

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

November 14, 2024

Company name: Aucfan Co., Ltd.

Stock Exchange Listing:
Tokyo Stock Exchange

Securities code: 3674 URL: <https://aucfan.co.jp/en/>

Representative: Shuichi Takenaga President and CEO

Contact for enquiries: Shinjiro Sugiyama Executive Officer, Administration Department TEL: +81-03-6809-0951

Supplementary materials on financial results: Yes

Financial results briefing session: Yes

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year Ended September 30, 2024

(from October 1, 2023 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Recurring profit		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	4,840	(5.9)	356	17.1	353	3.5	187	997.7
September 30, 2023	5,145	(17.8)	304	(5.6)	341	9.4	17	(69.8)

(Note) Comprehensive income: For the year ended September 30, 2024 (¥261 million (–% year on year))

For the year ended September 30, 2023 ¥190 million (–% year on year)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Recurring profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
September 30, 2024	18.16	-	4.2	4.8	7.4
September 30, 2023	1.62	1.62	0.4	4.7	5.9

(2) Consolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2024	7,692	4,408	57.3	427.08
September 30, 2023	7,100	4,630	65.1	448.12

(Reference) Equity capital: As of September 30, 2024: ¥4,408 million

As of September 30, 2023: ¥4,625 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
	Million yen	Million yen	Million yen	Million yen
September 30, 2024	1,003	(206)	431	4,497
September 30, 2023	109	(376)	(332)	3,280

2. Dividends

Fiscal year ended	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
September 30, 2023	–	0.00	–	0.00	0.00	–	–	–
September 30, 2024	–	0.00	–	0.00	0.00	–	–	–
September 30, 2025 (Forecast)	–	0.00	–	0.00	0.00		–	

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Net income attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	6,000	24.0	375	5.2	360	1.8	190	1.4	18.41

(Note) we omit consolidated business forecast of 2nd quarter ,because we manage operational control in annual basis.

* Notes

(1) Changes in significant subsidiaries during the year (changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates, and retrospective restatements

1. Changes in accounting policies due to revisions to accounting standards and other regulations: None
2. Changes in accounting policies other than 1 above: None
3. Changes to accounting estimates: None
4. Restatements: None

(3) Number of issued shares (common stock)

1. Number of issued shares at the end of the period (including treasury stock)
 - As of September 30, 2024: 10,813,700 shares
 - As of September 30, 2023: 10,813,700 shares
2. Number of treasury shares at the end of the period
 - As of September 30, 2024: 491,990 shares
 - As of September 30, 2023: 491,990 shares
3. Average number of shares outstanding during the period
 - Term ended September 30, 2024: 10,321,710 shares
 - Term ended September 30, 2023: 10,568,080 shares

* The financial statements are not subject to audits performed by certified public accountants or auditing firms.

* Explanation of the proper use of financial results forecast and other notes

(Notice regarding forward-looking statements)

