

**Financial Results for the 2nd Quarter of the Fiscal Year Ending December 31, 2022**  
**[Japanese Standards] (Consolidated)**

Aug 12, 2022

Listed company name: CARTA HOLDINGS, Inc.      Listed stock exchange: TSE Prime Market  
 Stock Code No.: 3688      URL: <https://cartaholdings.co.jp/en/ir/>  
 Representative: Title Chairman and CEO      Name: Shinsuke Usami  
 Contact: Title Director and CFO      Name: Hidenori Nagaoka      TEL +81-3-4577-1453

Date to submit the Securities Report: Aug 12, 2022  
 Scheduled date of dividend payments: Sep 9, 2022  
 Availability of supplementary information: Yes  
 Holding investors' meeting: Yes  
 (For security analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated Financial Results for FY 2022 First Six Months (January 1, 2022 – June 30, 2022)

(1) Consolidated results of operations (cumulative total) (The percentage indicates year-on-year change)

|                          | Net sales |      | Operating income |        | Ordinary income |        | Net income |       |
|--------------------------|-----------|------|------------------|--------|-----------------|--------|------------|-------|
|                          | ¥million  | %    | ¥million         | %      | ¥million        | %      | ¥million   | %     |
| FY 2022 first six months | 13,176    | 4.3  | 1,776            | (39.6) | 2,460           | (25.5) | 2,358      | 6.4   |
| FY 2021 first six months | 12,629    | 13.6 | 2,940            | 47.6   | 3,301           | 76.2   | 2,215      | 122.3 |

(Note) Comprehensive Income: FY 2022 first six months: ¥1,376 million (49.5)%  
 FY 2021 first six months: ¥2,727 million 165.5%

|                          | Net income per share | Diluted net income per share | EBITDA   |      |
|--------------------------|----------------------|------------------------------|----------|------|
|                          | ¥                    | ¥                            | ¥million | %    |
| FY 2022 first six months | 91.94                | 91.31                        | 4,070    | 0.9  |
| FY 2021 first six months | 87.84                | 87.42                        | 4,034    | 60.7 |

\* EBITDA noted above (earnings before interest, tax, depreciation, and amortization) is calculated by adding interest expenses, depreciation, amortization, amortization of goodwill, loss on retirement of non-current assets, and impairment loss to the Company's profit before income taxes.

(2) Consolidated financial position

|                   | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|-------------------|--------------|------------|----------------------------|----------------------|
|                   | ¥million     | ¥million   | %                          | Yen                  |
| June 30, 2022     | 46,570       | 28,050     | 59.9                       | 1,093.89             |
| December 31, 2021 | 55,376       | 27,757     | 49.6                       | 1,070.34             |

(Reference) Owned capital: June 30, 2022: ¥27,917 million  
 December 31, 2021: ¥27,444 million

## 2. Dividend status

|                    | Annual dividends |        |        |                 |       |
|--------------------|------------------|--------|--------|-----------------|-------|
|                    | 1Q end           | 2Q end | 3Q end | Fiscal year-end | Total |
|                    | Yen              | Yen    | Yen    | Yen             | Yen   |
| FY 2021            | —                | 25.00  | —      | 26.00           | 51.00 |
| FY 2022            | —                | 27.00  |        |                 |       |
| FY 2022 (Forecast) |                  |        | —      | 27.00           | 54.00 |

(Note) Revisions to dividend forecast for the current quarter: No

## 3. Forecast of Consolidated Financial Results for FY 2022 (January 1, 2022 — December 31, 2022)

|           | Net sales |     | Operating income |        | Ordinary income |        | Net income |      | Net income per share | EBITDA   |      |
|-----------|-----------|-----|------------------|--------|-----------------|--------|------------|------|----------------------|----------|------|
|           | ¥million  | %   | ¥million         | %      | ¥million        | %      | ¥million   | %    | Yen                  | ¥million | %    |
| Full year | 28,300    | 9.6 | 3,500            | (29.6) | 4,100           | (27.0) | 4,100      | 32.0 | 159.83               | 7,600    | 13.4 |

