



Consolidated Financial Results for the Fiscal Year Ended September 30, 2020 [Japanese GAAP]

November 13, 2020

Stock Exchange Listing:
Tokyo Stock Exchange

Company name: Aucfan Co., Ltd.

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

Representative: Shuichi Takenaga President and CEO

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

Scheduled date of the ordinary general shareholders' meeting: December 23, 2020 Scheduled date of commencing dividend payment: —

Scheduled date of filing annual securities report: December 23, 2020

Supplementary materials on financial results: Yes

Financial results briefing session: Yes (a corresponding video posted on the Company's website)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year Ended September 30, 2020 (October 1, 2019–September 30, 2020)

(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, 2020	7,874	18.7	820	20.8	808	20.4	428	31.0
September 30, 2019	6,636	13.2	679	65.4	672	58.7	327	46.1

(Note) Comprehensive income: For the year ended September 30, 2020: ¥4,847 million (—% year on year)
For the year ended September 30, 2019: ¥304 million (up 37.4% 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, 2020	41.81	41.14	7.6	8.6	10.4
September 30, 2019	32.54	31.22	11.1	11.8	10.2

(Reference) Share of loss (profit) of entities accounted for using equity method: For the year ended September 30, 2020: —
For the year ended September 30, 2019: —

(2) Consolidated Financial Position

Year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2020	13,382	8,115	60.5	784.95
September 30, 2019	5,515	3,222	58.2	312.95

(Reference) Equity capital: As of September 30, 2020: ¥8,102 million
As of September 30, 2019: ¥3,208 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, 2020	824	(287)	813	2,704
September 30, 2019	(6)	(322)	(411)	1,354

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			
September 30, 2019	—	0.00	—	0.00	0.00	—	—	—
September 30, 2020	—	0.00	—	0.00	0.00	—	—	—
September 30, 2020 ¹ (Forecast)	—	0.00	—	0.00	0.00	—	—	—

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2021
(October 1, 2020–September 30, 2021)

(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	10,900	38.4	1,300	58.4	1,250	54.5	800	86.6	78.03

Note: The Company conducts business management on an annual basis and has therefore not included a consolidated earnings forecast for first six months of the fiscal year ending September 30, 2021.

* Notes

(1) Changes in significant subsidiaries during the year (changes in specified subsidiaries accompanying changes in scope of consolidation): Yes

Newly added: One company (Aucfan Incubate Fund No. 1 Investment Limited Partnership)

Excluded: —

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

1. Changes in accounting policies due to revisions made to accounting standards, etc.: None
2. Changes in accounting policies other than 1 above: None
3. Changes to accounting estimates: None
4. Retrospective 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, 2020: 10,539,400 shares
 - September 30, 2019: 10,469,400 shares
2. Number of treasury shares at the end of the period
 - September 30, 2020: 216,933 shares
 - September 30, 2019: 216,851 shares
3. Average number of shares outstanding during the period
 - Year ended September 30, 2020: 10,252,911 shares
 - Year ended September 30, 2019: 10,054,374 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

(Thousands of yen)

