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November 11, 2022

**TEMONA. Inc.**  
**Earnings Report for the Fiscal Year Ended September 30, 2022**  
**[Japanese GAAP] (Consolidated)**

Stock listings: Tokyo Stock Exchange (Prime Market)  
 Securities code: 3985  
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**Scheduled dates**

Ordinary general meeting of shareholders: December 23, 2022  
 Dividend payout: -  
 Filing of statutory year-end financial report: December 23, 2022  
 Supplementary materials to financial results available: Yes  
 Fiscal year-end earnings presentation held: Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

**1. Financial Results for the Fiscal Year Ended September 30, 2022 (October 1, 2021 to September 30, 2022)**

**(1) Operating Results**

(Percentage figures represent year on year changes)

FY Ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Sept. 30, 2022	2,253	-	(195)	-	(194)	-	(175)	-
Sept. 30, 2021	-	-	-	-	-	-	-	-

Note: Comprehensive income Year ended Sept. 30, 2022: ¥(175) million [-%]  
 Year ended Sept. 30, 2021: ¥ - million [-%]

FY Ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit margin
Sept. 30, 2022	¥ (16.50)	¥ -	% (14.9)	% (8.4)	% (8.7)
Sept. 30, 2021	-	-	-	-	-

Reference: Share of profit of entities accounted for using equity method

Year ended Sept. 30, 2022:-

Year ended Sept. 30, 2021:-

- Notes:
1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the fiscal year ended September 30, 2022, and the figures for the fiscal year ended September 30, 2022, have been calculated with application of said accounting standard, etc.
  2. The Company started preparing consolidated financial statements from the fiscal year ended September 30, 2022. For this reason, operating results for the fiscal year ended September 30, 2021, and year on year changes are not presented.
  3. Although there are residual securities outstanding, diluted earnings per share for the fiscal year ended September 30, 2022 is omitted here, as the Company recorded net loss per share for the period.

**(2) Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	
As of Sep. 30, 2022	2,306	1,201	51.2	110.76
As of Sep. 30, 2021	-	-	-	-

Reference: Total shareholders' equity: Sep. 30, 2022: ¥1,180 million Sep. 30, 2021: ¥- million

- Notes: 1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the fiscal year ended September 30, 2022, and the figures for the fiscal year ended September 30, 2022, have been calculated with application of said accounting standard, etc.
2. The Company started preparing consolidated financial statements from the fiscal year ended September 30, 2022. For this reason, financial position as of September 30, 2021 is not presented.

**(3) Cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
FY Ended Sept. 30, 2022	(128)	(379)	55	994
Sept. 30, 2021	-	-	-	-

Note: The Company started preparing consolidated financial statements from the fiscal year ended September 30, 2022. For this reason, cash flows as of September 30, 2021 are not presented.

**2. Dividends**

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total			
	¥	¥	¥	¥	¥	¥ million	%	%
FY Ended Sep. 30, 2021	—	0.00	—	0.00	0.00	—	—	—
FY Ended Sep. 30, 2022	—	0.00	—	0.00	0.00	—	—	—
FY Ending Sep. 30, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

**3. Earnings Forecast for the Fiscal Year Ending September 30, 2023 (October 1, 2022 to September 30, 2023)**

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending Mar. 31, 2023	1,254	31.6	(148)	-	(146)	-	(155)	-	(14.56)
Full year	2,643	17.3	(150)	-	(147)	-	(164)	-	(15.44)

**Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (Company name) AIS Inc.

## (2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:

- 1) Changes in accordance with amendments to accounting standards: Yes
- 2) Changes other than the above 1): None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

## (3) Number of shares issued (common stock)

- 1) Number of shares issued at end of period (treasury shares included):  
September 30, 2022: 11,405,592 shares  
September 30, 2021: 11,389,592 shares
- 2) Number of shares held in treasury at end of period:  
September 30, 2022: 745,317 shares  
September 30, 2021: 745,317 shares
- 3) Average number of shares outstanding during the period:  
September 30, 2022: 10,651,727 shares  
September 30, 2021: 10,603,460 shares

**[Reference] Overview of non-consolidated financial results****1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (October 1, 2021 to September 30, 2022)**

## (1) Non-consolidated Operating Results (Percentage figures represent year on year changes)

FY Ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Sept. 30, 2022	1,892	-	(114)	-	(125)	-	(105)	-
Sept. 30, 2021	2,405	4.5	458	175.3	457	177.7	290	200.9

FY Ended	Basic earnings per share	Diluted earnings per share
Sept. 30, 2022	¥ (9.89)	¥ -
Sept. 30, 2021	¥ 27.37	¥ 27.13

Notes: 1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the fiscal year ended September 30, 2022, and the figures for the fiscal year ended September 30, 2022, have been calculated with application of said accounting standard, etc. As the application of this new accounting standard significantly affects the Company's sales recorded in the fiscal year ended September 30, 2022, the non-consolidated operating results in the table above do not include year on year changes.

