

Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (Japanese GAAP)



November 12, 2024

Company Name:	PLAID, Inc.	Listing:	Tokyo Stock Exchange
Code No.:	4165	URL:	https://plaid.co.jp/
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Scheduled date to host annual shareholders' meeting:	December 19, 2024	Scheduled date to commence dividend payment:	—
Scheduled date to file securities report:	December 20, 2024		
Preparation of supplementary materials for financial results:	Yes		
Holding of financial results meeting:	Yes (For institutional investors and securities analysts)		

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Adjusted operating income		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2024	10,992	27.3	513	—	260	—	184	—	320	—
September 30, 2023	8,633	18.3	(490)	—	(881)	—	(938)	—	(2,108)	—

Note(s): 1. Comprehensive income: Fiscal year ended September 30, 2024 : 163 millions of yen (—%); Fiscal year ended September 30, 2023 : (2,128) millions of yen (—%)
2. Adjusted operating income (loss) = Operating income + Goodwill amortization + Stock-based compensation expenses + Other non-recurring expenses

	Net income per share	Diluted income per share	Return on equity (ROE)	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2024	8.01	7.85	11.2	2.7	2.4
September 30, 2023	(53.92)	—	(63.5)	(14.1)	(10.2)

Reference: Equity in earnings of affiliates Fiscal year ended September 30, 2024 — millions of yen Fiscal year ended September 30, 2023 — millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	7,299	3,203	43.0	77.54
September 30, 2023	6,219	2,748	41.7	65.89

Reference: Equity Fiscal year ended September 30, 2024 3,140 millions of yen Fiscal year ended September 30, 2023 2,592 millions of yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents Year-end balance
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended September 30, 2024	900	(49)	66	4,744
September 30, 2023	(325)	(89)	0	3,827

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend yield on equity (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended September 30, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending September 30, 2025 (Forecast)	—	0.00	—	0.00	0.00		—	

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

(Percentages indicate year-on-year changes)

	Net sales		Adjusted operating income		Operating income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	13,575	23.5	876	70.9	678	160.1

Note: Adjusted operating income (loss) = Operating income + Goodwill amortization + Stock-based compensation expenses + Other non-recurring expenses

Notes:

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

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

- a. Changes in accounting policies due to revisions : None
to accounting standards and other regulations
- b. Changes in accounting policies due to other reasons : None
- c. Changes in accounting estimates : None
- d. Restatement : None

(3) Number of issued shares (Common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)
- b. Number of treasury shares at the end of the period
- c. Average number of outstanding shares during the period

Fiscal year ended September 30, 2024	40,630,944 shares	Fiscal year ended September 30, 2023	39,343,617 shares
Fiscal year ended September 30, 2024	133,632 shares	Fiscal year ended September 30, 2023	1,417 shares
Fiscal year ended September 30, 2024	40,059,692 shares	Fiscal year ended September 30, 2023	39,103,231 shares

(Reference) Overview of non-consolidated results

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

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2024	9,825	28.5	777	—	752	—	295	—
Fiscal year ended September 30, 2023	7,644	16.7	(397)	—	(423)	—	(2,331)	—

	Net income per share	Diluted income per share
	Yen	Yen
Fiscal year ended September 30, 2024	7.36	7.22
Fiscal year ended September 30, 2023	(59.63)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	6,749	3,127	46.2	77.05
September 30, 2023	5,479	2,605	47.4	66.05

Reference: Equity Fiscal year ended September 30, 2024 3,120 millions of yen Fiscal year ended September 30, 2023 2,598 millions of yen

* This financial results report is out of scope from audits conducted by certified public accountants or audit firms.

* Explanation of the appropriate use of earnings forecasts and other special notes

(Disclaimer regarding forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company. They are not intended as a promise by the Company that they will be achieved. Further, actual earnings, etc. may differ materially due to a variety of factors.

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1. Qualitative Information Regarding Results for the Period

(1) Overview of Operating Results

With the mission of “Maximize the Value of People with the Power of Data,” the Company provides its CX (Customer Experience)*¹ platform KARTE via the cloud*² to companies that operate websites, smartphone apps, and other similar businesses, with the aim of returning the enormous amounts of diverse data that exists in the world as something valuable to consumers*³ and distributing rich experiences as well.