	Fiscal year ended September 30, 2019 (As of September 30, 2019)	Fiscal year ended September 30, 2020 (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	1,354,496	2,704,994
Notes and accounts receivable - trade	1,011,730	1,529,069
Operational investment securities	1,243,962	7,292,436
Merchandise	134,554	261,439
Work in process	974	314
Supplies	2,510	536
Accounts receivable - other	213,232	203,662
Other	138,726	210,806
Allowance for doubtful accounts	(57,704)	(33,359)
Total current assets	4,042,482	12,169,900
Non-current assets		
Property, plant and equipment		
Buildings, net	57,569	50,358
Tools, furniture and fixtures, net	36,396	27,774
Other, net	3,098	6,041
Total property, plant and equipment	97,064	84,173
Intangible assets		
Goodwill	391,289	276,154
Software	425,008	465,271
Software in progress	49,630	19,740
Other	1,442	1,810
Total intangible assets	867,371	762,976
Investments and other assets		
Long-term loans receivable	54,361	44,175
Deferred tax assets	277,724	163,619
Other	175,571	158,099
Total investments and other assets	507,657	365,894
Total non-current assets	1,472,093	1,213,044
Deferred assets		
Bond issuance costs	931	—
Total deferred assets	931	—
Total assets	5,515,508	13,382,944
Liabilities		
Current liabilities		
Accounts payable - trade	250,301	404,799
Short-term borrowings	300,000	1,133,332
Current portion of bonds payable	125,000	—
Current portion of long-term borrowings	398,986	337,108
Income taxes payable	107,177	396,748
Accounts payable - other	332,468	405,191
Provision for point card certificates	3,862	1,065
Other	199,003	199,196
Total current liabilities	1,716,799	2,877,441
Non-current liabilities		
Long-term borrowings	572,183	698,409
Deferred tax liabilities	—	1,685,454
Other	4,487	5,997
Total non-current liabilities	576,670	2,389,861
Total liabilities	2,293,469	5,267,303

(Thousands of yen)

	Fiscal year ended September 30, 2019 (As of September 30, 2019)	Fiscal year ended September 30, 2020 (As of September 30, 2020)
Net assets		
Shareholders' equity		
Share capital	861,157	884,082
Capital surplus	831,997	854,922
Retained earnings	1,727,899	2,156,591
Treasury shares	(203,171)	(203,171)
Total shareholders' equity	3,217,883	3,692,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(9,385)	4,410,224
Total accumulated other comprehensive income	(9,385)	4,410,224
Share acquisition rights	7,130	6,968
Non-controlling interests	6,410	6,023
Total net assets	3,222,038	8,115,641
Total liabilities and net assets	5,515,508	13,382,944

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

(Thousands of yen)

	Fiscal year ended September 30, 2019 (October 1, 2018–September 30, 2019)	Fiscal year ended September 30, 2020 (October 1, 2019–September 30, 2020)
Net sales	6,636,469	7,874,480
Cost of sales	3,500,066	4,748,255
Gross profit	3,136,403	3,126,224
Selling, general and administrative expenses	2,456,646	2,305,339
Operating profit	679,756	820,884
Non-operating income		
Interest and dividend income	912	904
Foreign exchange gains	276	—
Subsidy income	570	665
Social insurance premium refund	1,407	—
Other	4,323	5,159
Total non-operating income	7,490	6,729
Non-operating expenses		
Interest expenses	8,324	8,809
Loss on cancellation of leases	1,575	4,202
Non-deductible consumption tax, etc.	1,044	2,214
Other	4,188	3,400
Total non-operating expenses	15,131	18,627
Recurring profit	672,114	808,986
Extraordinary income		
Gain on sales of shares of subsidiaries	66,373	—
Gain on reversal of share acquisition rights	815	92
Other	277	—
Total extraordinary income	67,466	92
Extraordinary losses		
Impairment loss	104,189	77,156
Loss on sales of non-current assets	—	859
Loss on retirement of non-current assets	20,590	0
Loss on cancellation of rental contracts	—	14,699
Loss on liquidation of subsidiaries and associates	—	1,463
Other	4,230	—
Total extraordinary losses	129,010	94,178
Profit before income taxes	610,571	714,900
Income taxes - current	176,394	435,454
Income taxes - deferred	103,365	(148,859)
Total income taxes	279,759	286,595
Net income	330,811	428,304
(Breakdown)		
Net income attributable to owners of the parent	327,178	428,692
Net income attributable to non-controlling interests	3,632	(387)

(Thousands of yen)