2. Although there are residual securities outstanding, diluted earnings per share for the fiscal year ended September 30, 2022 is omitted here, as the Company recorded net loss per share for the period.

## (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	
As of Sep. 30, 2022	2,082	1,271	60.1	117.37
As of Sep. 30, 2021	2,188	1,361	61.9	127.32

Reference: Total shareholders' equity: Sep. 30, 2022: ¥1,251 million Sep. 30, 2021: ¥1,355 million

Note: "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the fiscal year ended September 30, 2022, and the figures for the fiscal year ended September 30, 2022, have been calculated with application of said accounting standard, etc.

\* This earnings report is exempt from auditing by certified public accountants and the accounting auditor.

**\*Appropriate Use of Earnings Forecasts and Other Important Information**

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. These forward-looking statements are not guarantees of future performance, and actual results may differ materially from those expressed or implied herein due to a range of factors. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "(4) Outlook for Fiscal Year Ending September 30, 2023" on page 5 in section "1.

Operating Results and Financial Position” in the Accompanying Materials.

(Supplementary materials to quarterly financial results)

Supplementary materials to the financial results (Fact Sheets) will be posted on the Company's website on November 11, 2022.

## Accompanying Materials

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## 1. Operating Results and Financial Position

### (1) Operating Results

In the fiscal year ended September 30, 2022, the Japanese economy remained hampered by the prolonged impact of the COVID-19 pandemic. Meanwhile, the destabilization of the global geopolitical situation and rising resource prices caused by the Ukraine crisis have added to the uncertainty clouding the economic outlook.

According to a Ministry of Economy, Trade and Industry survey, "FY2021 Digital Transaction Environment Improvement Project (Market Research on Electronic Commerce)," on the domestic e-commerce market, a market connected with the Temona Group's business, business-to-consumer e-commerce ("B2C-EC") market transactions in 2021 increased 7.35% year on year to 20.7 trillion yen, while business-to-business e-commerce ("B2B-EC") market transactions increased by 11.3% year on year to 372.7 trillion yen.

On the other hand, the e-commerce ratio\*1, which is an indicator of the market penetration of e-commerce, continued to increase, rising to 8.78% for B2C-EC and 35.6% for B2B-EC, and the digitalization of commercial transactions is expected to continue to advance. In recent years, the continued rise in customer acquisition costs owing to population decline and other factors has boosted demand for subscription businesses, such as cloud-based businesses.

In the current business environment, the Temona Group believes that it can contribute to society through the provision of comprehensive support for subscription businesses (which can facilitate the securing of steady revenue even amid worsening economic conditions) and through helping companies to operate such businesses successfully. It is with this in mind that the Company formulated a new medium-term management plan. The fiscal year ended September 30, 2022, was the first year covered by the plan. Beginning from this initial fiscal year, the Group has been working to reinforce its business foundations for further growth. This involves investing in engineer personnel to expand the Group's target areas and investing in the recruitment of human resources to expand the areas of support that the Group provides.

The following is a breakdown of the Temona Group's business results. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended September 30, 2022, and all figures for the fiscal year have been calculated with application of this accounting standard. To provide comparative data, the results of the previous fiscal year (non-audited) have been recalculated based on the same accounting standard.

Consolidated net sales during the fiscal year ended September 30, 2022, totaled 2,253,812 thousand yen, up 12.1% year on year. This result reflects the growth of services such as contract system development and customization as well as webpage production, which offset decreases in Subsc-Store and Tamago Repeat service user accounts and gross transaction volumes.

Cost of sales increased 80.8% to 959,846 thousand yen, largely owing to increased development costs including outsourcing expenses for expanding target areas, as well as the cost of acquisition of the newly consolidated subsidiaries AIS Inc. and Sackle Inc.

Selling, general and administrative expenses totaled 1,489,607 thousand yen, up 45.9% year on year. This was mainly due to increases in employee salary payments and other personnel expenses following increased investment in human resources aimed at strengthening the Group's business foundation, and expenses related to the acquisition of shares for AIS Corporation and Sackle Co.

As a result, in the fiscal year ended September 30, 2022, the Group posted an operating loss of 195,641 thousand yen (compared with an operating profit of 458,303 thousand yen in the previous fiscal year). Ordinary profit also was a negative 194,390 thousand yen (compared with an ordinary profit of 457,906 thousand yen in the previous fiscal year) and the loss attributable to owners of the parent came to 175,715 thousand yen (compared with a profit of 290,299 thousand yen in the previous fiscal year).

Operating results by business segment are as follows.

**(a) E-Commerce Support Business**

The E-Commerce Support Business provides systems to operate e-commerce sites specializing in subscription businesses, as well as a range of services related to attracting customers, client services, logistics, etc., that support the operation of subscription businesses.