With so many services now available online, including shopping, travel, and finance, the Company believes that consumers do not want only simple conveniences such as being able to shop or make reservations from home. Rather, customers want high-quality communications and experiences that enable them to receive optimal proposals matched to their interests and situations.

Meanwhile, in order to respond to such consumers’ needs, companies need to correctly understand the situations of each individual through the accumulation, integration, and analysis of data. Based on this, companies are required to either create appropriate communications or build a system to personalize their websites or smartphone apps for their customers. However, these efforts are currently so complex and difficult for companies.

Through using KARTE, companies can analyze a variety of data, most notably real-time behavioral data on websites and smartphone apps, on a per-user basis. This allows the interests and status of each user to be visualized, therefore the Company believes that this will make it easier to understand users not only in terms of PVs*⁴ or UUs*⁵ as figures, but also as individual people. Companies can then implement various communication measures that have been matched to the interests and situations of each individual user and verify the results of it through using KARTE.

As companies are increasingly interested in improving customer experience and utilizing data, KARTE is being used not only in the area of marketing on websites and smartphone apps, but also in a variety of corporate activities such as customer support. By enhancing the functions of KARTE and providing various products, we will continue to expand the data environment that enables companies to comprehensively understand their users in an integrated manner.

During the current consolidated fiscal year, the Company made organizational changes and increased its workforce to strengthen sales of KARTE, and also took steps to further expand its business domain.

As a result, at the end of the current consolidated fiscal year, the Company’s ARR*⁶ was 10,085,915 thousand yen. Meanwhile, the Company’s financial results for the same period were net sales of 10,992,713 thousand yen (up 27.3% year-on-year), an operating income of 260,915 thousand yen (compared to an operating loss of 881,423 thousand yen in the same period of the previous year), an ordinary income of 184,413 thousand yen (compared to an ordinary loss of 938,343 thousand yen in the same period of the previous year), and a net income attributable to owners of parent of 320,732 thousand yen (compared to a net loss attributable to owners of parent of 2,108,610 thousand yen in the same period of the previous year).

The Group’s reportable segments are the SaaS business and the advertising business. However, segment information has been omitted as the advertising business accounts for only a small percentage of all segments, making segment information immaterial as a disclosure.

The description by segment is omitted because the SaaS business is the only segment of the Company.

Notes: 1. CX stands for Customer Experience which is defined to include the experience that the customers feel good, i.e., “the value that the customers realize through the experience.”

2. The term “cloud” here means cloud computing, which is a general term for the provision of software and other systems as a service through the internet.

3. “Consumers” refers to all of the general, unspecified number of people in the world, while “Users” refers to the people to whom companies provide their products and services.

4. PV stands for Page Views. It refers to the number of times a particular page in a website is opened. It is an indicator used to measure how much a website is being viewed.

5. UU stands for Unique Users. It refers to the number of distinct individuals who visited a particular website or accessed a particular smartphone app during any given period, regardless of how often that action occurs during the relevant period.

6. ARR stands for Annual Recurring Revenue. It is calculated by multiplying the monthly subscription revenue at the end of each quarter by 12. It is a performance indicator for net sales, which are expected to be obtained only from the existing subscription contracts during the 12 months starting the month following the final month of this quarter, based on the assumption that all existing subscriptions will be renewed with the same conditions at the timing of renewal.

(2) Overview of Financial Position

(Current assets)

Current assets as of September 30, 2024 were 6,243,398 thousand yen, up 942,897 thousand yen from the end of the previous consolidated fiscal year. This is mainly due to the expansion of transaction scale, resulting in increases of 158,666 thousand yen in notes and accounts receivable and 917,565 thousand yen in cash and deposits.

(Non-current assets)

Non-current assets as of September 30, 2024 were 1,056,531 thousand yen, up 137,638 thousand yen from the end of the previous consolidated fiscal year. This is mainly due to increase of 401,109 thousand yen in deferred tax assets.

