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February 13, 2025

TEMONA. Inc.
Earnings Report for the First Quarter of the Fiscal Year Ending September 30, 2025
[Japanese GAAP] (Consolidated)

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 Securities code: 3985
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Scheduled dates Dividend payout: -
 Supplementary materials to financial results available: Yes
 Quarterly earnings presentation held: No

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended December 31, 2024
(October 1, 2024 to December 31, 2024)

(1) Operating Results (Total) (Percentage figures represent year-on-year changes)

Three Months Ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Dec. 31, 2024	469	(7.1)	37	—	38	—	24	-
Dec. 31, 2023	505	(21.0)	(9)	—	(9)	—	(6)	-

Note: Comprehensive income Three months ended Dec. 31, 2024: ¥25 million [-%]

Three months ended Dec. 31, 2023: ¥(6) million [-%]

Three Months Ended	Basic earnings per share	Diluted earnings per share
Dec. 31, 2024	2.26	2.26
Dec. 31, 2023	(0.61)	-

Note: Although there are residual securities outstanding, diluted earnings per share for the three months ended December 31, 2024 is omitted here, as the Company recorded net loss per share for the period.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Dec. 31, 2024	1,757	719	39.2
As of Sep. 30, 2024	1,541	700	43.1

Reference: Total shareholders' equity: Dec. 31, 2024: ¥688 million Sep. 30, 2024: ¥664 million

2. Dividends

	Annual dividends per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
FY Ended Sep. 30, 2024	¥ -	¥ 0.00	¥ -	¥ 0.00	¥ 0.00
FY Ending Sep. 30, 2025	-				
FY Ending Sep. 30, 2025 (Forecast)		0.00	-	0.00	0.00

Note: No changes were made to the latest release of dividend forecasts.

3. Consolidated Earnings Forecast for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(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, 2025	917	(4.3)	3	-	1	-	(6)	-	(0.58)
Full year	1,918	5.1	66	-	63	-	32	-	3.02

Note: No changes were made to the latest release of consolidated earnings forecasts.

Notes

- (1) Significant changes in the scope of consolidation during the period : Yes
 Newly included: 1 company (Name) Subsc Solutions Inc. Excluded: - (Name) -
- (2) Use of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes
 Note: For details, please see "(Use of accounting methods specific to preparation of the quarterly consolidated financial statements)" under "(3) Notes on the Consolidated Financial Statements" on page 9 in section "2. Consolidated Financial Statements and Main Notes" in the Accompanying Materials.
- (3) 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: Yes
 4) Retrospective restatement: None
- (4) Number of shares issued (common stock)
 1) Number of shares issued at end of period (treasury shares included):
 December 31, 2024: 11,425,592 shares
 September 30, 2024: 11,425,592 shares
 2) Number of shares held in treasury at end of period:
 December 31, 2024: 742,517 shares
 September 30, 2024: 742,917 shares
 3) Average number of shares outstanding during the period:
 December 31, 2024: 10,682,886 shares
 December 31, 2023: 10,680,808 shares

Note. The Company has introduced a "Board Benefit Trust" and an "Employee Stock Ownership Plan Trust". The Company's shares held by these trusts (September 30, 2024: 742,100 shares, December 31, 2024: 741,700 shares) are included in the number of treasury shares.

* Reviews of the accompanying quarterly consolidated financial statements :N/A
 by certified public accountants or 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 “(3) Consolidated Earnings Forecast and Other Forward-Looking Statements” on page 4 in section “1. Explanation of Operating Results and Financial Position” in the Accompanying Materials.

(Supplementary materials to quarterly financial results)

Supplementary materials to the quarterly financial results (Fact Sheets) will be posted on the Company's website on December 13, 2025.

Accompanying Materials

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1. Explanation of Operating Results and Financial Position

(1) Operating Results

Forward-looking statements in this document are based on information available as of December 31, 2024.

In the three months ended December 31, 2024, the outlook for the Japanese economy remained uncertain primarily due to the price hikes in energy and raw materials resulting from the unstable international situation and prolonged depreciation of the yen, despite a continuous moderate recovery trend in the economic environment resulting from the recovery of personal consumption and the increase in inbound demand.

According to the “FY2023 Digital Transaction Environment Improvement Project (Market Research on Electronic Commerce),” for the domestic e-commerce market related to the Group’s business, the B2C-EC market size increased 9.23% year on year to 24.8 trillion yen, and the B2B-EC market size rose 10.7% year on year to 465.2 trillion yen in 2023. 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 9.38% for B2C-EC and 40.0% for B2B-EC, and the digitalization of commercial transactions is expected to continue to advance.