(Note) Revisions to performance results forecast for the current quarter: Yes

### ※ Notes

- (1) Changes in significant subsidiaries during the period : Yes  
 (Change of specified subsidiaries that lead to a change in the scope of consolidation)  
 Excluded from consolidation: 1 company (Name) Cyber Communications Inc.  
 (Note) For details, please see “2. Consolidated Financial Statements (4) Notes to Condensed Interim Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period)” on page 13 of the attached documents.
- (2) Application of special accounting methods for the preparation of quarterly consolidated financial statements : Yes  
 Please see “2. Consolidated Financial Statements (4) Notes to Condensed Interim Consolidated Financial Statements (Adoption of Accounting Method Specific to Preparation of Quarterly Consolidated Financial Statements)” on page 13 of the attached documents.
- (3) Changes in accounting policies, changes in accounting estimates, corrections and restatements and retrospective restatements
- 1) Changes in accounting policy resulting from revisions to accounting standards : Yes
- 2) Changes in accounting policy other than above : None
- 3) Changes in accounting estimates : None
- 4) Retrospective restatements : None
- (4) Number of shares issued (common stock)

1) Number of shares issued and outstanding (including treasury stock)

|                     |            |                         |            |
|---------------------|------------|-------------------------|------------|
| As of June 30, 2022 | 25,796,405 | As of December 31, 2021 | 25,643,132 |
|---------------------|------------|-------------------------|------------|

2) Number of treasury stock issued and outstanding

|                     |         |                         |       |
|---------------------|---------|-------------------------|-------|
| As of June 30, 2022 | 274,734 | As of December 31, 2021 | 2,234 |
|---------------------|---------|-------------------------|-------|

3) Average number of shares during the period (quarterly consolidated cumulative accounting period)

|                                |            |                                |            |
|--------------------------------|------------|--------------------------------|------------|
| Six months ended June 30, 2022 | 25,650,916 | Six months ended June 30, 2021 | 25,219,931 |
|--------------------------------|------------|--------------------------------|------------|

### ※ Notice regarding audit procedures

This financial result is excluded from audit procedures.

### ※ Explanations related to appropriate use of the performance forecast other special instructions

(Note on forward-looking statements)

Earnings forecasts and other forward-looking statements in this report are based on information currently available and certain assumptions judged to be reasonable. Therefore, these statements do not constitute a guarantee of achievement. Actual results may differ materially for various reasons.

Please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information” on page 5 of the attached documents.

(Supplementary materials)

Supplementary materials on financial results are on our website (in English and Japanese).

## Attachment

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Analysis of Operating Results

With regard to the online advertising market where the Group operates its mainstay business, according to research by Dentsu Inc., in 2021, the impact of the novel coronavirus (COVID-19) eased in the second half of the year and the advertising market as a whole recovered significantly, with internet advertising spending reaching ¥2,705.2 billion, or an increase of 21.4% year on year, surpassing for the first time the total of traditional media advertising expenditures, which was ¥2,453.8 billion.

In addition, internet advertising medium expenditures, which consists of internet advertising spending excluding internet advertising production costs and merchandise-related EC platforms within advertising expenditures in Japan, grew to ¥2,157.1 billion, or an increase of 22.8% year on year, driven by growth in video and social media advertising. Of this amount, performance-based advertising costs, which are the mainstay of transactions in internet advertising medium expenditures, amounted to ¥1,838.2 billion, or an increase of 26.3% year on year, accounting for 85.2% of total internet advertising medium expenditures.

Under these circumstances, the Group worked to develop its business in the following three segments and has been promoting vertical integration throughout the Group to achieve sustainable growth: 1) the “Marketing Solutions Business,” which provides advertising sales and solutions mainly through media communication; 2) the “Ad Platform Business,” which operates ad distribution platforms; and 3) the “Consumer Business,” which provides media solutions and operates its services in the EC, game, and HR fields.

As a result, the Group posted net sales of ¥13,176 million, or an increase of 4.3% year on year, operating income of ¥1,776 million, or a decrease of 39.6% year on year, due to an increase in advertising expenses for the “TELECY” operational TV advertising platform and aggressive upfront investments in the D2C domain, ordinary income of ¥2,460 million, or a decrease of 25.5% year on year, and profit attributable to owners of parent of ¥2,358 million, or an increase of 6.4% year on year, mainly due to the recording of an extraordinary income from gain on sales of investment securities in the period under review.

Financial results for each segment were as follows. Sales of each segment include intersegment sales and transfers.