(Current liabilities)

Current liabilities as of September 30, 2024 were 3,575,899 thousand yen, up 1,114,372 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 347,993 thousand yen in contract liabilities, 315,038 thousand yen in the current portion of long-term debt, and 172,767 thousand yen in income taxes payable.

(Long-term liabilities)

Non-current liabilities as of September 30, 2024 were 521,026 thousand yen, down 488,007 thousand yen from the end of the previous consolidated fiscal year. This is mainly due to the repayment of long-term debt, resulting in a reduction of 469,514 thousand yen in long-term debt.

(Net assets)

Total net assets as of September 30, 2024 were 3,203,004 thousand yen, up 454,171 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 93,572 thousand yen in non-controlling interests balanced against an increase in retained earnings by 320,732 thousand yen and increases of 145,262 thousand yen in common stock and 145,262 thousand yen in capital surplus.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") as of September 30, 2024 were 4,744,925 thousand yen (up 24.0% compared to the same period last year).

The status of each cash flow and their factors for the current consolidated fiscal year are as follows:

(Cash flow from operating activities)

Net cash obtained by operating activities was 900,478 thousand yen (325,088 thousand yen used in the fiscal year ended September 30, 2023). This is mainly due to 25,010 thousand yen of net income before tax adjustments, 198,075 thousand yen for stock-based compensation expenses, 153,179 thousand yen for impairment loss, and 347,993 thousand yen for increase in contract liabilities.

(Cash flow from investing activities)

Net cash used in investing activities was 49,686 thousand yen (89,033 thousand yen used in the fiscal year ended September 30, 2023). This is mainly due to the purchase of property and equipment of 57,617 thousand yen.

(Cash flow from financing activities)

Net cash provided by financing activities was 66,773 thousand yen (905 thousand yen obtained in the fiscal year ended September 30, 2023). This is mainly due to expenditures of 1,660 thousand yen for repayments of short-term debt and 554,476 thousand yen for repayments of long-term debt, while there were also proceeds from short-term debt of 100,000 thousand yen, proceeds from long-term debt of 400,000 thousand yen, and proceeds from issuance of shares resulting from exercise of stock acquisition rights of 122,911 thousand yen.

(4) Future outlook

Net sales for our group for the fiscal year ending September 30, 2025 is projected to be 13,575 million yen (up 23.5% compared to the fiscal year ended September 30, 2024). In addition to an expansion of transactions with existing customers in our SaaS business, we are expecting an increase in sales among our subsidiaries.

Regarding operating income or loss, we are forecasting adjusted operating income of 876 million yen (adjusted operating income of 513 million yen for the fiscal year ended September 30, 2024) and operating income of 678 million yen. This takes into consideration the fact that profitability in our existing SaaS business is improving due to optimized resource allocation and expenditures focused on profitability, as well as the effects of yen depreciation and strategic expenditures aimed at growth in new

business areas, including subsidiaries, from the fiscal year ending September 30, 2025 onward.

2. Basic Approach to Selection of Accounting Standards

In consideration of the comparability of financial statements from period to period and between companies, the Group will, for the time being, report consolidated financial statements in accordance with Japanese generally accepted accounting principles (GAAP). Regarding the application of international accounting standards, the Group's policy is to take appropriate measures in consideration of various domestic and international situations.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	3,827,359	4,744,925
Notes and accounts receivable	980,467	1,139,133
Prepaid expenses	416,111	368,775
Other	76,562	15,348
Allowance for doubtful receivables	—	(24,784)
Total current assets	5,300,501	6,243,398
Non-current assets		
Property, plant and equipment		
Buildings	26,227	26,227
Accumulated depreciation	(26,227)	(26,227)
Buildings, net	0	0
Tools, furniture and fixtures	181,966	225,272
Accumulated depreciation	(124,369)	(163,840)
Tools, furniture and fixtures, net	57,597	61,431
Property and equipment, net	57,597	61,432
Intangible fixed assets		
Goodwill	339,833	143,579
Total intangible fixed assets	339,833	143,579
Investments and other assets		
Investment securities	56,137	49,914
Bankruptcy reorganization claims	3,388	3,121
Lease and guarantee deposits	303,862	291,623
Long-term loans to employees	4,229	2,029
Long-term loans to directors	10,007	10,007
Deferred tax assets	33,225	434,334
Other	113,999	63,609
Allowance for doubtful receivables	(3,388)	(3,121)
Total investments and other assets	521,461	851,519
Total non-current assets	918,893	1,056,531
Total assets	6,219,394	7,299,930

