



**Consolidated Financial Results**  
**for the Six months ended November 30, 2021**  
**[Japanese GAAP]**

January 7, 2022

Company name: Feedforce Group Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7068  
 URL: <https://feedforcegroup.jp>  
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Scheduled date to file quarterly securities report: January 14, 2022  
 Scheduled date to commence dividend payment: —  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

**1. Consolidated financial results for the first six months of the fiscal year ending May 31, 2022 (from June 1, 2021 to November 30, 2021)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended										
November 30, 2021	1,372	—	591	48.3	507	60.7	507	66.0	311	124.6
November 30, 2020	1,145	—	339	—	315	—	305	—	138	—

Note: Comprehensive income Six months ended November 30, 2021: ¥309 million [83.2%]  
 Six months ended November 30, 2020: ¥168 million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2021	12.01	11.68
November 30, 2020	5.73	5.49

- Note: 1. As the Company has not prepared consolidated financial statements for the Six months ended November 30, 2019, the percentage indicating year-on-year changes is not shown for the Six months ended November 30, 2020.  
 2. As the "Accounting Standard for Revenue Recognition" will be applied from the fiscal year ending May 31, 2022, the percentage change from the previous fiscal year is not shown for net sales.  
 3. EBITDA is a sum of operating profit, depreciation, and amortization.  
 4. The Company conducted a 4-for-1 stock split of common stocks as of December 1, 2020. The "Basic earnings per share" and "Diluted earnings per share" is calculated assuming that the said stock split was conducted at the beginning of the previous consolidated fiscal year.

**(2) Consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	Millions of yen
November 30, 2021	6,790	2,735	39.5
May 31, 2021	6,467	2,401	36.6

Reference: Equity  
 As of November 30, 2021: ¥2,680 million  
 As of May 31, 2021: ¥2,366 million

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## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2021	—	0.00	—	0.00	0.00
Fiscal year ended May 31, 2022	—				
Fiscal year ended May 30, 2022(Forecast)		0.00	—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: No

## 3. Consolidated earnings forecasts for the fiscal year ending May 31, 2022 (from June 1, 2021 to May 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending May 31, 2022 (Forecast)	2,966	—	1,093	3.3	859	△3.4	853	△2.5	517	9.5	19.95

Note: 1. Revisions to the earnings forecasts most recently announced: Yes

2. Effective from the fiscal year ending May 31, 2022, the "Accounting Standard for Revenue Recognition" will be applied, and the above forecasts are based on figures after the application of the standard. Due to the adoption of this standard, the percentage of net sales increase/decrease from the previous year is not shown.

3. EBITDA is a sum of operating profit, depreciation, and amortization.

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes please refer to the "Notes on significant changes in the amount of shareholders' equity (P10)".

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

(4) Number of issued shares (Common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2021	25,950,400 shares	May 31, 2021	25,910,400 shares
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b. Number of treasury shares at the end of the period

As of November 30, 2021	42 shares	May 31, 2021	42 shares
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c. Average number of outstanding shares during the period

As of November 30, 2021	25,943,027 shares	As of November 30, 2020	24,203,178 shares
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Note: The Company conducted a 4-for-1 stock split of common stocks as of December 1, 2020. The "Average number of outstanding shares" is calculated assuming that the said stock split was conducted at the beginning of the previous consolidated fiscal year.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the consolidated forecasts due to various factors.

The Company changed its corporate name from Feedforce, Inc. to Feedforce Group, Inc. as of September 1, 2021, following the transition to a holding company structure.

## Attached Material

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## 1. Qualitative information on quarterly consolidated financial results

### (1) Explanation of operating results

Japan's economy during the first half of the fiscal year ended May 31, 2022 remained severe due to restrictions on economic activity because of the new coronavirus (COVID-19). Although vaccinations are progressing and there are moves toward normalization of economic activity, the outlook remains uncertain, as there are concerns about the spread of infection by new mutant viruses at present. On the other hand, the size of the Internet advertising market, which is the Group's main business area, increased by 5.9% year on year to 2,229 billion yen in 2020, and while total advertising expenses decreased by 11.2% year on year, with the acceleration of digital transformation (DX), continued to grow (Source: DENTSU INC., "Advertising expenses in Japan in 2020").

