

Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 (Japanese GAAP)

November 14, 2023

Company Name: PLAUD, Inc. Listing: Tokyo Stock Exchange
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 Scheduled date of ordinary general meeting of shareholders: December 21, 2023 Scheduled date to commence dividend payment: —
 Scheduled date to file annual securities report: December 22, 2023
 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, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	8,633	18.3	(490)	—	(881)	—	(938)	—	(2,108)	—
September 30, 2022	7,295	34.0	(718)	—	(882)	—	(983)	—	(930)	—

Notes: 1. Comprehensive income Fiscal year ended September 30, 2023 (2,128) millions of yen (—%) Fiscal year ended September 30, 2022 (981) 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, 2023	(53.92)	—	(63.5)	(14.1)	(10.2)
September 30, 2022	(24.30)	—	(20.9)	(14.0)	(12.1)

Reference: Equity in earnings of affiliates Fiscal year ended September 30, 2023 — millions of yen Fiscal year ended September 30, 2022 — 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, 2023	6,219	2,748	41.7	65.89
September 30, 2022	7,091	4,070	57.2	104.98

Reference: Equity Fiscal year ended September 30, 2023 2,592 millions of yen Fiscal year ended September 30, 2022 4,052 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, 2023	(325)	(89)	0	3,827
September 30, 2022	(809)	(135)	1,012	4,240

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends to net assets (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, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended September 30, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending September 30, 2024 (Forecast)	—	0.00	—	0.00	—		—	

3. Forecast of Consolidated Results for Fiscal Year Ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Adjusted operating income	
	Millions of yen	%	Millions of yen	%
Full Year	10,666	23.5	14	—

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

* Notes:

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

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

a. Changes in accounting policies due to revisions to : None
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)

Fiscal year ended September 30, 2023	39,343,617 shares	Fiscal year ended September 30, 2022	38,606,900 shares
Fiscal year ended September 30, 2023	137 shares	Fiscal year ended September 30, 2022	63 shares
Fiscal year ended September 30, 2023	39,103,336 shares	Fiscal year ended September 30, 2022	38,305,550 shares

b. Number of treasury shares at the end of the period

c. Average number of outstanding shares during the period

Reference: Overview of non-consolidated results

1. Non-Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	7,644	16.7	(397)	—	(423)	—	(2,331)	—
Fiscal year ended September 30, 2022	6,551	20.3	(433)	—	(505)	—	(523)	—

	Net income per share	Diluted income per share
	Yen	Yen
Fiscal year ended September 30, 2023	(59.63)	—
Fiscal year ended September 30, 2022	(13.67)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended September 30, 2023	5,479	2,605	47.4	66.04
Fiscal year ended September 30, 2022	7,133	4,411	61.8	114.11

Reference: Equity Fiscal year ended September 30, 2023 2,598 millions of yen Fiscal year ended September 30, 2022 4,405 millions of yen

* This financial results report is out of the scope of 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 customer experience (CX)*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 page views (PV)*⁴ or unique users (UU)*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 consolidated fiscal year ended September 30, 2023, 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, for the consolidated fiscal year ended September 30, 2023, the Company’s ARR*⁶ was 8,035,156 thousand yen. Meanwhile, the Company’s financial results for the same period were net sales of 8,633,638 thousand yen (up 18.3% year-on-year), an operating loss of 881,423 thousand yen (compared to operating loss of 882,541 thousand yen in the same period of the previous year), an ordinary loss of 938,343 thousand yen (compared to ordinary loss of 983,503 thousand yen in the same period of the previous year), and a net loss attributable to the parent company of 2,108,610 thousand yen (compared to a net loss attributable to owners of parent of 930,777 thousand yen in the same period of the previous year).

Reportable Group segments include the SaaS business and the advertising business. However, segment information has been omitted because the advertising business segment accounts for only a small percentage of total business and therefore has little importance as disclosed information.

