



Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 [Japanese GAAP]

November 14, 2023

Company name: Aucfan Co., Ltd.

Stock Exchange Listing:
Tokyo Stock Exchange

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

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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, 2023 (October 1, 2022–September 30, 2023)

(1) Consolidated Operating Results (Percentages represent year-on-year changes)

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, 2023	5,145	(17.8)	304	(5.6)	341	9.4	17	(69.8)
September 30, 2022	6,256	(25.4)	322	(44.3)	312	(49.7)	56	(68.2)

(Note) Comprehensive income: For the year ended September 30, 2023 (¥190) million (–% year on year)
For the year ended September 30, 2022 (¥1,076) million (–% year on year)

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, 2023	1.62	1.62	0.4	4.7	5.9
September 30, 2022	5.36	5.36	1.1	3.9	5.2

(2) Consolidated Financial Position

Year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2023	7,100	4,630	65.1	448.12
September 30, 2022	7,350	4,557	62.0	429.77

(Reference) Equity capital: As of September 30, 2023: ¥4,625 million
As of September 30, 2022: ¥4,554 million

(3) Consolidated Cash Flows

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, 2023	109	(376)	(332)	3,280
September 30, 2022	1,079	(263)	(82)	3,833

2. Dividends

Year ended/ending	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
September 30, 2022	—	0.00	—	0.00	0.00	—	—	—
September 30, 2023	—	0.00	—	0.00	0.00	—	—	—
September 30, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

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

(Percentages represent year-on-year changes)

Full-year	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
	5,330	3.6	350	15	345	1.0	200	—	19.38

(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 made to accounting standards, etc.: Yes
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)
September 30, 2023: 10,813,700 shares
September 30, 2022: 10,813,700 shares
2. Number of treasury shares at the end of the period
September 30, 2023: 491,990 shares
September 30, 2022: 216,990 shares
3. Average number of shares outstanding during the period
Term ended September 30, 2023: 10,568,080 shares
Term ended September 30, 2022: 10,535,951 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.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

	Fiscal year ended of September 30, 2022	(Thousands of yen) Fiscal year ended of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,833,053	3,280,940
Accounts receivable - trade	350,725	423,363
Operational investment securities	1,398,374	1,574,460
Merchandise	47,206	36,721
Work in process	240	15
Supplies	558	109
Accounts receivable – other	587,465	712,495
Other	274,508	201,501
Allowance for doubtful accounts	(48,205)	(58,969)
Total current assets	6,443,928	6,170,637
Non-current assets		
Property, plant and equipment		
Buildings, net	44,117	83,914
Tools, furniture and fixtures, net	13,686	48,086
Other, net	3,630	2,645
Total property, plant and equipment	61,434	134,646
Intangible assets		
Goodwill	85,729	8,950
Software	315,850	463,671
Software in progress	136,353	27,743
Other	2,006	1,623
Total intangible assets	539,940	501,988
Investments and other assets		
Long-term loans receivable	24,083	14,118
Deferred tax assets	106,026	90,754
Investments in capital of subsidiaries and associates	13,400	–
Distressed receivables	298,303	298,532
Long-term accounts receivable - other	378,647	348,147
Other	161,209	187,978
Allowance for doubtful accounts	(676,950)	(646,565)
Total investments and other assets	304,719	292,966
Total non-current assets	906,094	929,601
Total assets	7,350,023	7,100,239
Liabilities		
Current liabilities		
Accounts payable - trade	130,722	83,684
Short-term borrowings	1,100,000	1,100,000
Current portion of long-term borrowings	211,753	103,330
Income taxes payable	167,081	19,583
Accounts payable - other	746,729	783,827
Contract liabilities	158,620	124,442
Provision for bonuses	3,240	3,600
Provision for loss on litigation	1,350	–
Other	75,701	77,061
Total current liabilities	2,595,197	2,295,529
Non-current liabilities		
Long-term borrowings	166,680	63,350
Deferred tax liabilities	–	68,290
Other	31,059	42,249
Total non-current liabilities	197,739	173,889
Total liabilities	2,792,937	2,469,419

	Fiscal year ended of September 30, 2022	(Thousands of yen) Fiscal year ended of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	973,683	973,683
Capital surplus	907,859	907,859
Retained earnings	2,364,516	2,381,593
Treasury shares	(203,380)	(340,055)
Total shareholders' equity	4,042,679	3,923,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	511,496	702,871
Currency translation adjustment account	—	(581)
Total accumulated other comprehensive income	511,496	702,289
Share acquisition rights	2,909	2,894
Non-controlling interests	—	2,553
Total net assets	4,557,085	4,630,819
Total liabilities and net assets	7,350,023	7,100,239