	Fiscal year ended September 30, 2019 (October 1, 2018–September 30, 2019)	Fiscal year ended September 30, 2020 (October 1, 2019–September 30, 2020)
Other comprehensive income		
Valuation difference on available-for-sale securities	(26,240)	4,419,610
Total other comprehensive income	(26,240)	4,419,610
Comprehensive income	304,570	4,847,914
(Breakdown)		
Comprehensive income attributable to owners of the parent	300,938	4,848,302
Comprehensive income attributable to non-controlling interests	3,632	(387)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended September 30, 2019 (October 1, 2018–September 30, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	679,591	650,361	1,400,720	(43,251)	2,687,422
Changes during period					
Issuance of new shares - exercise of share acquisition rights	181,566	181,566			363,132
Net income attributable to owners of the parent			327,178		327,178
Purchase of treasury shares				(159,920)	(159,920)
Change in ownership interest of parent due to transactions with non-controlling interests		70			70
Net changes in items other than shareholders' equity					
Total changes during period	181,566	181,636	327,178	(159,920)	530,460
Balance at end of period	861,157	831,997	1,727,899	(203,171)	3,217,883

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	16,855	16,855	8,500	4,380	2,717,158
Changes during period					
Issuance of new shares - exercise of share acquisition rights					363,132
Net income attributable to owners of the parent					327,178
Purchase of treasury shares					(159,920)
Change in ownership interest of the parent due to transactions with non-controlling interests					70
Net changes in items other than shareholders' equity	(26,240)	(26,240)	(1,369)	2,029	(25,580)
Total changes during period	(26,240)	(26,240)	(1,369)	2,029	504,880
Balance at end of period	(9,385)	(9,385)	7,130	6,410	3,222,038

Fiscal year ended September 30, 2020 (October 1, 2019–September 30, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	861,157	831,997	1,727,899	(203,171)	3,217,883
Changes during period					
Issuance of new shares - exercise of share acquisition rights	22,925	22,925			45,850
Net income attributable to owners of the parent			428,692		428,692
Net changes in items other than shareholders' equity					
Total changes during period	22,925	22,925	428,692	—	474,542
Balance at end of period	884,082	854,922	2,156,591	(203,171)	3,692,425

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(9,385)	(9,385)	7,130	6,410	3,222,038
Changes during period					
Issuance of new shares - exercise of share acquisition rights					45,850
Net income attributable to owners of the parent					428,692
Net changes in items other than shareholders' equity	4,419,610	4,419,610	(162)	(387)	4,419,060
Total changes during period	4,419,610	4,419,610	(162)	(387)	4,893,602
Balance at end of period	4,410,224	4,410,224	6,968	6,023	8,115,641

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2019 (October 1, 2018–September 30, 2019)	Fiscal year ended September 30, 2020 (October 1, 2019–September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	610,571	714,900
Depreciation	263,032	242,021
Amortization of goodwill	145,957	115,135
Impairment loss	104,189	77,156
Increase (decrease) in allowance for doubtful accounts	22,414	(24,344)
Increase (decrease) in provision for point card certificates	(1,827)	(2,797)
Interest and dividend income	(912)	(904)
Interest expenses	8,324	8,809
Loss (gain) on sales of shares of subsidiaries	(66,373)	—
Loss on retirement of non-current assets	20,590	0
Loss (gain) on sales of intangible assets	—	859
Loss on cancellation of rental contracts	—	14,699
Decrease (increase) in trade receivables	(431,294)	(516,810)
Decrease (increase) in investment securities for sale	(415,061)	354,199
Decrease (increase) in inventories	(14,491)	(136,960)
Increase (decrease) in trade payables	(31,181)	150,000
Increase (decrease) in accounts payable - other	(13,744)	72,303
Other	(49,039)	(73,371)
Subtotal	151,153	994,895
Interest and dividends received	912	904
Interest paid	(8,347)	(9,019)
Payments associated with rental contract cancellations	—	(14,699)
Income taxes (paid) refund	(150,387)	(148,072)
Net cash provided by (used in) operating activities	(6,669)	824,009
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,218)	(7,519)
Purchase of intangible assets	(302,757)	(300,842)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(24,327)	—
Proceeds from refund of guarantee deposits	1,637	13,893
Payments of guarantee deposits	(195)	(100)
Collection of loans receivable	25,933	10,185
Loan advances	(13,313)	—
Other	2,988	(3,027)
Net cash provided by (used in) investing activities	(322,253)	(287,410)
Cash flows from financing activities		
Proceeds from short-term borrowings	500,000	1,700,000
Repayments of short-term borrowings	(500,000)	(866,668)
Proceeds from long-term borrowings	—	500,000
Repayments of long-term borrowings	(484,239)	(435,652)
Redemption of bonds	(125,000)	(125,000)
Purchase of treasury shares	(159,920)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	362,577	45,780
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,532)	—
Repayments of lease obligations	(2,889)	(2,682)
Other	—	(2,416)
Net cash provided by (used in) financing activities	(411,003)	813,361
Effect of exchange rate change on cash and cash	(301)	537