- Notes: 1. CX stands for customer experience which is defined to also include any good experience customers feel, 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 refer to all of the general, unspecified number of people in the world, while Users refer to the people to whom companies provide their products and services.
4. Page views 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. Unique users refers to the number of distinct individuals who visited a particular website or accessed a particular smartphone app during any given 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 the end of the fiscal year were 5,300,501 thousand yen, up 151,652 thousand yen from the end of the previous year. This was mainly due to a decrease in ordinary deposits of 413,217 thousand yen resulting from the repayment of long-term loans, while notes and accounts receivable increased 270,022 thousand yen and prepaid expenses increased 268,472 thousand yen due to the expansion of transaction scale.

Non-current assets

Non-current assets as of the end of the fiscal year were 918,893 thousand yen, down 1,023,559 thousand yen from the end of the previous year. This was mainly due to an increase in long-term prepaid expenses of 113,989 thousand yen, while goodwill decreased by 1,104,766 thousand yen due to the recording of an impairment loss on goodwill, etc.

Current liabilities

Current liabilities as of the end of the fiscal year were 2,461,527 thousand yen, up 579,610 thousand yen from the end of the previous year. This was mainly due to a decrease of 190,340 thousand yen in short-term debt and 128,448 thousand yen in current portion of long-term debt by repayment and an increase of 300,000 thousand yen in guarantee deposits.

Non-current liabilities

Non-current liabilities as of the end of the fiscal year were 1,009,033 thousand yen, down 130,209 thousand yen from the end of the previous year. This was mainly due to a decrease of 135,898 thousand yen in long-term debt due to the repayment of long-term loans.

Net assets

Total net assets as of the end of the fiscal year were 2,748,833 thousand yen, down 1,321,307 thousand yen from the end of the previous year. This was mainly due to the posting of a net loss attributable to the owners of the parent company of 2,108,610 thousand yen.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter referred to as, “cash”) as of the end of the fiscal year were 3,827,359 thousand yen (down 9.7% year-on-year).

The status of cash flows and the factors affecting them during the fiscal year ended September 30, 2023 are as follows:

Cash flow from operating activities

Funds used in operating activities were 325,088 thousand yen (down 59.8% year-on-year). This was mainly due to an impairment loss of 1,133,159 thousand yen, stock compensation expenses of 205,477 thousand yen, amortization of goodwill of 185,848 thousand yen, and an increase in accounts payable (other) of 201,707 thousand yen, while a net loss before income taxes of 2,125,760 thousand yen was recorded.

Cash flow from investing activities

Funds used in investing activities amounted to 89,033 thousand yen (down 34.1% year-on-year). This was mainly due to expenditures of 46,714 thousand yen for the acquisition of property, plant and equipment and expenditures of 49,416 thousand yen for the acquisition of subsidiary shares resulting in a change in the scope of consolidation.

Cash flow from financing activities

Funds provided by financing activities amounted to 905 thousand yen (down 99.9% year-on-year). This was mainly due to expenditures of 207,506 thousand yen for repayment of short-term debt, proceeds from long-term debt of 1,080,997 thousand yen, expenditures for repayment of long-term debt of 1,488,985 thousand yen, proceeds from guarantee deposits received of 300,000 thousand yen, and proceeds from payments from non-controlling shareholders of 407,847 thousand yen.

(4) Future Outlook

The Group's net sales for the fiscal year ending September 30, 2024 will be 10,666 million yen (up 23.5% compared to the fiscal year ended September 30, 2023). In addition to expanding transactions with existing customers in our SaaS business, we expect an increase in sales at our subsidiaries.

Regarding operating income or loss, we are forecasting adjusted operating income of 14 million yen (adjusted operating loss of 490 million yen for the fiscal year ended September 30, 2023). This is due to the impact of the yen's depreciation and strategic expenditures in new business areas, including subsidiaries, in anticipation of growth from the fiscal 2025 onwards, while the actual profitability of the existing SaaS business is expected to improve by allocating resources appropriately and spending with profitability in mind.