Forward-looking statements within this document, including earnings forecasts, are based on currently available information to the Company and certain assumptions which the Company has deemed reasonable. Accordingly, the Company does not guarantee their achievement or fulfillment. Actual results and other performance may vary significantly due to a variety of factors.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	Fiscal year ended of September 30, 2023	Fiscal year ended of September 30, 2024
Assets		
Current assets		
Cash and deposits	3,280,940	4,497,678
Accounts receivable - trade	423,363	476,148
Operational investment securities	1,574,460	1,092,382
Merchandise	36,721	15,942
Work in process	15	—
Supplies	109	2,414
Accounts receivable – other	712,495	574,129
Other	201,501	219,597
Allowance for doubtful accounts	(58,969)	(72,460)
Total current assets	6,170,637	6,805,834
Non-current assets		
Property, plant and equipment		
Buildings, net	83,914	70,310
Tools, furniture and fixtures, net	48,086	36,501
Other, net	2,645	2,033
Total property, plant and equipment	134,646	108,845
Intangible assets		
Goodwill	8,950	4,972
Software	463,671	418,820
Software in progress	27,743	11,020
Other	1,623	1,195
Total intangible assets	501,988	436,009
Investments and other assets		
Long-term loans receivable	14,118	4,152
Deferred tax assets	90,754	146,752
Distressed receivables	298,532	298,303
Long-term accounts receivable - other	348,147	312,147
Other	187,978	191,384
Allowance for doubtful accounts	(646,565)	(610,450)
Total investments and other assets	292,966	342,288
Total non-current assets	929,601	887,144
Total assets	7,100,239	7,692,978
Liabilities		
Current liabilities		
Accounts payable - trade	83,684	51,550
Short-term borrowings	1,100,000	1,500,000
Current portion of long-term borrowings	103,330	96,674
Income taxes payable	19,583	99,807
Accounts payable - other	783,827	1,199,190
Contract liabilities	124,442	99,491
Provision for bonuses	3,600	3,600
Provision for shareholder benefit program	—	18,000
Other	77,061	112,832
Total current liabilities	2,295,529	3,181,146
Non-current liabilities		
Long-term borrowings	63,350	61,122
Deferred tax liabilities	68,290	—
Other	42,249	42,463
Total non-current liabilities	173,889	103,585
Total liabilities	2,469,419	3,284,732

(Thousands of yen)

	Fiscal year ended of September 30, 2023	Fiscal year ended of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	973,683	973,683
Capital surplus	907,859	919,089
Retained earnings	2,381,593	2,569,041
Treasury shares	(340,055)	(340,055)
Total shareholders' equity	3,923,081	4,121,759
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	702,871	286,574
Currency translation adjustment account	(581)	(87)
Total accumulated other comprehensive income	702,289	286,486
Share acquisition rights	2,894	—
Non-controlling interests	2,553	—
Total net assets	4,630,819	4,408,246
Total liabilities and net assets	7,100,239	7,692,978

(2) Consolidated Statement of Income and Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)
Net sales	5,145,856	4,840,369
Cost of sales	2,579,461	2,163,063
Gross profit	2,566,395	2,677,305
Selling, general and administrative expenses	2,262,165	2,320,948
Operating profit	304,229	356,357
Non-operating income		
Interest and dividend income	492	689
Exchange gain	33,987	—
Fees received	1,464	438
Reversal of allowance for doubtful accounts	143	4,730
Officer remuneration refund amount	5,613	—
Point income	—	7,666
Other	3,756	7,801
Total non-operating income	45,457	21,327
Non-operating expenses		
Interest expenses	5,919	8,053
Non-deductible consumption tax, etc.	340	0
Foreign exchange loss	—	11,499
Other	1,724	4,329
Total non-operating expenses	7,984	23,883
Recurring profit	341,702	353,801
Extraordinary income		
Gain on reversal of share acquisition rights insurance proceeds received	14	2,894
Other	50,000	10,000
Total extraordinary income	162	—
Total extraordinary income	50,176	12,894
Extraordinary losses		
Impairment loss	36,238	63,562
Loss on retirement of non-current assets	248	230
Special investigation costs, etc. and costs related to correction of past year's settlement of accounts	196,744	—
Structural reform costs	127,316	—
Total extraordinary losses	360,548	63,792
Profit before income taxes	31,331	302,903
Income taxes - current	27,259	98,347
Income taxes - deferred	4,441	49,924
Total income taxes	31,700	148,272
Net income	(369)	154,630
(Breakdown)		
Profit attributable to owners of parent	17,076	187,448
Profit attributable to non-controlling interests	(17,446)	(32,817)
Other comprehensive income		
Valuation difference on available-for-sale securities	191,374	(416,297)
Foreign currency translation adjustment account	(581)	493
Total other comprehensive income	190,793	(415,803)
Comprehensive income	190,423	(261,172)
(Breakdown)		
Comprehensive income attributable to owners of the parent	207,870	(228,354)
Comprehensive income attributable to non- controlling	(17,446)	(32,817)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	973,683	907,859	2,364,516	(203,380)	4,042,679
Changes during period					
Net income attributable to parent company shareholders			17,076		17,076
Purchase of treasury shares				(136,675)	(136,675)
Current period changes in items other than shareholders' equity (net amount)					
Total changes during period	—	—	17,076	(136,675)	(119,598)
Balance at end of period	973,683	907,859	2,381,593	(340,055)	3,923,081

