		-
Restated balance	12,177	643,173
Changes during period		
Issuance of new shares - exercise of share acquisition rights		-
Dividends of surplus		-
Loss		(284,288)
Purchase of treasury shares		(9,155)
Net changes in items other than shareholders' equity	(72)	(72)
Total changes during period	(72)	(293,516)
Balance at end of period	12,105	349,656

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Loss before income taxes	(1,964,777)	(282,806)
Depreciation	497,607	244,166
Impairment losses	1,777,679	–
Increase (decrease) in allowance for doubtful accounts	(25)	6
Increase (decrease) in provision for bonuses	(5,606)	1,362
Interest and dividend income	(767)	(34)
Interest expenses	39,606	47,486
Share-based payment expenses	926	1,160
Gain on reversal of share acquisition rights	(2,715)	(1,232)
Subsidy reduction loss	30,897	–
Decrease (increase) in trade receivables	182	55,771
Decrease (increase) in inventories	2,482	151,935
Increase (decrease) in trade payables	(24,878)	(14,570)
Increase (decrease) in accounts payable - other	(5,591)	113,207
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	155,511	(72,865)
Bounty income	(56,420)	(47,436)
Other, net	1,401	(6,283)
Subtotal	445,514	189,866
Interest and dividends received	767	34
Bounty income received	56,420	47,436
Subsidies received	53,756	–
Interest paid	(42,647)	(47,262)
Income taxes refund (paid)	224,664	(920)
Net cash provided by (used in) operating activities	738,474	189,153
Cash flows from investing activities		
Purchase of property, plant and equipment	(47,801)	(502)
Purchase of intangible assets	(620)	(210)
Payments of leasehold and guarantee deposits	(2,272)	–
Proceeds from refund of leasehold and guarantee deposits	–	18
Net cash provided by (used in) investing activities	(50,693)	(694)
Cash flows from financing activities		
Repayments of long-term borrowings	(270,360)	(270,360)
Purchase of treasury shares	–	(9,155)
Dividends paid	(19,055)	0
Net cash provided by (used in) financing activities	(289,415)	(279,515)
Net increase (decrease) in cash and cash equivalents	398,365	(91,056)
Cash and cash equivalents at beginning of period	668,474	1,066,839
Cash and cash equivalents at end of period	1,066,839	975,782