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

(Thousand yen)

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	4,240,577	3,827,359
Notes and accounts receivable – trade	710,444	980,467
Prepaid expenses	147,639	416,111
Other	50,186	76,562
Total current assets	5,148,848	5,300,501
Non-current assets		
Property and equipment		
Buildings	26,227	26,227
Accumulated depreciation	(26,186)	(26,227)
Buildings, net	40	0
Tools, furniture and fixtures	164,371	181,966
Accumulated depreciation	(103,597)	(124,369)
Tools, furniture and fixtures, net	60,773	57,597
Property and equipment, net	60,814	57,597
Intangible non-current assets		
Goodwill	1,444,600	339,833
Total non-current intangible assets	1,444,600	339,833
Investments and other assets		
Investment securities	110,395	56,137
Long-term loans to directors	—	10,007
Deferred tax assets	—	33,225
Lease and guarantee deposits	310,218	303,862
Long-term loans to employees	16,414	4,229
Other	10	117,387
Allowance for doubtful receivables	—	(3,388)
Total investments and other assets	437,038	521,461
Total non-current assets	1,942,452	918,893
Total assets	7,091,301	6,219,394

(Thousand yen)

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Liabilities		
Current liabilities		
Accounts payable	5,632	9,150
Short-term debt	200,000	1,660
Current portion of long-term debt	513,076	384,628
Accounts payable - other	456,581	742,290
Income taxes payable	32,272	55,253
Contract liabilities	396,699	504,487
Allowance for losses on order received	9,289	54,429
Other	268,366	709,628
Total current liabilities	1,881,916	2,461,527
Long-term liabilities		
Long-term debt	1,126,438	990,540
Deferred tax liabilities	12,805	18,493
Total long-term liabilities	1,139,243	1,009,033
Total liabilities	3,021,160	3,470,561
Net assets		
Shareholders' equity		
Capital stock	2,690,028	2,945,895
Capital surplus	4,650,030	5,029,365
Retained earnings	(3,315,980)	(5,424,590)
Treasury shares	(228)	(279)
Total shareholders' equity	4,023,850	2,550,391
Accumulated other comprehensive income (loss)		
Deferred gains or losses on hedges	29,015	41,904
Total accumulated other comprehensive income (loss)	29,015	41,904
Stock acquisition rights	5,718	7,147
Non-controlling interests	11,557	149,390
Total net assets	4,070,140	2,748,833
Total liabilities and net assets	7,091,301	6,219,394

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

Consolidated statement of income

(Thousand yen)

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Net sales	7,295,234	8,633,638
Cost of sales	1,928,065	2,396,873
Gross profit	5,367,168	6,236,764
Selling, general and administrative expenses	6,249,710	7,118,188
Operating income (loss)	(882,541)	(881,423)
Non-operating income		
Interest income	244	210
Subsidy income	855	286
Commissions received	989	283
Other	1,174	3,383
Total non-operating income	3,265	4,164
Non-operating expenses		
Interest expenses	27,515	20,447
Compensation fees	12,453	2,000
Commission fee	2,506	16,082
Foreign exchange loss	58,676	13,497
Other	3,074	9,057
Total non-operating expenses	104,227	61,084
Ordinary income (loss)	(983,503)	(938,343)
Extraordinary losses		
Impairment loss	7,028	1,133,159
Loss on valuation of investment securities	13,934	54,257
Total extraordinary losses	20,963	1,187,417
Net income (loss) before adjustment for taxes, etc.	(1,004,467)	(2,125,760)
Income taxes - current	4,400	22,403
Income taxes - deferred	—	(6,844)
Total income taxes	4,400	15,558
Net income (loss)	(1,008,867)	(2,141,318)
Net income (loss) attributable to non-controlling interests	(78,090)	(32,708)
Net income (loss) attributable to owners of parent	(930,777)	(2,108,610)

Consolidated Statement of Comprehensive Income

(Thousand yen)