The following is a breakdown of revenue generated by each of the services provided by the E-Commerce Support Business. As noted earlier, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended September 30, 2022. As the application of this new accounting standard significantly affects the Temona Group’s sales recorded in said fiscal year, the year on year comparisons in the table below do not include absolute or percentage year on year changes.

(Unit: thousands of yen)

Service	Revenue category	Fiscal Year ended September 30, 2021		Fiscal Year ended September 30, 2022		
		Amount	Weighting (%)	Amount	Weighting (%)	
a	Subsc-Store	Recurring revenue	376,540	15.7	398,345	20.7
		Contract development revenue	151,268	6.3	136,192	7.1
		Other revenue	177,072	7.4	69,400	3.6
	Tamago Repeat	Recurring revenue	554,741	23.1	462,510	24.1
		Contract development revenue	255	0.0	-	-
		Other revenue	227,305	9.5	64,998	3.4
Subtotal		1,487,183	61.8	1,131,446	58.8	
b	Payment fees	GMV-linked revenue	758,496	31.5	536,775	27.9
c	Others	Recurring revenue	27,308	1.1	42,869	2.2
		Contract development revenue	113,533	4.7	165,624	8.6
		Other revenue	18,569	0.8	45,885	2.4
	Subtotal		159,411	6.6	254,379	13.2
Total (a+b+c)		2,405,091	100.0	1,922,601	100.0	

The following explanation of business results for the fiscal year ended September 30, 2022, compares the results under the new accounting standard with the results for the previous fiscal year (non-audited) recalculated based on the new accounting standard for comparative purposes only.

(Unit: thousands of yen)

Service	Revenue category	Fiscal Year ended September 30, 2021		Fiscal Year ended September 30, 2022		Change	Change (%)	
		Amount	Weighting (%)	Amount	Weighting (%)			
a	Subsc-Store	Recurring revenue	339,141	16.9	398,345	20.7	59,203	17.5
		Contract development revenue	151,268	7.5	136,192	7.1	(15,075)	(10.0)
		Other revenue	114,172	5.7	69,400	3.6	(44,771)	(39.2)
	Recurring revenue		536,981	26.7	462,510	24.1	(74,471)	(13.9)

	Tamago Repeat	Contract development revenue	255	0.0	-	-	(255)	(100.0)
		Other revenue	104,141	5.2	64,998	3.4	(39,143)	(37.6)
	Subtotal		1,245,960	62.0	1,131,446	58.8	(114,514)	(9.2)
b	Payment fees	GMV-linked revenue	606,374	30.2	536,775	27.9	(69,598)	(11.5)
c	Others	Recurring revenue	26,290	1.3	42,869	2.2	16,578	63.1
		Contract development revenue	113,533	5.6	165,624	8.6	52,091	45.9
		Other revenue	18,091	0.9	45,885	2.4	27,793	153.6
	Subtotal		157,916	7.9	254,379	13.2	96,463	61.1
Total (a+b+c)			2,010,251	100.0	1,922,601	100.0	(87,650)	(4.4)

- a. Subsc-Store and Tamago Repeat service user accounts totaled 1,030, down 9.6% year on year, and generated revenue totaling 1,131,446 thousand yen, 9.2% less than in the previous fiscal year.

Subsc-Store service user accounts totaled 477, a 2.7% decrease from a year earlier due to a drop in user accounts in the second half after solid growth in the first half. Despite this, revenue generated in the first half contributed to a full-year 17.5% year on year increase in recurring revenue<sup>\*2</sup>, which totaled 398,345 thousand yen. Contract development revenue<sup>\*3</sup> declined 10.0% year on year to 136,192 thousand yen owing to the longer time required for the startup of operations. Other revenue decreased 39.2% year on year to 69,400 thousand yen as revenue from marketing support services for Subsc-Store clients also decreased.

Tamago Repeat service user accounts totaled 553, down 14.8% year on year, reflecting the halt in new sales of this service as the Company is focusing on sales of the successor service, Subsc-Store. Recurring revenue totaled 462,510 thousand yen, down 13.9% year on year. Sales of the optional service Chatbot also fell, resulting in other revenue totaling 64,988 thousand yen, down 37.6% year on year.

- b. The gross transaction volume of services provided by the Temona Group totaled 147.0 billion yen, down 5.6% year on year, mainly reflecting ongoing consumer reticence in the cosmetics market and decreases in Subsc-Store and Tamago Repeat service user accounts. GMV-linked revenue<sup>\*4</sup> totaled 536,775 thousand yen, down 11.5% year on year, partly owing to customers' increased use of payment methods with low commission rates.
- c. Revenue from "Others" increased 61.1% year on year to 254,379 thousand yen. Accounts (corporate contracts) for the Subsc-@ service targeted at physical stores increased to 148, up 55.8% from a year earlier. The service's recurring revenue also increased, rising 63.1% year on year to 42,869 thousand yen, supported by the contribution from the newly started Temologi merchandise delivery service. In addition, contract development revenue increased 45.9% year on year to 165,624 thousand yen owing to revenue from Subsc-Store B2B customization services targeted at B2B service providers and steady expansion of webpage production services related to Subsc-@.