In the current economic environment, the Group believes that the key to growth is to continuously contribute to customers’ business growth by comprehensively supporting the subscription businesses, which can secure steady revenue even in the midst of uncertain economic conditions. Thus, the Group has worked on the revision of the cost structure and the improvement of productivity while promoting functional enhancement and sales of existing services that support customers’ business growth.

Consolidated net sales in the three months ended December 31, 2024, totaled 469,807 thousand yen, down 7.1% year on year. This result mainly reflects the decrease in the total number of Subsc-Store and Tamago Repeat service user accounts, and the decrease in customers for which web production services related to Subsc-@ are provided, despite revenue growth factors such as the increase in revenue from contract development including customization of Subsc-Store, and the increase in customers for which system engineering services are provided.

Cost of sales decreased 14.2% year on year to 204,272 thousand yen, mainly due to outsourcing expense reduction achieved through increased in-house production.

Selling, general and administrative expenses fell 17.9% year on year to 227,641 thousand yen, mainly due to a decrease in personnel expenses resulting from improved business efficiency and appropriate reallocation of staff.

As a result, in the three months ended December 31, 2024, the Group posted an operating profit of 37,893 thousand yen (operating loss of 9,716 thousand yen in the same period of the previous fiscal year). Ordinary profit was 38,388 thousand yen (ordinary loss of 9,765 thousand yen in the same period of the previous fiscal year). Profit attributable to owners of the parent came to 24,172 thousand yen (loss attributable to owners of the parent of 6,553 thousand yen in the same period of the previous fiscal year).

Operating results by business segment are as follows.

(a) E-Commerce Support Business

The E-Commerce Support Business provides systems that make up 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 table presents the performance of each service offered by the E-Commerce Support Business, segmented by revenue.

(Unit: thousands of yen)

Service	Revenue category	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)		Three months ended December 31, 2024 (October 1, 2024 to December 31, 2024)		Change	Change (%)	
		Amount	Weighting (%)	Amount	Weighting (%)			
a	Subsc-Store	Recurring revenue	87,252	20.8	74,075	20.3	(13,177)	(15.1)
		Contract development revenue	6,875	1.6	41,122	11.3	34,246	498.1
		Other revenue	27,022	6.4	23,187	6.3	(3,834)	(14.2)
	Tamago Repeat	Recurring revenue	86,499	20.6	73,751	20.2	(12,747)	(14.7)
		Contract development revenue	—	—	390	0.1	390	—
		Other revenue	8,543	2.0	7,471	2.0	(1,072)	(12.6)
Subtotal		216,194	51.6	219,998	60.2	3,804	1.8	
b	Payment fees	GMV-linked revenue	118,431	28.2	110,047	30.1	(8,383)	(7.1)
c	Others	Recurring revenue	23,502	5.6	23,856	6.5	354	1.5
		Contract development revenue	51,304	12.2	3,374	0.9	(47,930)	(93.4)
		Other revenue	9,811	2.3	8,110	2.2	(1,701)	(17.3)
	Subtotal		84,618	20.2	35,341	9.7	(49,276)	(58.2)
Total (a+b+c)		419,243	100.0	365,387	100.0	(53,855)	(12.8)	

a. Subsc-Store service user accounts totaled 385 down 15.2% year on year, and Tamago Repeat service user accounts totaled 396, down 13.5% year on year. Total service user accounts stood at 781, down 14.4% year on year.

Revenue totaled 219,998 thousand yen, up 1.8% year on year due to growth in contract development revenue (*3), including Subsc-Store customization services despite a decrease in recurring revenue (*2) due to the decrease in Tamago Repeat and Subsc-Store accounts.

b. The gross transaction volume of services provided by the Group totaled 31.9 billion yen, down 0.6% year on year, mainly reflecting decreases in the Subsc-Store and Tamago Repeat service user accounts. GMV-linked revenue (*4) totaled 110,047 thousand yen, down 7.1% year on year.

c. Accounts (corporate contracts) for the Subsc-@ service targeted at physical stores decreased to 174, down 9.4% year on year, and Subsc-Store B2B accounts targeted at B2B service providers decreased to 18, down 28.0% year on year. However, recurring revenue increased, rising 1.5% year on year to 23,856 thousand yen, since other accounts for SaaS products, etc., including those for ECield, increased to 63, up 142.3% year on year, among other reasons. On the other hand, contract development revenue decreased 93.4% year on year to 3,374 thousand yen mainly owing to a decline in web page production services related to Subsc-@. As a result, revenue from other services totaled 35,341 thousand yen, down 58.2% year on year.