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Net income (loss)	(1,008,867)	(2,141,318)
Other comprehensive income		
Deferred gains or losses on hedges	27,416	12,888
Total other comprehensive income (loss)	27,416	12,888
Comprehensive income	(981,451)	(2,128,430)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(903,360)	(2,095,721)
Comprehensive income attributable to non-controlling interests	(78,090)	(32,708)

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous fiscal year (ended Sep. 30, 2022)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	2,642,620	4,602,623	(2,385,202)	(114)	4,859,926
Changes during year					
Issuance of new shares (restricted stock compensation)					94,815
Issuance of new shares (Exercise of stock acquisition right)	47,407	47,407			—
Net income (loss) attributable to owners of parent			(930,777)		(930,777)
Acquisition of treasury shares				(113)	(113)
Change in parent company equity related to transactions with non-controlling shareholders					—
Net change in items other than shareholders' equity					
Total changes during year	47,407	47,407	(930,777)	(113)	(836,076)
Ending balance	2,690,028	4,650,030	(3,315,980)	(228)	4,023,850

	Accumulated other comprehensive income (loss)		Stock acquisition rights	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Accumulated other comprehensive income			
Beginning balance	1,598	1,598	2,287	89,647	4,953,459
Changes during year					
Issuance of new shares (restricted stock compensation)					94,815
Issuance of new shares (Exercise of stock acquisition right)					—
Net income (loss) attributable to owners of parent					(930,777)
Acquisition of treasury shares					(113)
Change in parent company equity related to transactions with non-controlling shareholders					—
Net change in items other than shareholders' equity	27,416	27,416	3,430	(78,090)	(47,242)
Total changes during year	27,416	27,416	3,430	(78,090)	(883,318)
Ending balance	29,015	29,015	5,718	11,557	4,070,140

Current fiscal year (ended Sep. 30, 2023)

(Thousand 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)
Change in parent company 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 rights	Non-controlling interests	Total net assets
	Deferred gains 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)
Change in parent company 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

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Cash flow from operating activities		
Net income (loss) before adjustment for taxes, etc.	(1,004,467)	(2,125,760)
Goodwill amortization	160,511	185,848
Depreciation costs	36,490	41,563
Depreciation costs on deposits	—	2,816
Stock-based compensation expense	3,430	205,477
Impairment loss	7,028	1,133,159
Loss (gain) on valuation of investment securities	13,934	54,257
Increase (decrease) in allowance for doubtful accounts	(525)	3,388
Increase (decrease) in allowance for losses on order received	9,289	45,140
Interest income	(244)	(210)
Subsidy income	(855)	(286)
Commissions received	(989)	(283)
Interest expenses	27,515	20,447
Commission fee	2,506	16,082
Guarantee fee	—	3,944
Loss (gain) on sales of property and equipment	184	198
Decrease (increase) in notes and accounts receivable - trade	(64,460)	(187,949)
Decrease (increase) in bankruptcy or reorganization claims	—	(3,388)
Decrease (increase) in prepaid expenses	(14,808)	(103,453)
Increase (decrease) in accounts payable, other	(125,034)	201,707
Increase (decrease) in accrued consumption taxes	(72,821)	24,643
Increase (decrease) in deferred revenue	(165,019)	—
Increase (decrease) in contract liabilities	396,699	107,293
Other	17,717	113,973
Sub total	(773,920)	(261,390)
Interest and dividend income received	244	210
Subsidy income received	855	286
Fees and commission received	989	283
Interest expenses paid	(27,515)	(27,209)
Income taxes paid	(9,887)	(37,270)
Cash flow from operating activities	(809,233)	(325,088)
Cash flow from investing activities		
Payments for acquisition of investment securities	(39,684)	—
Purchase of property and equipment	(74,321)	(46,714)
Proceeds from sale of property and equipment	1,689	1,114
Payments for acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	(49,416)
Payments for lease and guarantee deposits	(25,713)	(332,753)
Proceeds from collection of lease and guarantee deposits	798	336,579
Proceeds from collection of long-term loans to employees	2,134	2,156
Other	(10)	—
Cash flow from investing activities	(135,108)	(89,033)