As a result of the above factors, E-Commerce Business net sales in the fiscal year ended September 30, 2022, came to 1,922,601 thousand yen, down 4.4% year on year, and the segment posted an operating loss of 138,394 thousand yen.

### (b) Engineering Business

The Engineering Business operated by Sackle Inc. provides system development services and system engineering services that provide customers with software engineer skills.

Engineering Business net sales totaled 380,000 thousand yen and segment profit was 1,399 thousand yen.

\*1. E-commerce ratio is the ratio of B2C/B2B e-commerce transaction value to total B2C/B2B market



transaction value.

- \*2. Recurring revenue: Revenue from services that charge a fixed monthly fee.
- \*3. Contract development revenue: Revenue from contract development, such as customization of the Company's system.
- \*4. GMV-linked revenue: Revenue from services with variable fees linked to client GMV.

## (2) Financial Position

### Assets

Consolidated assets on September 30, 2022, totaled 2,306,147 thousand yen, a 117,179 thousand yen increase from September 30, 2021, the end of the previous fiscal year. The main changes are a 452,455 thousand yen reduction in cash and deposits and the posting of 275,874 thousand yen in goodwill, both related to the acquisition of AIS Inc. and Sackle Inc.

### Liabilities

Consolidated liabilities on September 30, 2022, totaled 1,105,113 thousand yen, a 277,477 thousand yen increase from September 30, 2021. The increase mainly reflects an increase of 77,073 thousand yen in accounts payable trade related to the consolidation of Sackle Inc., increases of 200,000 thousand yen in short-term loans payable and 73,249 thousand yen in long-term loans payable (including current portion of long-term loans payable), and a decrease of 65,111 thousand yen in income taxes payable.

### Net assets

Consolidated net assets on September 30, 2022, totaled 1,201,034 thousand yen, a 160,297 thousand yen decrease from September 30, 2021. This decrease mainly reflects a 175,715 thousand yen decrease in retained earnings.

## (3) Cash Flows

Cash and cash equivalents ("cash") on September 30, 2022, totaled 994,963 thousand yen. Cash flows from operating, investing, and financing activities were as follows.

### Cash flows from operating activities

Operating activities used net cash of 128,276 thousand yen. The main outflows were 196,775 thousand yen in loss before income taxes and 127,140 in income taxes paid, which offset inflows of 130,864 thousand yen in depreciation and a 164,202 thousand yen decrease in notes and accounts receivable trade.

### Cash flows from investing activities

Investing activities used net cash of 379,927 thousand yen. This was primarily 157,394 thousand yen to purchase intangible assets, 50,000 thousand yen to purchase investment securities, and 170,267 thousand yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation.

### Cash flows from financing activities

Financing activities provided net cash of 55,748 thousand yen. This was mostly 200,000 thousand yen in proceeds from short-term borrowings, which offset 145,452 thousand yen in repayments of long-term loans payable.

## (4) Outlook for Fiscal Year Ending September 30, 2023

Although the economic impact of the COVID-19 pandemic is expected to wane, the destabilization of the global geopolitical situation and rising resource prices caused by the Ukraine crisis are expected to continue to cloud the economic outlook.

In this environment, domestic B2C-EC market transactions in 2021 increased 7.35% year on year to 20.7 trillion yen, while domestic B2B-EC market transactions fell 11.3% to 372.7 trillion yen.

There is still significant room for growth of the e-commerce markets for cosmetics and health food products (which account for a significant proportion of the products handled by clients of the Temona Group), as well as for food and household goods. Progress is also being made in fields such as digital content and sharing economy services, and the e-commerce market is expected to see steady growth.

In the current business environment, the Temona Group believes that it can contribute to society

through the provision of comprehensive support for subscription businesses (which can facilitate the securing of steady revenue even amid fluctuating economic conditions) and through helping companies to operate such businesses successfully. It is with this in mind that the Company formulated its medium-term management plan.

The fiscal year ending September 30, 2023, is the second year covered by the medium-term management plan. During this fiscal year, the Group will work to reinforce its business foundations for further growth. This will involve investing in enhancing service provision to expand the Group's target areas, and investment in structural enhancements to expand the areas of support that the Group provides.

Considering the above, the forecast for the fiscal year ending September 30, 2023, are net sales of 2,643 million yen (up 17.3% year on year), operating loss of 150 million yen, ordinary loss of 147 million yen, and loss attributable to owners of the parent of 164 million yen. The Company will steadfastly implement each of the strategies in the medium-term management plan on the way achieving the targets set for the final fiscal year covered by the plan; the fiscal year ending September 30, 2024.