Under these economic circumstances, the Group has been providing optimization of information distribution and effective advertising operation services under the mission of "Feed a force for good and change- continuing to innovate in the B2B field". Based on the vast amount of data accumulated by the Group to build a data feed and its conversion and update knowledge, we have processed the information of companies into an optimal form and provided appropriate information to target users at the right time and to the appropriate devices. In addition, the Group has built good relationships with each digital platformer, and by leveraging its relationship, we link the Group's multiple services to develop corporate customers and promote in addition to supporting, we have been working to develop apps and comprehensive DX support that contribute to the continuous strengthening of relationships with target users.

In addition, from the consolidated accounting period of the second quarter of the fiscal year under review, the Group has separated the holding companies and operating companies that execute strategies with holding companies responsible for group strategic functions in order to further enhance the mobility and flexibility of group management, develop and promote new businesses, and promote capital and business alliances and alliances with various partner companies related to EC support. We have shifted to a holding company structure because we judge that it is necessary for holding companies to formulate strategies from the group-wide optimal perspective, allocate management resources, and promote business through prompt decision-making at operating companies.

As a result, the Group's operating results for the first half of the fiscal year ended May 31, 2022 were net sales of ¥1,372,855 thousand, EBITDA (operating profit + depreciation + amortization) ¥591,961 thousand (up 48.3% year on year), operating income ¥507,116 thousand (up 60.7% year on year), ordinary income ¥507,594 thousand (up 66.0% year on year) and net income attributable to owners of parent of ¥311,437 thousand (up 124.6% year on year).

The results of the segment are as follows:

(Professional Services Business)

"Anagrams", which provides internet advertising operation agency business and marketing support, "Feedmatic", an advertising operation consignment service for platforms, "DF PLUS", a service for building data feeds according to individual needs, for enterprise-based customers. We provide "Contents Feeder", an SEO support service that generates and automatically operates satellite sites.

During the first half of the fiscal year ended May 31, 2022, Anagrams and Feedmatic acquired new projects.

As a result, the consolidated operating results for the first half of the fiscal year ended May 31, 2022 were ¥1,023,026 thousand in net sales and segment profit of ¥461,166 thousand (up 71.8% year on year).

(SaaS business)

"EC Booster", an ad distribution service that can automatically advertise based on product information on EC sites, "dfplus.io", a data feed integrated management service that allows advertisers to create, manage and optimize data feeds themselves, In addition, we provide "Social PLUS", a support service for customer reach by registering, logging in and sending direct messages on the web using SNS registration information.

During the first half of the fiscal year ended May 31, 2022, we steadily increased sales, through the acquisition of new customers in dfplus.io and Social PLUS.

As a result, the operating results for the first half of the fiscal year ended May 31, 2022 were net sales of ¥342,369 thousand and segment profit of ¥130,059 thousand (up 105.9% year on year).

(DX Business)

In the DX business, we are developing new services that support dx of companies by "building a foundation for the utilization of digital assets using technology".

During the consolidated cumulative period of the second quarter, we have been developing and investing in new businesses, such as the development of apps for Shopify. In addition, during the second quarter of the fiscal year ended May 31, 2022, the Company made Shippinno Inc., which provides "Shippinno", a service that automates shipping-related operations to EC

operators, and "TēPs", a no-code tool specialized in e-commerce, as a consolidated subsidiary, but in preparing the second quarter consolidated financial statements, only the balance sheet is consolidated.

As a result, the consolidated operating results for the first half of the fiscal year ended May 31, 2022 were net sales of ¥7,458 thousand and segment loss of ¥84,110 thousand (a segment loss of ¥15,952 thousand in the same period of the previous year).

## (2) Explanation of financial position

As of November 30, 2021, assets amounted to ¥6,790,332 thousand, up ¥322,824 thousand from their level on May 31, 2021.