As a result of the above factors, revenue from the E-Commerce Support Business came to 365,387 thousand yen, down 12.8% year on year, and segment profit was 40,824 thousand yen, up 7,027.3% year on year.

(b) Engineering Business

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

Revenue increased 21.0% year on year to 104,419 thousand yen, owing to the increase in customers for which system engineering services are provided. Segment loss amounted to 3,359 thousand yen (segment loss of 6,225 thousand yen in the same period of the previous fiscal year).

*1 E-commerce ratio: 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 Contracted 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 as of December 31, 2024, totaled 1,757,228 thousand yen, a 215,670 thousand yen increase from September 30, 2024. This was mainly due to an increase of 233,447 thousand yen in cash and deposits, such as from the execution of loans.

(Liabilities)

Consolidated liabilities as of December 31, 2024, totaled 1,038,086 thousand yen, a 197,096 thousand yen increase from September 30, 2024. The decrease mainly reflects a 159,191 thousand yen increase in long-term loans payable (including the current portion of long-term loans payable).

(Net assets)

Consolidated net assets as of December 31, 2024, totaled 719,142 thousand yen, a 18,574 thousand yen increase from September 30, 2024. This increase mainly reflects a 24,172 thousand yen increase in retained earnings.

(3) Consolidated Earnings Forecast and Other Forward-looking Statements

The Company's consolidated earnings forecast for the fiscal year ending September 30, 2025, is unchanged from the forecast included in the Earnings Report for the Fiscal Year Ended September 30, 2024, released on November 12, 2024.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	As of September 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	910,419	1,143,866
Accounts receivable - trade and contract assets	199,289	181,576
Other	69,492	78,576
Allowance for doubtful accounts	△1,986	△2,195
Total current assets	1,177,213	1,401,824
Non-current assets		
Property, plant and equipment	27,383	22,692
Intangible assets		
Software	5,825	4,871
Goodwill	201,078	193,416
Total Intangible assets	206,904	198,288
Investments and other assets		
Investment securities	2,250	2,250
Deferred tax assets	50,768	49,849
Other	77,267	84,033
Allowance for doubtful accounts	(229)	(1,708)
Total investments and other assets	130,056	134,423
Total non-current assets	364,344	355,404
Total assets	1,541,557	1,757,228
Liabilities		
Current liabilities		
Accounts payable-trade	47,183	39,452
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	129,904	145,998
Income taxes payable	5,946	21,291
Other	156,742	187,317
Total current liabilities	539,775	594,059
Non-current liabilities		
Long-term loans payable	295,019	438,116
Provision for share awards	6,195	5,910
Total non-current liabilities	301,214	444,026
Total liabilities	840,990	1,038,086

(Unit: thousands of yen)

	As of September 30, 2024	As of December 31, 2024
Net assets Shareholders' equity		
Capital stock	386,421	386,421
Capital surplus	377,973	377,973
Retained earnings	481,656	505,829
Treasury shares	(582,035)	(581,750)
Total shareholders' equity	664,016	688,473
Stock acquisition rights	34,438	27,589
Non-controlling interests	2,112	3,078
Total net assets	700,567	719,142
Total liabilities and net assets	1,541,557	1,757,228

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

(Unit: thousands of yen)

	Three months ended December 31, 2023	Three months ended December 31, 2024
Net sales	505,565	469,807
Cost of sales	238,008	204,272
Gross profit	267,556	265,535
Selling, general and administrative expenses	277,272	227,641
Operating profit (loss)	(9,716)	37,893
Non-operating income		
Dividend income	337	225
Commission income	5	—
Gain on sales of goods	186	—
Difference in consumption tax payable under the simplified taxation system	—	2,431
Other	282	231
Total non-operating income	810	2,887
Non-operating expenses		
Interest expenses	860	1,820
Organization expenses	—	571
Total non-operating expenses	860	2,392
Ordinary profit (loss)	(9,765)	38,388
Extraordinary income		
Gain on reversal of share acquisition rights	4,128	4,347
Gain on reversal of asset retirement obligations	—	980
Total extraordinary income	4,128	5,327
Profit (loss) before income taxes	(5,637)	43,716
Income taxes	916	18,577
Profit (loss) for the period	(6,553)	25,138
Profit attributable to non-controlling interests	—	966
Profit (loss) attributable to owners of the parent	(6,553)	24,172

Consolidated Statement of Comprehensive Income

(Unit: thousands of yen)

	Three months ended December 31, 2023	Three months ended December 31, 2024
Profit (loss) for the period	(6,553)	25,138
Comprehensive income	(6,553)	25,138
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(6,553)	24,172
Comprehensive income attributable to non-controlling interests	—	966

(3) Notes on the Consolidated Financial Statements

(Notes on the going-concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Use of accounting methods specific to preparation of the quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after application of tax effect accounting to profit before income taxes for the fiscal year (including the First quarter of the fiscal year ending September 30, 2025), and multiplying profit before income taxes by this estimated effective tax rate. In case the estimating the effective tax rate is significantly unreasonable, the Company calculates tax expenses using the statutory tax rate.