(Thousands of yen)

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep. 30, 2024)
Liabilities		
Current liabilities		
Accounts payable	9,150	8,362
Short-term debt	1,660	100,000
Current portion of long-term debt	384,628	699,666
Accounts payable - other	742,290	709,795
Income taxes payable	55,253	228,020
Contract liabilities	504,487	852,480
Allowance for losses on order received	54,429	77,224
Other	709,628	900,348
Total current liabilities	2,461,527	3,575,899
Long-term liabilities		
Long-term debt	990,540	521,026
Deferred tax liabilities	18,493	—
Total long-term liabilities	1,009,033	521,026
Total liabilities	3,470,561	4,096,925
Net assets		
Shareholders' equity		
Common stock	2,945,895	3,091,157
Capital surplus	5,029,365	5,174,628
Retained earnings	(5,424,590)	(5,103,858)
Treasury shares	(279)	(281)
Total shareholders' equity	2,550,391	3,161,646
Accumulated other comprehensive income (loss)		
Deferred gain or losses on hedges	41,904	(21,607)
Total accumulated other comprehensive income (loss)	41,904	(21,607)
Stock acquisition right	7,147	7,147
Non-controlling interests	149,390	55,817
Total net assets	2,748,833	3,203,004
Total liabilities and net assets	6,219,394	7,299,930

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

(Thousands of yen)

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep. 30, 2024)
Net sales	8,633,638	10,992,713
Cost of sales	2,396,873	3,122,960
Gross profit	6,236,764	7,869,753
Selling, general and administrative expenses	7,118,188	7,608,837
Operating income (loss)	(881,423)	260,915
Non-operating income		
Interest income	210	518
Subsidy income	286	—
Commissions received	283	—
Dividend income	—	0
Foreign exchange gain	—	569
Point redemption income	—	3,486
Other	3,383	954
Total non-operating income	4,164	5,528
Non-operating expenses		
Interest expenses	20,447	21,075
Compensation fees	2,000	9,563
Restricted stock-related expenses	—	38,819
Commission fee	16,082	4,166
Foreign exchange loss	13,497	—
Other	9,057	8,405
Total non-operating expenses	61,084	82,030
Ordinary income (loss)	(938,343)	184,413
Extraordinary losses		
Impairment loss	* 1,133,159	* 153,179
Loss on valuation of investment securities	54,257	6,222
Total extraordinary losses	1,187,417	159,402
Net income (loss) before income taxes	(2,125,760)	25,010
Income taxes - current	22,403	189,423
Income taxes - deferred	(6,844)	(391,572)
Total income taxes	15,558	(202,149)
Net income (loss)	(2,141,318)	227,159
Net income (loss) attributable to non-controlling interests	(32,708)	(93,572)
Net income (loss) attributable to owners of parent	(2,108,610)	320,732

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep. 30, 2024)
Net income (loss)	(2,141,318)	227,159
Other comprehensive income		
Deferred gain or losses on hedges	12,888	(63,511)
Total other comprehensive income (loss)	12,888	(63,511)
Comprehensive income	(2,128,430)	163,648
(Breakdown)		
Comprehensive income attributable to owners of the parent	(2,095,721)	257,220
Comprehensive income attributable to non-controlling interests	(32,708)	(93,572)

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous fiscal year (ended Sep. 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	2,690,028	4,650,030	(3,315,980)	(228)	4,023,850
Changes during year					
Issuance of new shares (restricted stock compensation)	236,104	236,104	—	—	472,208
Issuance of new shares (exercise of stock acquisition right)	19,762	19,762	—	—	39,525
Net income (loss) attributable to owners of parent	—	—	(2,108,610)	—	(2,108,610)
Acquisition of treasury shares	—	—	—	(50)	(50)
Changes in parent company's equity related to transactions with non-controlling shareholders	—	123,468	—	—	123,468
Net change in items other than shareholders' equity	—	—	—	—	—
Total changes during year	255,866	379,334	(2,108,610)	(50)	(1,473,459)
Ending balance	2,945,895	5,029,365	(5,424,590)	(279)	2,550,391