(Current assets)

As of November 30, 2021, current assets amounted to ¥4,824,550 thousand, down ¥90,863 thousand from their level on May 31, 2021. This was due to a decrease in accounts receivable by ¥86,052 thousand.

(Non-current assets)

As of November 30, 2021, non-current assets amounted to ¥1,965,782 thousand, up ¥413,688 thousand from their level on May 31, 2021. This was due to the acquisition of a new subsidiary resulted in an increase of goodwill by ¥348,187 thousand

(Current liabilities)

As of November 30, 2021, current liabilities amounted to ¥2,200,825 thousand, down ¥54,184 thousand from their level on May 31, 2021. This was primarily due to a decrease of ¥71,312 thousand in accounts payable - trade.

(Non-current liabilities)

As of November 30, 2021, non-current liabilities amounted to ¥1,853,589 thousand, up ¥42,634 thousand from their level on May 31, 2021. This was primarily due to an increase of long-term borrowings increased by ¥60,006 thousand.

(Net assets)

As of November 30, 2021, net assets amounted to ¥2,735,916 thousand, up ¥334,374 thousand from their level on May 31, 2021. This was due to an increase of retained earnings by ¥311,437thousand.

## (3) Explanation of cash-flow

As of November 30, 2021, Cash and cash equivalents increased by ¥16,041 thousand to ¥3,209,097 thousand.

The status of cash flows and their factors during the cumulative consolidated period for the second quarter are as follows:

(Cash flow from operating activities)

Cash in flow from operating activities was ¥385,316 thousand (cash inflow ¥678,347 thousand in the same period of the previous year). This was due to Profit before income taxes was recorded at ¥498,657 thousand and depreciation and amortization of ¥61,278 thousand.

(Cash flow from investment activities)

Cash out flow from investment activities was ¥286,595 thousand (cash out flow ¥7,540 thousand in the same period of the previous year). This was due to expenditures of ¥105,104 thousand from the acquisition of investment securities and ¥178,460 thousand from the acquisition of shares of subsidiaries accompanying changes in the scope of consolidation.

(Cash flow from financial activities)

Cash out flow from financial activities was ¥82,680 thousand (cash out flow ¥191,804 thousand in the same period of the previous year). This was due to ¥85,000 thousand was spent on repayment of long-term loans payable.

## (4) Explanation of consolidated financial results forecasts and other forward-looking statements

The consolidated earnings forecast for the fiscal year ending May 31, 2022 has been revised from the consolidated earnings forecast announced in the Financial Results for the Fiscal Year Ending May 31, 2021 on June 30, 2021. For details, please refer to the "Notice Concerning Revision of Earnings Forecasts" released today (December 28, 2021).

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## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of May 31, 2021	As of November 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,193,056	3,209,097
Accounts receivable - trade	1,312,721	1,226,669
Advance payments to suppliers	375,146	316,866
Other	43,814	81,349
Allowance for doubtful accounts	△9,325	△9,433
Total current assets	4,915,413	4,824,550
Non-current assets		
Property, plant and equipment		
Buildings, net	29,029	36,782
Other, net	14,558	14,298
Total property, plant and equipment	43,588	51,080
Intangible assets		
Goodwill	404,577	752,765
Customer-related assets	939,016	884,316
Total intangible assets	1,343,594	1,637,081
Investments and other assets		
Investment securities	14,073	110,240
Deferred tax assets	72,778	87,394
Other	78,060	79,984
Total investments and other assets	164,912	277,619
Total non-current assets	1,552,094	1,965,782
Total assets	6,467,507	6,790,332
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,532,942	1,461,629
Current portion of long-term borrowings	170,000	200,822
Provision for bonuses	59,884	61,597
Other	492,184	476,777
Total current liabilities	2,255,010	2,200,825
Non-current liabilities		
Long-term borrowings	1,510,000	1,570,006
Deferred tax liabilities	300,955	283,583
Total non-current liabilities	1,810,955	1,853,589
Total liabilities	4,065,965	4,054,415
<b>Net assets</b>		
Shareholders' equity		
Share capital	465,203	10,092
Capital surplus	1,357,656	1,815,086
Retained earnings	543,918	855,355
Treasury shares	△48	△48
Total shareholders' equity	2,366,729	2,680,487
Share acquisition rights	32,569	52,574
Non-controlling interests	2,243	2,854
Total net assets	2,401,542	2,735,916
Total liabilities and net assets	6,467,507	6,790,332