(Thousand yen)

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Cash flow from financing activities		
Proceeds from short-term debt	200,000	—
Repayments of short-term debt	(200,000)	(207,506)
Proceeds from long-term debt	1,550,000	1,080,997
Repayments of long-term debt	(626,576)	(1,488,985)
Proceeds from acceptance of deposits	—	300,000
Syndicated loan fees paid	(4,506)	(3,246)
Proceeds from issuance of shares resulting from exercise of stock acquisition rights	93,997	39,237
Payments for acquisition of treasury shares	(113)	(50)
Proceeds from payments from 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	1,012,801	905
Net increase (decrease) in cash and cash equivalents	68,459	(413,217)
Cash and cash equivalents at beginning of period	4,172,117	4,240,577
Cash and cash equivalents at end of period	4,240,577	3,827,359

(5) Notes on Consolidated Financial Statements
 (Notes regarding Assumption of a Going Concern)
 Not applicable.

Consolidated statement of income

* Impairment loss

The Group recorded impairment losses for the following asset groups.

Current fiscal year (ended Sep. 30, 2023)

(Thousand 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

Circumstances that led to the recording 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%.

Segment information, etc.

Segment information

Previous fiscal year (ended Sep. 30, 2022)

This information is omitted as the Company operates a single segment, namely the SaaS business.

Current fiscal year (ended Sep. 30, 2023)

Reportable Group segments include the SaaS business and the advertising business. However, segment information has been omitted because the advertising business segment accounts for only a small percentage of total business and therefore has little importance as disclosed information.

Supplementary information

Previous fiscal year (ended Sep. 30, 2022)

1. Information by product and service

(Thousand yen)

	Products	Services	Other	Total
Sales to external customers	6,475,133	820,101	—	7,295,234

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, 2023)

1. Information by product and service

(Thousand 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).

Information about impairment loss of fixed assets by reportable segment

Previous fiscal year (ended Sep. 30, 2022)

This information is omitted as the Company operates a single segment, namely the SaaS business.

Current fiscal year (ended Sep. 30, 2023)

Reportable Group segments include the SaaS business and the advertising business. However, segment information has been omitted because the advertising business segment accounts for only a small percentage of total business and therefore has little importance as disclosed information.

Information about amortization and unamortized balance of goodwill by reportable segment

Previous fiscal year (ended Sep. 30, 2022)

This information is omitted as the Company operates a single segment, namely the SaaS business.

Current fiscal year (ended Sep. 30, 2023)

Reportable Group segments include the SaaS business and the advertising business. However, segment information has been omitted because the advertising business segment accounts for only a small percentage of total business and therefore has little importance as disclosed information.

Information regarding gain on negative goodwill by reportable segment

Previous fiscal year (ended Sep. 30, 2022)

Not applicable.

Current fiscal year (ended Sep. 30, 2023)

Not applicable.

Per share information

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Net assets per share	104.98 _{yen}	65.89 _{yen}
Net income (loss) per share	(24.30) _{yen}	(53.92) _{yen}

Notes: 1. Although there are dilutive shares, information on diluted net income per share is not stated as a net loss per share has been recorded.

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

	Previous fiscal year (ended Sep. 30, 2022)	Current fiscal year (ended Sep. 30, 2023)
Net income (loss) attributable to owners of parent (thousand yen)	(930,777)	(2,108,610)
Amount not attributable to common shareholders (thousand yen)	—	—
Net income (loss) attributable to owners of parent with respect to common stock (thousand yen)	(930,777)	(2,108,610)
Weighted average number of shares	38,305,550	39,103,336
Outline of potential common stock excluded from the calculation of diluted net income per share due to its non-dilutive effect	One type of stock acquisition right (Number of stock acquisition rights: 5,000 shares of common stock)	Two types of stock acquisition right (Number of stock acquisition rights: 449,000 shares of common stock)

Significant subsequent events

Not applicable.