(Change in accounting policy)

(Application of "Accounting Standard for Corporate, Inhabitant and Enterprise Taxes," etc.)

The "Accounting Standard for Corporate, Inhabitant and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard"), etc. are applied from the beginning of the three months ended December 31, 2024.

Regarding the revised accounting treatment for corporate income taxes and other taxes, including those allocated to other comprehensive income, we have adopted the transitional arrangements stipulated in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of Paragraph 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ-AS No. 28, October 28, 2022, referred to as the "2022 Revised Implementation Guidance"). The change in our accounting policy has no impact on the quarterly consolidated financial statements.

Additionally, regarding the revised accounting treatment for deferred tax assets or liabilities arising from the sale of subsidiary shares between consolidated entities, we have applied the 2022 Revised Implementation Guidance from the beginning of the three months ended December 31, 2024. The change in our accounting policy has been applied retroactively, and the quarterly and annual consolidated financial statements for the previous fiscal year have been restated accordingly. The change in our accounting policy has no impact on the quarterly and annual consolidated financial statements for the previous fiscal year.

(Change in accounting estimate)

As we decided to relocate the Fukuoka office in the three months ended December 31, 2024, we have shortened the useful lives of fixed assets that will be disposed of as a result of the relocation. This change is effective prospectively.

Additionally, we have updated our estimate of the asset retirement obligation related to the restoration obligation under the previous property lease agreement due to the acquisition of new information.

As a result of the revised estimate, operating profit and ordinary profit for the three months ended December 31, 2024 have decreased by 4,103 thousand yen, respectively, and profit before income taxes has decreased by 3,122 thousand yen, compared with the previous method.

(Segment information, etc.)

Segment information

I. Three Months Ended December 31, 2023 (October 1, 2023 to December 31, 2023)

1. Net sales and income/loss by reportable segment

(Unit: thousands of yen)

	Reportable segment			Adjustments (note 1)	Reported in consolidated statement of income (note 2)
	E-Commerce Support Business	Engineering Business	Total		
Net sales					
Sales to external customers	419,243	86,321	505,565	—	505,565
Intersegment sales or transfers	—	17,387	17,387	(17,387)	—
Total	419,243	103,709	522,952	(17,387)	505,565
Segment income (loss)	572	(6,225)	(5,653)	(4,063)	(9,716)

Notes: 1. Adjustments for segment income (loss) includes (4,063) thousand yen of intersegment transactions elimination.

2. Segment income (loss) is adjusted based on operating loss reported in the consolidated statement of income for the corresponding period.

2. Impairment losses or goodwill on non-current assets by reportable segment

Not applicable.

II. Three Months Ended December 31, 2024 (October 1, 2024 to December 31, 2024)

1. Net sales and income/loss by reportable segment

(Unit: thousands of yen)

	Reportable segment			Adjustments (note 1)	Reported in consolidated statement of income (note 2)
	E-Commerce Support Business	Engineering Business	Total		
Net sales					
Sales to external customers	365,387	104,419	469,807	—	469,807
Intersegment sales or transfers	19,800	31,836	51,636	(51,636)	—
Total	385,187	136,255	521,443	(51,636)	469,807
Segment loss	40,824	(3,359)	37,464	429	37,893

Notes: 1. Adjustments for segment income (loss) includes 429 thousand yen of intersegment transactions elimination.

2. Segment loss is adjusted based on operating loss reported in the consolidated statement of income for the corresponding period.

2. Impairment losses or goodwill on non-current assets by reportable segment

Not applicable.

(Notes to Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the Three months ended December 31, 2024, have not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the Three months ended December 31, 2024, are as shown below.

	Three months ended December 30, 2023 (October 1, 2023 to December 30, 2023)	Three months ended December 31, 2024 (October 1, 2024 to December 31, 2024)
Depreciation and amortization	36,916 thousand yen	7,970 thousand yen
Amortization of goodwill	7,662 thousand yen	7,662 thousand yen

(Significant subsequent events)

Not applicable.