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(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
Quarterly Consolidated Statements of Income  
(Cumulative consolidated second quarter)

(Thousands of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Net sales	1,145,902	1,372,855
Cost of sales	407,678	396,806
Gross profit	738,223	976,048
Selling, general and administrative expenses	* 422,634	* 468,932
Operating profit	315,589	507,116
Non-operating income		
Interest income	9	13
Dividend income	0	0
Subsidy income	2,850	5,210
Gain on investments in investment partnerships	—	1,984
Other	1,128	61
Total non-operating income	3,988	7,269
Non-operating expenses		
Interest expenses	7,994	6,790
Share of loss of entities accounted for using equity method	5,805	—
Total non-operating expenses	13,800	6,790
Ordinary profit	305,777	507,594
Extraordinary losses		
Loss on valuation of investment securities	—	8,936
Total extraordinary losses	—	8,936
Profit (loss) before income taxes	305,777	498,657
Income taxes - current	158,011	221,439
Income taxes - deferred	△21,022	△31,986
Total income taxes	136,989	189,452
Profit	168,788	309,205
Profit (loss) attributable to non-controlling interests	30,095	△2,231
Profit attributable to owners of parent	138,692	311,437

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**Quarterly Consolidated Statement of Comprehensive Income**  
(Cumulative consolidated second quarter)

(Thousands of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Profit	168,788	309,205
Comprehensive income	168,788	309,205
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	138,692	311,437
Comprehensive income attributable to non- controlling interests	30,095	△2,231



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**(3) Quarterly Consolidated Statement of Cash Flows**  
(Cumulative consolidated second quarter)

(Thousands of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	305,777	498,657
Depreciation	60,049	61,278
Amortization of goodwill	23,567	23,567
Share-based payment expenses	10,804	19,956
Share of loss (profit) of entities accounted for using equity method	5,805	—
Increase (decrease) in provision for bonuses	1,650	1,713
Increase (decrease) in allowance for doubtful accounts	2,769	108
Interest and dividend income	△9	△13
Interest expenses	7,994	6,790
Loss (gain) on investments in investment partnerships	—	△1,984
Loss (gain) on valuation of investment securities	—	8,936
Decrease (increase) in trade receivables	△154,021	114,981
Increase (decrease) in trade payables	511,616	△75,570
Increase (decrease) in accrued consumption taxes	△8,376	△44,663
Decrease (increase) in consumption taxes refund receivable	68,384	△7,149
Other, net	△4,816	32,005
Subtotal	831,196	638,613
Interest and dividends received	9	13
Interest paid	△8,062	△6,548
Income taxes paid	△144,796	△246,762
Net cash provided by (used in) operating activities	678,347	385,316
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△7,550	△5,637
Purchase of investment securities	—	△105,104
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△178,460
Other, net	10	2,606
Net cash provided by (used in) investing activities	△7,540	△286,595
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	△140,000	—
Repayments of long-term borrowings	△85,000	△85,000
Proceeds from issuance of shares	31,556	2,320
Proceeds from share issuance to non-controlling shareholders	1,640	—
Net cash provided by (used in) financing activities	△191,804	△82,680
Net increase (decrease) in cash and cash equivalents	479,003	16,041
Cash and cash equivalents at beginning of period	2,183,794	3,193,056
Cash and cash equivalents at end of period	2,662,798	3,209,097

**(4) Notes to Quarterly Consolidated Financial Statements**

**(Notes on premise of going concern)**

Not applicable.