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

	Fiscal year ended September 30, 2022 (October 1, 2021– September 30, 2022)	(Thousands of yen) Fiscal year ended September 30, 2023 (October 1, 2022– September 30, 2023)
Net sales	6,256,378	5,145,856
Cost of sales	3,013,887	2,579,461
Gross profit	3,242,490	2,566,395
Selling, general and administrative expenses	2,920,254	2,262,165
Operating profit	322,236	304,229
Non-operating income		
Interest income	628	492
Exchange gain	3,446	33,987
Subsidy income	665	–
Fees received	1,222	1,464
Officer remuneration refund amount	–	5,613
Other	3,023	3,900
Total non-operating income	8,987	45,457
Non-operating expenses		
Interest expenses	7,863	5,919
Non-deductible consumption tax, etc.	4,663	340
Provision of allowance for doubtful accounts	5,333	–
Other	969	1,724
Total non-operating expenses	18,829	7,984
Recurring profit	312,394	341,702
Extraordinary income		
Gain on reversal of share acquisition rights	3,676	14
Gain on sale of non-current assets	2,079	–
Gain on bargain purchase	85,910	–
insurance proceeds received	–	5,000
Other	878	162
Total extraordinary income	92,544	50,176
Extraordinary losses		
Impairment loss	–	36,238
Loss on retirement of non-current assets	1,679	248
Provision for loss on litigation	1,350	–
Special investigation costs, etc. and costs related to correction of past year's settlement of accounts	–	196,744
Other	–	127,316
Total extraordinary losses	3,029	360,548
Profit before income taxes	401,908	31,331
Income taxes - current	216,183	27,259
Income taxes - deferred	129,223	4,441
Total income taxes	345,407	31,700
Net income	56,501	(369)
(Breakdown)		
Profit attributable to owners of parent	56,501	17,076
Profit attributable to non-controlling interests	–	(17,446)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,132,600)	191,374
Foreign currency translation adjustment account	–	(581)
Total other comprehensive income	(1,132,600)	190,793
Comprehensive income	(1,076,098)	190,423
(Breakdown)		
Comprehensive income attributable to owners of the parent	(1,076,098)	207,870

Comprehensive income attributable to non-controlling

—

(17,446)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended September 30, 2022 (October 1, 2021–September 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	884,082	818,258	2,308,014	(203,380)	3,806,976
Changes during period					
Issuance of new shares (exercise of stock acquisition rights)	89,600	89,600			179,201
Net income attributable to parent company shareholders			56,501		56,501
Current period changes in items other than shareholders' equity (net amount)					
Total changes during period	89,600	89,600	56,501	—	235,703
Balance at end of period	973,683	907,859	2,364,516	(203,380)	4,042,679

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	1,644,097	1,644,097	6,968	5,458,041
Changes during period				
Issuance of new shares (exercise of stock acquisition rights)				179,201
Net income attributable to parent company shareholders				56,501
Current period changes in items other than shareholders' equity (net amount)	(1,132,600)	(1,132,600)	(4,059)	(1,136,659)
Total changes during period	(1,132,600)	(1,132,600)	(4,059)	(900,956)
Balance at end of period	511,496	511,496	2,909	4,557,085

Fiscal year ended September 30, 2023 (October 1, 2022–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					
Issuance of new shares - exercise of share acquisition rights			17,076		17,076
Profit attributable to owners of parent				(136,675)	(136,675)
Net changes in items other than shareholders' equity					
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

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for sale securities	Currency translation adjustment account	Total accumulated other comprehensive income			
Balance at beginning of period	511,496	—	511,496	2,909	—	4,557,085
Changes during period						
Issuance of new shares - exercise of share acquisition rights						17,076
Profit attributable to owners of parent						(136,675)
Net changes in items other than shareholders' equity	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