(Unit: million yen)

	Fiscal year ended September 30, 2022	Fiscal year ending September 30, 2023	Change	Change (%)
Net sales	2,253	2,643	389	17.3
Operating loss	(195)	(150)	45	-
Ordinary loss	(194)	(147)	47	-
Loss attributable to owners of the parent	(175)	(164)	11	-

The above forecast was prepared based on information available as of the day of the release of this earnings report. Actual performance may differ from the forecast figures due to a variety of factors.

## 2. Basic Policy on the Selection of Accounting Standards

The Company's policy, for the time being, is to prepare financial statements in accordance with Japanese GAAP, taking into consideration the comparability of financial statements between periods and between companies.

The Company's policy is to consider application of the International Financial Reporting Standards based on consideration of circumstances in Japan and overseas.

**3. Consolidated Financial Statements and Main Notes****(1) Consolidated Balance Sheet**

(Unit: thousands of yen)

	As of September 30, 2022
<b>Assets</b>	
<b>Current assets</b>	
Cash and deposits	994,963
Accounts receivable - trade	284,393
Other	207,928
Allowance for doubtful accounts	(1,314)
<b>Total current assets</b>	<b>1,485,971</b>
<b>Non-current assets</b>	
<b>Property, plant and equipment</b>	
Buildings, net	42,181
Other	27,313
<b>Total property, plant and equipment</b>	<b>69,494</b>
<b>Intangible assets</b>	
Software	231,523
Goodwill	275,874
<b>Total intangible assets</b>	<b>507,397</b>
<b>Investments and other assets</b>	
Investment securities	52,250
Deferred tax assets	111,287
Other	81,896
Allowance for doubtful accounts	(2,150)
<b>Total investments and other assets</b>	<b>243,283</b>
<b>Total non-current assets</b>	<b>820,176</b>
<b>Total assets</b>	<b>2,306,147</b>

(Unit: thousands of yen)

	As of September 30, 2022
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable - trade	136,099
Short-term loans payable	300,000
Accounts payable - other	115,095
Current portion of long-term loans payable	161,966
Income taxes payable	7,899
Other	124,914
<b>Total current liabilities</b>	<b>845,975</b>
<b>Non-current liabilities</b>	
Long-term loans payable	247,933
Provision for share awards	10,325
Contract liabilities	879
<b>Total non-current liabilities</b>	<b>259,137</b>
<b>Total liabilities</b>	<b>1,105,113</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	
Capital stock	385,671
Capital surplus	375,671
Retained earnings	1,003,158
Treasury shares	(583,744)
<b>Total shareholders' equity</b>	<b>1,180,756</b>
<b>Stock acquisition rights</b>	<b>20,277</b>
<b>Total net assets</b>	<b>1,201,034</b>
<b>Total liabilities and net assets</b>	<b>2,306,147</b>

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

(Unit: thousands of yen)

	Fiscal Year ended September 30, 2022
Net sales	2,253,812
Cost of sales	959,846
Gross profit	1,293,965
Selling, general and administrative expenses	1,489,607
Operating loss	(195,641)
Non-operating income	
Interest income	12
Dividend income	113
Commission income	351
Subsidy income	13,817
Other	842
Total non-operating income	15,137
Non-operating expenses	
Interest expenses	1,556
Loss on sale of notes and accounts receivable - trade	12,329
Other	1
Total non-operating expenses	13,887
Ordinary loss	(194,390)
Extraordinary losses	
Loss on sale of investment securities	1,500
Loss on valuation of investment securities	884
Total extraordinary losses	2,384
Loss before income taxes	(196,775)
Income taxes	
Current	4,570
Deferred	(25,630)
Total income taxes	(21,060)
Loss for the period	(175,715)
Loss attributable to owners of the parent	(175,715)

**Consolidated Statement of Comprehensive Income**

(Unit: thousands of yen)

	Fiscal Year ended September 30, 2022
Loss for the period	(175,715)
Comprehensive income	(175,715)
Comprehensive income attributable to: Comprehensive income attributable to owners of the parent	(175,715)

**(3) Consolidated Statements of Changes in Equity**

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

(Unit: thousands of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	385,071	375,071	1,178,873	(583,744)	1,355,271
Changes during period					
Issuance of new shares	600	600			1,200
Loss attributable to owners of the parent			(175,715)		(175,715)
Net changes of items other than shareholders' equity					
Total changes during period	600	600	(175,715)	-	(174,515)
Balance at end of period	385,671	375,671	1,003,158	(583,744)	1,180,756

	Stock acquisition rights	Total net assets
Balance at beginning of period	6,059	1,361,331
Changes during period		
Issuance of new shares		1,200
Loss attributable to owners of the parent		(175,715)
Net changes of items other than shareholders' equity	14,218	14,218
Total changes during period	14,218	(160,297)
Balance at end of period	20,277	1,201,034