	Accumulated other comprehensive income (loss)		Stock acquisition right	Non-controlling interests	Total net assets
	Deferred gain or losses on hedges	Accumulated other comprehensive income			
Beginning balance	29,015	29,015	5,718	11,557	4,070,140
Changes during year					
Issuance of new shares (restricted stock compensation)	—	—	—	—	472,208
Issuance of new shares (exercise of stock acquisition right)	—	—	—	—	39,525
Net income (loss) attributable to owners of parent	—	—	—	—	(2,108,610)
Acquisition of treasury shares	—	—	—	—	(50)
Changes in parent company's equity related to transactions with non-controlling shareholders	—	—	—	—	123,468
Net change in items other than shareholders' equity	12,888	12,888	1,429	137,833	152,151
Total changes during year	12,888	12,888	1,429	137,833	(1,321,307)
Ending balance	41,904	41,904	7,147	149,390	2,748,833

Current fiscal year (ended Sep. 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	2,945,895	5,029,365	(5,424,590)	(279)	2,550,391
Changes during year					
Issuance of new shares (restricted stock compensation)	83,439	83,439	—	—	166,878
Issuance of new shares (exercise of stock acquisition right)	61,823	61,823	—	—	123,647
Net income (loss) attributable to owners of parent	—	—	320,732	—	320,732
Acquisition of treasury shares	—	—	—	(2)	(2)
Changes in parent company's equity related to transactions with non-controlling shareholders	—	—	—	—	—
Net change in items other than shareholders' equity	—	—	—	—	—
Total changes during year	145,262	145,262	320,732	(2)	611,255
Ending balance	3,091,157	5,174,628	(5,103,858)	(281)	3,161,646

	Accumulated other comprehensive income (loss)		Stock acquisition right	Non-controlling interests	Total net assets
	Deferred gain or losses on hedges	Other Comprehensive income Total cumulative amount			
Beginning balance	41,904	41,904	7,147	149,390	2,748,833
Changes during year					
Issuance of new shares (restricted stock compensation)	—	—	—	—	166,878
Issuance of new shares (exercise of stock acquisition right)	—	—	—	—	123,647
Net income (loss) attributable to owners of parent	—	—	—	—	320,732
Acquisition of treasury shares	—	—	—	—	(2)
Changes in parent company's equity related to transactions with non-controlling shareholders	—	—	—	—	—
Net change in items other than shareholders' equity	(63,511)	(63,511)	—	(93,572)	(157,084)
Total changes during year	(63,511)	(63,511)	—	(93,572)	454,171
Ending balance	(21,607)	(21,607)	7,147	55,817	3,203,004

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep.30, 2024)
Cash flow from operating activities		
Net income (loss) before income taxes	(2,125,760)	25,010
Goodwill amortization	185,848	54,092
Depreciation costs	41,563	42,765
Deposit amortization expense	2,816	6,474
Stock-based compensation expense	205,477	198,075
Impairment loss	1,133,159	153,179
Loss on valuation of investment securities	54,257	6,222
Increase (decrease) in allowance for doubtful accounts	3,388	—
Increase (decrease) in allowance for losses on order received	45,140	22,795
Interest income	(210)	(518)
Subsidy income	(286)	—
Commissions received	(283)	—
Interest expenses	20,447	21,075
Commission fee	16,082	4,166
Guarantee fee	3,944	—
Loss on sales of property and equipment	198	—
Decrease (increase) in notes and accounts receivable - trade	(187,949)	(158,666)
Decrease (increase) in Bankruptcy reorganization claims	(3,388)	—
Decrease (increase) in prepaid expenses	(103,453)	(79,832)
Decrease (increase) in long-term prepaid expense	(4,003)	96,735
Increase (decrease) in accounts payable, other	201,707	(32,828)
Increase (decrease) in accrued consumption taxes	24,643	163,289
Decrease in contract liabilities	107,293	347,993
Other	117,976	73,349
Sub total	(261,390)	943,381
Interest and dividend income received	210	518
Subsidy income received	286	—
Fees and commission received	283	—
Interest and guarantee deposits paid	(27,209)	(20,938)
Income taxes paid	(37,270)	(22,482)
Cash flow from operating activities	(325,088)	900,478
Cash flow from investing activities		
Purchase of property and equipment	(46,714)	(57,617)
Proceeds from sale of property and equipment	1,114	—
Payments for acquisition of shares of subsidiaries resulting in change in scope of consolidation	(49,416)	—
Payments for lease and guarantee deposits	(332,753)	—
Proceeds from collection of lease and guarantee deposits	336,579	5,763
Proceeds from collection of long-term loans to employees	2,156	2,177
Payments for investments in capital	—	(10)
Cash flow from investing activities	(89,033)	(49,686)