	Valuation difference on available-for-sale securities	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
		Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	511,496	—	511,496	2,909	—	4,557,085
Changes during period						
Net income attributable to parent company shareholders						17,076
Purchase of treasury shares						(136,675)
Current period changes in items other than shareholders' equity (net amount)	191,374	(581)	190,793	(14)	2,553	193,331
Total changes during period	191,374	(581)	190,793	(14)	2,553	73,733
Balance at end of period	702,871	(581)	702,289	2,894	2,553	4,630,819

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	973,683	907,859	2,381,593	(340,055)	3,923,081
Changes during period					
Net income attributable to parent company shareholders			187,448		187,448
Capital increase of consolidated subsidiaries		11,229			11,229
Current period changes in items other than shareholders' equity (net amount)					
Total changes during period	—	11,229	187,448	—	198,677
Balance at end of period	973,683	919,089	2,569,041	(340,055)	4,121,759

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	702,871	(581)	702,289	2,894	2,553	4,630,819
Changes during period						
Net income attributable to parent company shareholders						187,448
Capital increase of consolidated subsidiaries						11,229
Current period changes in items other than shareholders' equity (net amount)	(416,297)	(493)	(415,803)	(2,894)	(2,553)	(421,251)
Total changes during period	(416,297)	(493)	(415,803)	(2,894)	(2,553)	(222,573)
Balance at end of period	286,574	(87)	286,486	—	—	4,408,246

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	31,331	302,903
Depreciation	198,608	237,898
Amortization of goodwill	76,778	3,978
Impairment loss	36,238	63,562
Increase (decrease) in allowance for doubtful accounts	(19,620)	(22,624)
Increase (decrease) in allowance for litigation losses	(1,350)	—
Increase (decrease) in provision for shareholder benefit program	—	18,000
Interest income and dividend income	(492)	(689)
Interest expense	5,919	8,053
insurance proceeds received	(50,000)	(10,000)
Loss on retirement of fixed assets	248	230
Special investigation costs, etc. and costs related to correction of past year's financial statements	196,744	—
Structural reform costs	127,316	—
Decrease (increase) in trade receivables	(72,866)	(52,555)
Decrease (increase) in inventories	9,244	18,132
Decrease (increase) in operating investment securities	94,408	(108,431)
Decrease (increase) in long-term accounts receivable-other	30,500	36,000
Increase/decrease in trade payables	(38,226)	(32,655)
Decrease (increase) in accounts payable	37,099	415,339
Other	22,890	(4,422)
Subtotal	684,772	872,718
Interest and dividends received	483	664
Interest paid	(5,749)	(8,445)
Amount paid for special investigation expenses, etc. and expenses related to correction of past year's financial statements	(196,744)	—
Amount of structural reform costs paid	(118,264)	—
Proceeds from insurance income	—	60,000
Income taxes (paid) refund	(254,587)	78,596
Net cash provided by (used in) operating activities	109,909	1,003,532
Cash flows from investing activities		
Income from loan collection	9,965	9,965
Purchase of property, plant and equipment	(129,028)	(9,068)
Proceeds from sale of property, plant and equipment	583	—
Purchase of intangible assets	(264,706)	(204,440)
Proceeds from refund of guarantee deposits	158,388	—
Payments of guarantee deposits	(161,696)	(4,096)
Income from acceptance of deposits	18,750	7,600
Expenses due to return of security deposit	(8,300)	(6,600)
Refund of guarantee deposits received	—	(140)
Net cash provided by (used in) investing activities	(376,045)	(206,780)