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	Fiscal year ended September 30, 2022
Cash flows from operating activities	
Loss before income taxes	(196,775)
Depreciation	130,864
Amortization of goodwill	16,824
Loss (gain) on sale of investment securities	1,500
Loss (gain) on valuation of investment securities	884
Interest and dividend income	(125)
Interest expenses	1,556
Decrease (increase) in notes and accounts receivable - trade	164,202
Increase (decrease) in notes and accounts payable - trade	(10,234)
Increase (decrease) in accounts payable - other	(23,636)
Increase (decrease) in advances received	(22,779)
Other	(62,024)
Subtotal	254
Interest and dividend income received	125
Interest paid	(1,516)
Income taxes paid	(127,140)
Cash flow from operating activities	(128,276)
Cash flows from investing activities	
Purchase of property, plant and equipment	(17,259)
Purchase of intangible assets	(157,394)
Purchase of investment securities	(50,000)
Proceeds from sale of investment securities	10,500
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(170,267)
Payments of leasehold and guarantee deposits	(12,637)
Proceeds from refund of leasehold and guarantee deposits	17,131
Cash flow from investing activities	(379,927)
Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	200,000
Repayments of long-term loans payable	(145,452)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,200
Cash flow from financing activities	55,748
Effect of exchange rate change on cash and cash equivalents	-
Net increase (decrease) in cash and cash equivalents	(452,455)
Cash and cash equivalents at beginning of period	1,447,418
Cash and cash equivalents at end of period	994,963



**(5) Notes on the Consolidated Financial Statements**

(Notes on the going-concern assumption)

Not applicable.

(Changes in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the current consolidated fiscal year ended September 30, 2022. Consequently, revenue is recognized when control of promised goods or services has been transferred to the customer at the amount expected to be received in exchange for those goods or services.

The main changes made by applying the ASBJ Statement No. 29, etc. are as follows.

(Revenue recognition for agent transactions)

For some of the Company’s services, in which other company’s services are provided as options, the Company previously recognized revenue at the total amount of consideration received from the customer. Following the application of ASBJ Statement No. 29, etc., however, for those transactions in which the Company’s role in providing goods and services to the customer is that of an agent, the Company now recognizes revenue on a net basis, which is the amount received from customers less the amount paid to the service provider.

The Company’s application of the Accounting Standard for Revenue Recognition, etc. is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effects of retrospectively applying the new accounting policy prior to the beginning of the fiscal year under review have been reflected in the balance of retained earnings at the beginning of the fiscal year under review, and the new accounting policy has thereby been applied to the balance of retained earnings at the beginning of the fiscal year under review. Note, however, that the new accounting policy was not applied retrospectively to contracts in which almost all of the revenue amounts were recognized in accordance with the previous procedures before the beginning of the fiscal year under review, pursuant to the provision of Paragraph 86 of the Accounting Standard for Revenue Recognition. As a result, net sales decreased by 251,700 thousand yen and cost of sales declined by 251,700 thousand yen in the fiscal year ended September 30, 2022, but there was no impact on operating loss, ordinary loss, and loss before income taxes. In addition, there was no impact on the balance of retained earnings at the beginning of the fiscal year.

(Additional Information)

(Accounting estimates of the impact of COVID-19)

The Group makes accounting estimates based on information available at the time of creating the applicable financial statements. Regarding the assumptions used in the accounting estimate, the Group currently considers that there is no significant impact from COVID-19.

However, the impact of COVID-19 on general economic activities is highly uncertain. Therefore, if there are changes to the assumptions due to future conditions, there may be an impact on the Group’s financial position and business performance in the future.

(Application of Accounting Standard for Fair Value Measurement, etc.)

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. have been applied effective from the beginning of the fiscal year ended September 30, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company has opted to apply the new accounting policies set forth in the Accounting Standard for Fair Value Measurement, etc. prospectively. Note that this has no impact on the Company’s consolidated financial statements as the Company does not hold financial instruments carried at fair value in the consolidated balance sheets.

(Business combination and related matters)

Business combination through acquisition

(Acquisition of AIS Inc.)

1. Overview of business combination

(1) Name of the acquired company and its business

Name: AIS Inc.

Business: Online advertising business, contract landing page/website production business

(2) Main reasons for the business combination

The Company set expansion/enhancement of the subscription business value chain as one of the growth strategy measures of its medium-term management plan released on November 12, 2021, with the aim of expanding support in areas such as advertising, call centers, logistics, operation agency, etc.

AIS Inc., which has joined the Group, is a company that specializes in the domain of recurring e-commerce, to which many of the Group's clients belong, and conducts marketing, contract landing page/website production business, etc. The inclusion of AIS Inc. in the Group makes it possible to provide clients with new services including landing page/website production services and attracting new customers. It is for this reason that the Company decided to acquire shares in AIS Inc. as part of efforts to expand/enhance the subscription business value chain.