(Thousands of yen)

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep.30, 2024)
Cash flow from financing activities		
Proceeds from short-term debt	—	100,000
Repayments of short-term debt	(207,506)	(1,660)
Proceeds from long-term debt	1,080,997	400,000
Repayments of long-term debt	(1,488,985)	(554,476)
Proceeds from deposits received	300,000	—
Syndicated loan fees paid	(3,246)	—
Proceeds from issuance of shares resulting from exercise of stock acquisition rights	39,237	122,911
Payments for acquisition of treasury shares	(50)	(2)
Income from contributions by non-controlling shareholders	407,847	—
Expenditures for the acquisition of subsidiaries' shares without a change in the scope of consolidation	(127,389)	—
Cash flow from financing activities	905	66,773
Net increase (decrease) in cash and cash equivalents	(413,217)	917,565
Cash and cash equivalents at start of period	4,240,577	3,827,359
Cash and cash equivalents at end of period	3,827,359	4,744,925

(5) Notes on Consolidated Financial Statements

(Notes regarding Assumption of a Going Concern)

Not applicable.

(Consolidated statement of income)

*Impairment loss

The Group recognized an impairment loss on the following asset group.

Previous fiscal year (ended Sep. 30, 2023)

(Thousands of yen)			
Place	Application	Type	Impairment loss
Minato Ward, Tokyo	Business assets	Tools, furniture and fixtures	11,540
Minato Ward, Tokyo	—	Goodwill	1,121,618
Total			1,133,159

Background leading to recognition of impairment loss

a. The Group reduced the book value of tools, furniture, and equipment to the recoverable amount and recorded an impairment loss of 11,540 thousand yen as an extraordinary loss because the profitability of the SaaS business declined and recovery of the investment was no longer expected.

b. Regarding the goodwill generated from the stock acquisition of Emotion Tech, Inc.,

Since it was no longer likely to generate the revenue that was originally expected, the book value was reduced to a recoverable amount. The amount of this decrease was recorded as an impairment loss of 1,121,618 thousand yen as an extraordinary loss.

Grouping method

The Group groups its assets based on managerial accounting categories.

Calculation method of recoverable amount

a. The recoverable amount of business assets is calculated using estimated future cash flows that are expected to occur depending on the asset's useful life and cash-generating unit. Since future cash flows are expected to be negative, the value in use is calculated as zero.

b. The recoverable amount of goodwill is measured based on the use value based on the future business plan, and future cash flow is discounted by 20.5%.

Current fiscal year (ended Sep. 30, 2024)

(Thousands of yen)			
Place	Application	Type	Impairment loss
Minato Ward, Tokyo, etc.	Business assets	Tools, furniture and fixtures	11,018
Minato Ward, Tokyo	—	Goodwill	142,161
Total			153,179

Background leading to recognition of impairment loss

a. The Group reduced the book value of tools, furniture, and equipment to the recoverable amount and recorded an impairment loss of 11,018 thousand yen as an extraordinary loss because the profitability of the SaaS business declined and recovery of the investment was no longer expected

b. Regarding the goodwill generated from the acquisition of EmotionTech, Inc., Since it was no longer likely to generate the

revenue that was originally expected, the book value was reduced to a recoverable amount. The amount of this decrease was recorded as an impairment loss of 142,161 thousand yen as an extraordinary loss.