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

On September 1, 2021, the Company made a free capital reduction. As a result, capital decreased by ¥456,270 thousand and capital surplus increased by ¥456,270 thousand during the second quarter of the fiscal year ended May 31, 2022, resulting in capital of 10,092,000 yen and capital surplus of ¥1,815,086 thousand.

**(Changes in significant subsidiaries during the cumulative consolidated period of the fiscal year)**

Since the second quarter of the fiscal year ended May 31, 2022, the Company has acquired shares in Shippinno Inc., and Shippinno Corporation has been included in the scope of consolidation. Since the deemed acquisition date is September 30, 2021 and the difference from the quarterly consolidated closing date does not exceed three months, only the balance sheet is consolidated in the second quarter of the fiscal year.

In addition, FEEDFORCE VIETNAM COMPANY LIMITED has been newly established since the second quarter of the fiscal year, so it is included in the scope of consolidation.

**(Change in accounting policy)**

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

Effective from the beginning of the first quarter of the current fiscal year, the Company has adopted "Accounting Standard for Revenue Recognition" and other related standards and recognizes revenue when control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for those goods or services.

As a result, in the past, the Company recognized revenue based on the total amount of consideration received from customers for some transactions that required outsourcing in the professional services business. However, for transactions in which the Company's role in providing goods or services to customers falls under the category of agent, the Company has changed to a method of recognizing revenue based on the net amount received from customers less the amount paid for outsourcing and other expenses. However, as a result of judging the role (principal or agent) in the provision of goods or services to customers, revenue has been recognized on a net basis since the beginning of the first quarter of the current fiscal year.

The Company has applied the new accounting standard for revenue recognition in accordance with the transitional measures prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, etc. The cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the current first quarter was added to or deducted from retained earnings at the beginning of the current first quarter, and the new accounting policy was applied from the relevant beginning balance.

As a result, compared with the previous accounting method, net sales and cost of sales for the first half of the fiscal year ended May 31, 2022, decreased by ¥47,183 thousand, but operating income, ordinary income, and income before income taxes and minority interests were not affected. There is no effect on the beginning balance of retained earnings.

**(Application of Accounting Standards for Calculation of Fair Value, etc.)**

The "Accounting Standard for Measurement of Fair Value" and other related accounting standards were applied from the beginning of the first quarter of the current fiscal year, and the new accounting policies set forth by the "Accounting Standard for Measurement of Fair Value" and other related standards will be applied prospectively in accordance with the transitional treatments set forth in Paragraph 19 of the "Accounting Standard for Measurement of Fair Value" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact from this change.

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**(Segment Information)**

I. Cumulative Second Quarter of the Fiscal Year Ended May 31, 2021 (June 1, 2020 to November 30, 2020)

1. Sales and Income (Loss) by Reportable Segment

(Thousands of yen)

	Reportable Segment				Reconciling items *1	Quarterly Consolidated Statements of Income *2
	Professional Services	SaaS	DX	Total		
Net sales						
Revenues from external customers	862,120	283,781	—	1,145,902	—	1,145,902
Transactions with other segments	—	9,190	—	9,190	△9,190	—
Total	862,120	292,971	—	1,155,092	△9,190	1,145,902
Segment income(loss)	268,387	63,153	△15,952	315,589	—	315,589

\*1. Due to elimination of intersegment transactions.

\*2. The total amount of segment income (loss) is the same as the operating income in the quarterly consolidated statements of income.

\*3. Since the second quarter of Fiscal year ended May 31, 2021, the newly established Rewire Inc. has been a consolidated subsidiary and is included in the DX Business segment.

II. Cumulative Second Quarter of the Fiscal Year Ending May 31, 2022 (June 1, 2021 to November 30, 2021)

1. Sales and Income (Loss) by Reportable Segment

(Thousands of yen)

	Reportable Segment				Reconciling items *1	Quarterly Consolidated Statements of Income *2
	Professional Services	SaaS	DX	Total		
Net sales						
Revenues from external customers	1,023,026	342,369	7,458	1,372,855	—	1,372,855
Transactions with other segments	—	13,410	—	13,410	△13,410	—
Total	1,023,026	355,779	7,458	1,386,265	△13,410	1,372,855
Segment income(loss)	461,166	130,059	△84,110	507,116	—	507,116

\*1. Due to elimination of intersegment transactions.