(3) Date of business combination

March 1, 2022 (deemed acquisition date: March 31, 2022)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of acquired company after business combination

Name will not change.

(6) Percentage of acquired voting rights

100%

(7) Main grounds for determining the acquiring company

Acquisition by the Company of all the shares in exchange for cash.

2. Period for which operating results of acquired company are included in the consolidated financial statements for the fiscal year ended September 30, 2022

From April 1, 2022, to September 30, 2022

3. Acquisition cost and breakdown of consideration by type

This information will not be disclosed due to confidentiality obligations with the counterparty to the share acquisition. Taking into account advice on due diligence from specialists, however, the Company will acquire AIS Inc. for an amount that is less than 15% of the value of the Group's net assets as of the end of the immediately preceding fiscal year.

4. Major acquisition-related expenses

Advisory fees, etc.: 13,350 thousand yen

5. Amount and cause of goodwill, and goodwill amortization method and period

(1) Amount of goodwill

43,800 thousand yen

(2) Cause of goodwill

Goodwill has arisen mainly from the future excess earnings power expected from future business

development.

(3) Amortization method and period

Goodwill is amortized in equal amounts over five years.

(Acquisition of Sackle Inc.)

1. Overview of business combination

(1) Name of the acquired company and its business

Name: Sackle Inc.

Business: Creative business (contracted system development), SES business, programming learning business

(2) Main reasons for the business combination

As part of the medium-term management plan announced in a news release on November 12, 2021, Temona is endeavoring to develop new clients by pursuing growth strategies that include expansion in three target areas: (1) client segments, (2) enterprise areas, and (3) early-stage startup clients.

The expansion of enterprise areas includes expanding the subscription business and responding to increasing demand for Subsc-Store customization. To respond to the increasing demand, Temona needs to further strengthen its product manager and engineer corps.

The newly consolidated Sackle Inc. specializes in web system development, enabled by its strengths in centralized and comprehensive support services provided by specialists in system development, design, and marketing.

The acquisition of Sackle Inc. and its integration into the Temona Group will promote the expansion of target areas, as Sackle will contribute to the strengthening of the Group's development capabilities and enable the realization of the development and provision of diverse solutions that support the Group's subscription business.

(3) Date of business combination

April 25, 2022 (deemed acquisition date: April 1, 2022)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of acquired company after business combination

Name will not change.

(6) Percentage of acquired voting rights

100%

(7) Main grounds for determining the acquiring company

Acquisition by the Company of all shares in exchange for cash.

2. Period for which operating results of acquired company are included in the consolidated financial statements for the fiscal year ended September 30, 2022

From April 1, 2022 to September 30, 2022

3. Acquisition cost and breakdown of consideration by type

Acquisition consideration	Cash	300,000 thousand yen
Acquisition cost		300,000 thousand yen

4. Major acquisition-related expenses

Advisory fees, etc.: 45,833 thousand yen

5. Amount and cause of goodwill, and goodwill amortization method and period

(1) Amount of goodwill

248,898 thousand yen

(2) Cause of goodwill

Goodwill has arisen mainly from the future excess earnings power expected from future business development.

(3) Amortization method and period

Goodwill is amortized in equal amounts over ten years.

(Segment information, etc.)

## Segment information

### I. Overview of reportable segments

The Temona Group's reportable segments are constituent units of the Group for which separate financial information is available, and are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their business performance.

The Temona Group's operations can be categorized into two reportable segments: E-Commerce Support Business and Engineering Business. The E-Commerce Support Business provides systems to operate e-commerce sites specializing in subscription businesses, as well as a range of services related to customer acquisition, customer support, logistics, etc., that support the operation of subscription businesses. In the Engineering Business, Sackle Inc. provides contract system development services and system engineering services that provide customers with software engineer skills.

### 2. Calculation method for net sales, income/loss, assets, liabilities, and other amounts by reportable segment

The accounting method for the reported business segments is in accordance with the accounting policies adopted to prepare the consolidated financial statements.

### 3. Changes in reportable segments

The Group's business was previously comprised of a single reportable segment, the E-Commerce Support Business; however, effective from the fiscal year ended September 30, 2022, the Engineering Business has been added as a reportable segment following the inclusion of Sackle Inc., which became the Company's consolidated subsidiary.