equivalents		
Net increase (decrease) in cash and cash equivalents	(740,228)	1,350,498
Cash and cash equivalents at beginning of period	2,094,725	1,354,496
Cash and cash equivalents at end of period	1,354,496	2,704,994

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

Fiscal year ended September 30, 2019 (October 1, 2018–September 30, 2019)

(Thousands of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded in consolidated financial statements (note 3)
	Inventory Management Solution	Merchandise Distribution Platform	Incubation	Total				
Sales								
Sales to external customers	1,792,346	3,999,053	807,776	6,599,177	37,292	6,636,469	—	6,636,469
Intersegmental sales and transfers	124,298	23,221	—	147,520	4,395	151,915	(151,915)	—
Total	1,916,645	4,022,274	807,776	6,746,697	41,687	6,788,385	(151,915)	6,636,469
Segment profit (loss)	402,332	68,635	573,182	1,044,151	(7,740)	1,036,410	(356,654)	679,756
Segment assets	637,609	1,778,594	1,324,457	3,740,661	—	3,740,661	1,774,847	5,515,508
Other items								
Depreciation	150,499	95,127	—	245,627	7,753	253,381	9,650	263,032
Amortization of goodwill	16,296	127,405	—	143,702	616	144,318	1,638	145,957
Increase in property, plant and equipment and intangible assets	198,163	95,905	—	294,068	11,099	305,167	12,188	317,355

Notes:

1. The “Other” segment is independent from other segments and includes the design, development, and operation of system applications.
2. “Adjustments” includes the following:
 - i. The downward adjustment of ¥356,654 thousand in “segment profit (loss)” includes elimination of intersegment transactions and companywide costs not allocated to reportable segments.
 - ii. The adjustment of ¥1,774,847 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 ¥9,650 thousand in “depreciation” and the adjustment of ¥1,638 thousand in “amortization of goodwill” include elimination of intersegment transactions and companywide costs not allocated to reportable segments.
 - iv. The adjustment of ¥12,188 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.).
3. “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, 2020 (October 1, 2019–September 30, 2020)

(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	1,789,412	4,814,983	1,270,084	7,874,480	—	7,874,480
Intersegmental sales and transfers	142,899	6,214	—	149,113	(149,113)	—
Total	1,932,311	4,821,198	1,270,084	8,023,594	(149,113)	7,874,480
Segment profit	367,824	324,252	503,625	1,195,702	(374,817)	820,884
Segment assets	674,895	2,824,584	7,331,581	10,831,060	2,551,884	13,382,944
Other items						
Depreciation	151,058	81,158	—	232,217	9,803	242,021
Amortization of goodwill	—	115,135	—	115,135	0	115,135
Increase in property, plant and equipment and intangible assets	234,576	76,618	—	311,194	6,485	317,679

Notes:

1. "Adjustments" includes the following:
 - i. The adjustment of ¥374,817 thousand in "segment profit" includes elimination of intersegment transactions and development, and companywide costs not allocated to reportable segments.
 - ii. The adjustment of ¥2,551,884 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 ¥9,803 thousand in "depreciation" and the adjustment of ¥0 thousand in "amortization of goodwill" include elimination of intersegment transactions and companywide costs not allocated to reportable segments.
 - iv. The adjustment of ¥6,485 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" is consistent with operating profit recorded on the corresponding consolidated statement of income and statement of comprehensive income.