	(Thousands of yen)	
	Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,060,000	1,433,000
Repayments of short-term borrowings	(1,060,000)	(1,033,000)
Proceeds from long-term borrowings	—	100,000
Repayments of long-term borrowings	(211,753)	(108,884)
Purchase of treasury shares	(136,675)	—
Repayments of lease obligations	(1,748)	(755)
Proceeds from share issuance to non-controlling shareholders	20,000	41,510
Other	(2,002)	—
Net cash provided by (used in) financing activities	(332,178)	431,870
Effect of exchange rate change on cash and cash equivalents	32,800	(11,884)
Net increase (decrease) in cash and cash equivalents	(565,513)	1,216,738
Cash and cash equivalents at beginning of period	3,833,053	3,280,940
Increase in cash and cash equivalents due to consolidation of unconsolidated subsidiaries	13,400	—
Cash and cash equivalents at end of period	3,280,940	4,497,678

5. Sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Solution	Platform	Incubation	Total		
Sales						
Sales to external customers	2,580,423	2,046,765	518,667	5,145,856	—	5,145,856
Intersegmental sales and transfers	143,632	26,417	—	170,050	(170,050)	—
Total	2,724,056	2,073,183	518,667	5,315,907	(170,050)	5,145,856
Segment profit (loss)	575,886	(31,609)	185,964	730,241	(426,011)	304,229
Segment assets	666,731	2,575,678	1,847,977	5,090,387	2,009,851	7,100,239
Other items						
Depreciation	122,165	65,379	—	187,544	11,063	198,608
Goodwill amortization	—	72,800	—	72,800	3,978	76,778
property, plant and equipment and intangible assets	176,121	80,021	93	256,237	130,628	386,865

Notes:

1. "Adjustments" includes the following:

- i. The downward adjustment of (¥426,011) thousand in "segment profit (loss)" includes elimination of intersegment transactions and companywide costs not allocated to reportable segments.
- ii. The adjustment of ¥2,009,851 thousand in "segment assets" includes elimination of intersegment transactions and companywide assets not allocated to reportable segments (cash and deposits, administrative property, plant, and equipment, etc.).
- iii. The adjustment of ¥11,063 thousand in "depreciation" and the adjustment of ¥3,978 thousand in "amortization of goodwill" include elimination of intersegment transactions and companywide costs not allocated to reportable segments.
- iv. The adjustment of ¥130,628 thousand in "increase in property, plant and equipment and intangible assets" includes companywide assets not allocated to reportable segments (administrative property, plant, and equipment, etc.).

2. "Segment profit (loss)" is consistent with operating profit recorded on the corresponding consolidated statement of income and statement of comprehensive income.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Solution	Platform	Incubation	Total		
Sales						
Sales to external customers	2,576,695	1,663,164	600,510	4,840,369	—	4,840,369
Intersegmental sales and transfers	82,691	39,687	102	122,481	(122,481)	—
Total	2,659,386	1,702,851	600,612	4,962,851	(122,481)	4,840,369
Segment profit	569,065	113,668	98,785	781,520	(425,162)	356,357
Segment assets	613,135	2,747,895	1,685,075	5,046,107	2,646,871	7,692,978
Other items						
Depreciation	143,113	80,376	—	223,490	14,407	237,898
Goodwill amortization	—	—	—	—	3,978	3,978
property, plant and equipment and intangible assets	136,588	74,703	2,738	214,031	—	214,031

Notes:

1. "Adjustments" includes the following:
 - i. The downward adjustment of (¥425,162) thousand in "segment profit (loss)" includes elimination of intersegment transactions and companywide costs not allocated to reportable segments.
 - ii. The adjustment of ¥2,646,871 thousand in "segment assets" includes elimination of intersegment transactions and companywide assets not allocated to reportable segments (cash and deposits, administrative property, plant, and equipment, etc.).
 - iii. The adjustment of ¥14,407 thousand in "depreciation" and the adjustment of ¥3,978 thousand in "amortization of goodwill" include elimination of intersegment transactions and companywide costs not allocated to reportable segments.
2. "Segment profit (loss)" is consistent with operating profit recorded on the corresponding consolidated statement of income and statement of comprehensive income.