### 4. Net sales, income/loss, assets, liabilities, and other amounts by reportable segment

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

(Unit: Thousands of yen)

	Reportable segment			Adjustments (Note 1, 2)	Reported in consolidated statement of income (note 3)
	E-Commerce Support Business	Engineering Business	Total		
Net sales					
Sales to external customers	1,922,601	331,211	2,253,812	-	2,253,812
Intersegment sales or transfers	-	48,789	48,789	(48,789)	-
Total	1,922,601	380,000	2,302,601	(48,789)	2,253,812
Segment income (loss)	(138,394)	1,399	(136,995)	(58,645)	(195,641)
Segment assets	2,070,203	255,356	2,325,560	(19,412)	2,306,147
Other items					
Depreciation	129,380	1,483	130,864	-	130,864
Amortization of goodwill	4,380	12,444	16,824	-	16,824
Increase in property, plant and equipment and Intangible assets	223,174	249,312	472,486	-	472,486

- Notes: 1. Adjustments for segment income (loss) includes 59,183 thousand yen in acquisition cost of shares in AIS Inc. and Sackle Inc.  
 2. Adjustments for segment assets includes 19,412 thousand yen of intersegment transactions elimination.  
 3. Segment income (loss) is adjusted based on operating loss reported in the consolidated statement of income for the corresponding period.

## [Information associated with reportable segments]

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

## 1. Information for each product or service

(Unit: thousands of yen)

	Reportable segment					Total
	E-Commerce Support Business				Engineering Business	
	Subsc-Store	Tamago Repeat	Payment fees (*)	Others		
Revenue category						
Recurring revenue	398,345	462,510	-	42,869	-	903,724
Contract development revenue	136,192	-	-	165,624	331,211	633,029
GMV-linked revenue	-	-	536,775	-	-	536,775
Other revenue	69,400	64,998	-	45,885	-	180,283
Revenue from contracts with customers	603,938	527,508	536,775	254,379	331,211	2,253,812
Other revenues	-	-	-	-	-	-
Sales to external customers	603,938	527,508	536,775	254,379	331,211	2,253,812
Timing of revenue recognition						
Goods to be transferred at one point in time	602,024	527,508	536,775	254,379	315,594	2,236,281
Goods transferred over a period of time	1,914	-	-	-	15,617	17,531
Sales to external customers	603,938	527,508	536,775	254,379	331,211	2,253,812

\* Payment fees are incurred in associated with services of "Subsc-Store," "Tamago Repeat," and "Others" segments, but are shown separately because it is difficult to classify them by service.

## 2. Information by geographic area

## (1) Net sales

The information is omitted here because net sales to external customers in Japan account for more than 90% of the net sales on the consolidated statement of income.

## (2) Property, plant and equipment

The information is omitted here because there is no property, plant and equipment located outside Japan.

## 3. Information by major customer

The information is omitted here because no customer accounts for more than 10% of the net sales on the consolidated statement of income.

## [Impairment loss on non-current assets by reportable segment]

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

Not applicable.

## [Amortization for and unamortized balance of goodwill by reportable segment]

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

	E-Commerce Support Business	Engineering Business	Total
Balance as of Sept. 30, 2022	39,420	236,454	275,874

Note: The amount of amortization of goodwill is omitted here because the same information is presented in the "Segment Information, etc." above.

[Gain on negative goodwill by reportable segment]

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

Not applicable.



## (Per share data)

	Fiscal Year ended September 30, 2022
Net assets per share (yen)	110.76
Basic loss per share (yen)	(16.50)
Diluted earnings per share (yen)	-

Note: 1. Although there are residual securities outstanding, diluted earnings per share for the fiscal year ended September 30, 2022, is omitted here, as the Company recorded a net loss per share for the period.

2. In the calculation of “basic loss per share,” the Company's own shares held by the “Board Benefit Trust” and “Employees Benefit Trust” are included in treasury shares and are deducted from the calculation of the average number of shares outstanding during the period. In the calculation of “net assets per share”, these shares are included in treasury shares and are deducted from the calculation of the number of shares issued at end of period.

For reference, the average number of these own shares during the period was 744,500 shares, and the number of these own shares at end of period was 744,500 shares.

3. The basis for calculating basic loss per share is as follows.

	Fiscal Year ended September 30, 2022
Basic loss per share	
Loss attributable to owners of the parent (thousands of yen)	(175,715)
Amounts not attributable to common shareholders (thousands of yen)	-
Loss attributable to common shareholders (thousands of yen)	(175,715)
Average number of shares outstanding during the period (shares)	10,651,727
Diluted earnings per share	
Adjustment on profit attributable to owners of the parent (thousands of yen)	-
Increase in number of common shares (shares)	-
[Stock acquisition rights] (shares)	-
Summary of dilutive stock not included in the calculation of diluted earnings per share due to not having dilutive effects	-

4. The basis for calculating net assets per share is as follows.

	September 30, 2022
Total net assets on the consolidated balance sheets (thousands of yen)	1,201,034
Amount deducted from total net assets (thousands of yen)	20,277
[Stock acquisition rights] (thousands of yen)	(20,277)
Net assets attributable to common shares at period-end (thousands of yen)	1,180,756
Number of common shares at period-end that are used for calculation of net assets per share (shares)	10,660,275

## (Significant subsequent events)

Not applicable.