(4) Consolidated Statement of Cash Flows

	Fiscal year ended September 30, 2022 (October 1, 2021–September 30, 2022)	(Thousands of yen) Fiscal year ended September 30, 2023 (October 1, 2022– September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	401,908	31,331
Depreciation	161,080	198,608
Amortization of goodwill	101,168	76,778
Impairment loss	—	36,238
Gain on negative goodwill	(85,910)	—
Increase (decrease) in allowance for doubtful accounts	418,631	(19,620)
Increase (decrease) in allowance for litigation losses	1,350	(1,350)
decrease (Increase) in point allowance	(12,748)	—
Interest income and dividend income	(628)	(492)
Interest expense	7,863	5,919
insurance proceeds received	—	(50,000)
Loss on retirement of fixed assets	1,679	248
Special investigation costs, etc. and costs related to correction of past year's financial statements	—	196,744
Structural reform costs	—	127,316
Gain (loss) on sales of fixed assets	(2,079)	—
Increase (decrease) in trade receivables	360,614	72,866
Decrease (increase) in inventories	201,881	9,244
Decrease (increase) in operating investment securities	(28,798)	94,408
Decrease (increase) in long-term accounts receivable-other	(378,647)	30,500
Increase/decrease in trade payables	32,208	(38,226)
Decrease (increase) in accounts payable	(88,952)	37,099
Other	29,418	22,890
Subtotal	1,120,040	684,772
Interest and dividends received	617	483
Interest paid	(7,563)	(5,749)
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)
Income taxes (paid) refund	(34,040)	(254,587)
Net cash provided by (used in) operating activities	1,079,054	109,909
Cash flows from investing activities		
Payments for investments in capital of subsidiaries and associates	(13,400)	—
Income from loan collection	9,965	9,965
Purchase of property, plant and equipment	(8,242)	(129,028)
Proceeds from sale of property, plant and equipment	2,092	583
Purchase of intangible assets	(303,033)	(264,706)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	21,213	—
Proceeds from refund of guarantee deposits	100	158,388
Payments of guarantee deposits	(1,800)	(161,696)
Income from acceptance of deposits	—	18,750
Expenses due to return of security deposit	—	(8,300)
Other	29,700	—
Net cash provided by (used in) investing	(263,404)	(376,045)

activities

	Fiscal year ended September 30, 2022 (October 1, 2021–September 30, 2022)	(Thousands of yen) Fiscal year ended September 30, 2023 (October 1, 2022– September 30, 2023)
Cash flows from financing activities		
Proceeds from short-term borrowings	360,000	1,060,000
Repayments of short-term borrowings	(300,000)	(1,060,000)
Repayments of long-term borrowings	(319,976)	(211,753)
Purchase of treasury shares	—	(136,675)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	178,818	—
Repayments of lease obligations	(1,817)	(1,748)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	20,000
Other	—	(2,002)
Net cash provided by (used in) financing activities	(82,975)	(332,178)
Effect of exchange rate change on cash and cash equivalents	3,504	32,800
Net increase (decrease) in cash and cash equivalents	736,179	(565,513)
Cash and cash equivalents at beginning of period	3,096,874	3,833,053
Increase in cash and cash equivalents due to consolidation of unconsolidated subsidiaries	—	13,400
Cash and cash equivalents at end of period	3,833,053	3,280,940

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

Fiscal year ended September 30, 2022 (October 1, 2021–September 30, 2022)

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Inventory Management Solution	Merchandise Distribution Platform	Incubation	Total		
Sales						
Sales to external customers	2,283,838	2,871,389	1,101,150	6,256,378	—	6,256,378
Intersegmental sales and transfers	86,562	81,831	—	168,393	△168,393	—
Total	2,370,400	2,953,220	1,101,150	6,424,771	△168,393	6,256,378
Segment profit (loss)	494,828	(521,320)	796,189	769,697	△447,460	322,236
Segment assets	635,709	2,680,583	1,487,014	4,803,308	2,546,714	7,350,023
Other items						
Depreciation	104,449	45,704	—	150,154	10,926	161,080
Goodwill amortization property, plant and equipment and intangible assets	—	97,190	—	97,190	3,978	101,168
	212,686	98,672	—	311,358	9,280	320,638

Notes:

1. "Adjustments" includes the following:

- i. The downward adjustment of (¥447,460) thousand in "segment profit (loss)" includes elimination of intersegment transactions and companywide costs not allocated to reportable segments.
- ii. The adjustment of ¥2,546,714 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 ¥10,926 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 ¥9,280 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, 2023 (October 1, 2022–September 30, 2023)

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Inventory Management Solution	Merchandise Distribution 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	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 ¥2,009,815 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.