Grouping method

Assets are grouped based on managerial accounting categories.

Calculation method of recoverable amount

The recoverable amount is measured based on the value in use, and since future cash flows are expected to be negative, the value in use is calculated as zero.

(Segment information, etc.)

Segment information

Previous fiscal year (ended Sep. 30, 2023)

The Group's reportable segments are the SaaS business and the advertising business. However, segment information has been omitted as the advertising business accounts for only a small percentage of all segments, making segment information immaterial as a disclosure.

Current fiscal year (ended Sep. 30, 2024)

The description by segment is omitted because the SaaS business is the only segment of the Company.

Supplementary information

Previous fiscal year (ended Sep. 30, 2023)

1. Information by product and service

(Thousands of yen)				
	Products	Services	Other	Total
Sales to external customers	7,335,082	1,287,954	10,601	8,633,638

2. Information by geographical area

(1) Net sales

This information is omitted because there are no sales to external customers outside Japan.

(2) Property and equipment

This information is omitted because there are no property and equipment located outside Japan.

3. Information by major customer

This information is omitted because no external customer accounted for 10% or more of net sales in the statements of income (loss).

Current fiscal year (ended Sep. 30, 2024)

1. Information by product and service

(Thousands of yen)				
	Products	Services	Other	Total
Sales to external customers	9,043,770	1,837,997	110,944	10,992,713

2. Information by geographical area

(1) Net sales

This information is omitted because there are no sales to external customers outside Japan.

(2) Property and equipment

This information is omitted because there are no property and equipment located outside Japan.

3. Information by major customer

This information is omitted because no external customer accounted for 10% or more of net sales in the statements of income (loss).

Information about impairment loss of fixed assets by reportable segment

Previous fiscal year (ended Sep. 30, 2023)

The Group's reportable segments are the SaaS business and the advertising business. However, segment information has been omitted as the advertising business accounts for only a small percentage of all segments, making segment information immaterial as a disclosure.

Current fiscal year (ended Sep. 30, 2024)

The description by segment is omitted because the SaaS business is the only segment of the Company.

Information about amortization and unamortized balance of goodwill by reportable segment

Previous fiscal year (ended Sep. 30, 2023)

The Group's reportable segments are the SaaS business and the advertising business. However, segment information has been omitted as the advertising business accounts for only a small percentage of all segments, making segment information immaterial as a disclosure.

Current fiscal year (ended Sep. 30, 2024)

The description by segment is omitted because the SaaS business is the only segment of the Company.

Information about gain on negative goodwill by reportable segment

Previous fiscal year (ended Sep. 30, 2023)

Not applicable.

Current fiscal year (ended Sep. 30, 2024)

Not applicable.

(Per share information)

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep. 30, 2024)
Net assets per share	65.89 Yen	77.54 Yen
Net income (loss) per share	(53.92) Yen	8.01 Yen
Diluted income per share	— Yen	7.87 Yen

Note(s): 1. Information on diluted net income per share for the previous consolidated fiscal year is not stated as, even though there are dilutive shares, a net loss per share has been recorded.

2. The basis for calculation of net loss per share were as follows:

	Previous fiscal year (ended Sep. 30, 2023)	Current fiscal year (ended Sep. 30, 2024)
Net income (loss) attributable to owners of parent (thousand yen)	(2,108,610)	320,732
Amount not attributable to common shareholders (thousand yen)	—	—
Net income (loss) attributable to owners of parent with respect to common stock (thousand yen)	(2,108,610)	320,732
Weighted average number of shares	39,103,231	40,059,613
Outline of potential common stock excluded from the computation of diluted net income per share due to its non-dilutive effect	Two types of stock acquisition rights (Number of stock acquisition rights: 449,000 shares of common stock)	Two types of stock acquisition rights (Number of stock acquisition rights: 425,000 shares of common stock)

(Significant subsequent events)

Not applicable.