\*2. The total amount of segment income (loss) is the same as the operating income in the quarterly consolidated statements of income.

2. Matters related to changes in reporting segments, etc.

(Change of accounting policy)

As described in the revision of the accounting policy, the accounting standards for revenue recognition have been applied from the beginning of the first quarter consolidated accounting period, and the accounting method for revenue recognition has been changed, so the method of calculating sales in the business segment has been changed in the same way. As a result of this change, sales and cost of sales of the Professional Services Business for the first half of the fiscal year ended May 31, 2022 decreased by ¥47,183 thousand compared to the conventional method. There is no impact on sales and segment profit or loss in the SaaS business and DX business.

3. Information on impairment losses or goodwill, etc. of fixed assets per reported segment

(Significant fluctuations in the amount of goodwill)

During the second quarter of the Fiscal Year Ending May 31, 2022, ¥371,755 thousand of goodwill was generated in the DX Business segment due to the inclusion of Shippinno Inc. within the scope of consolidation.

**(Significant subsequent events)**

(Business combination by acquisition)

At its Board of Directors meeting held on December 17, 2021, the Company resolved to acquire shares in FRACTA Inc. (hereinafter referred to as "FRACTA") and make the company a consolidated subsidiary and concluded a share transfer agreement on the same day.

1. Business Combination Overview

(1) Name of the acquired company and the content of its business

Name of acquired company: FRACTA Inc.

Business: Brand strategy design, e-commerce site construction support and creative creation in line with brand strategy, Shopify Consulting, Internet service business

(2) Main reasons for the business combination

With the mission of "Feed a force for good and change. - continuing to innovate in the B2B field", we have established a professional service business that builds data feeds according to individual needs and consigns advertisement distribution to platforms, and a SaaS-type data feed integrated management tool. In addition to the SaaS business, which provides login services using automated advertising tools and social accounts to websites, etc., we are developing DX business that supports digital transformation of companies for e-commerce operators, using Shopify, we are engaged in business activities to realize rich work styles through the creation of services and products that improve.

On the other hand, FRACTA has set forth its vision of "Bring your brand to the culture of the future", and with the power of technology and design, we are developing our business as a total branding partner that supports the self-propelled of corporate brands, such as corporate branding strategy formulation, e-commerce site construction support, and creative production.

FRACTA is certified as a Shopify Plus Partner and has a proven track record of branding and construction consulting in Shopify.

Through the acquisition of the shares, in addition to providing Shopify apps and building e-commerce sites, the Company will provide e-commerce apps and build e-commerce sites, especially to e-commerce operators who are potential customers in the DX business, from branding strategy formulation provided by FRACTA to e-commerce site construction support, creative production, etc. We aim to further accelerate the growth of this business segment by providing one-stop services.

As a result of the acquisition of the shares, we acquired 51.25% of FRACTA, and FRACTA became a consolidated subsidiary of the Company, In the business segment, all FRACTA's businesses are scheduled to belong to the DX business.

(3) Business combination date

December 24, 2021

(4) Legal form of business combinations

Acquisition of shares

(5) Name of the combined company

There is no change.

(6) Percentage of voting rights acquired

51.25%

(7) Main grounds for determining the acquiring company

The Company acquires shares in exchange for cash.

2. Breakdown of Acquired Costs and Consideration by Type of Acquired Company

Consideration for acquisition Cash	615 million yen
<hr/>	<hr/>
Acquisition cost	615 million yen

3. Details and amounts of major acquisition-related expenses

It has not been confirmed at this time.

4. Amount of goodwill generated, cause of occurrence, amortization method and amortization period

It has not been confirmed at this time.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

5. Amount of assets and liabilities accepted on the business combination date and the main breakdown thereof  
It has not been confirmed at this time.