In addition, in the previous period, the “Partner Sales Business” segment has been renamed the “Marketing Solutions Business” segment and some business that was previously included in the “Marketing Solutions Business” segment and the “Ad Platform Business” segment has been reclassified between the two segments due to organizational restructuring. Therefore, the following year-on-year comparisons are based on figures for the same period of the previous fiscal year that have been reclassified to reflect the new reporting segment classification.

#### 1) Marketing Solutions Business

The Marketing Solutions Business sells advertising space and provides solutions mainly through media communication. The Group has been working to acquire new profit sources and strengthen the sales structure through initiatives in operational advertising and sales promotion/EC-related services, as well as expanding sales of our own products and solutions.

As a result, the Marketing Solutions Business recorded net sales of ¥6,065 million, or a decrease of 2.6% year on year, mainly due to a drop in demand for advertising placements by large-scale advertisers, and segment income of ¥1,260 million, or a decrease of 33.5% year on year, primarily due to an increase in personnel and recruiting costs because of aggressive hiring of personnel, in the period under review.

#### 2) Ad Platform Business

The Ad Platform Business operates “Zucks,” “PORTO,” “TELECY,” and others as operational advertising platforms, as well as “fluct” as media support services. We worked to improve and expand the functions of each platform and service, and also captured demand from corporate clients, which led to solid performance.

As a result, the Ad Platform Business recorded net sales of ¥3,708 million, or an increase of 19.2% year on year, and segment income of ¥684 million, or a decrease of 14.0% year on year, mainly due to an increase in advertising expenses because of aggressive upfront investments in the “TELECY” operational TV advertising platform, in the period under review.

#### 3) Consumer Business

In the Consumer Business, we operate sales promotion media centered on “EC Navi,” “PeX,” and “Digico,” as well as services in the EC, game, and HR domains. In media solutions, we have worked to expand the scale of existing media, and in the EC, game, and HR domains, we have made aggressive upfront investments to promote the strengthening of initiatives in the growing D2C domain in particular.

As a result, the Consumer Business recorded net sales of ¥3,428 million, or an increase of 4.0% year on year, and segment loss of ¥168 million (segment income of ¥246 million for the same period of the previous fiscal year), mainly due to an increase in advertising expenses because of aggressive upfront investments in the D2C domain, in the period under review.

## **(2) Analysis of Financial Position**

### **1) Assets, Liabilities and Net Assets**

(Assets)

Consolidated assets as of the end of the period under review totaled ¥46,570 million, a decrease of ¥8,806 million from the end of the previous fiscal year. This was mainly attributable to a decrease in accounts receivable - trade.

(Liabilities)

Consolidated liabilities as of the end of the period under review amounted to ¥18,520 million, a decrease of ¥9,099 million from the end of the previous fiscal year. This was mainly attributable to a decrease in accounts payable – trade.

(Net Assets)

Consolidated net assets as of the end of the period under review stood at ¥28,050 million, an increase of ¥293 million from the end of the previous fiscal year. This was primarily owing to an increase in retained earnings due to the recording of profit attributable to owners of parent.

### **2) Cash Flows**

Cash and cash equivalents at the end of the period under review (hereinafter, “funds”) totaled ¥18,402 million. The following is the status and factors of each cash flow during the period under review.

(Net cash flows from operating activities)

Net cash flows used in operating activities amounted to ¥1,370 million (¥3,498 million was provided in the same period of the previous fiscal year). The main negative factors included a decrease in notes and accounts payable - trade, and decreases in income taxes payable and provision for bonuses, while the main positive factors included a decrease in notes and accounts receivable - trade and the recording of profit before income taxes.

(Net cash flows from investing activities)

Net cash flows from investing activities amounted to ¥160 million (¥350 million was used in the same period of the previous fiscal year). The main positive factors included an increase in funds resulting from the sales of investment securities.

(Net cash flows from financing activities)

Net cash flows used in financing activities amounted to ¥1,630 million (¥1,032 million was used in the same period of the previous fiscal year). The main negative factors included a decrease in funds resulting from the payment of cash dividends and acquisition of treasury shares.

## **(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information**

With regard to the consolidated performance forecast, overall sales are expected to remain unchanged from the previous announcement, as sales of “TELECY” in the Ad Platform Business and sales in the D2C domain in the Consumer Business are expected to exceed the plan, despite signs of sluggish growth in placements from some large-scale advertisers in the Marketing Solutions Business.

On the other hand, operating income and ordinary income are expected to be lower than the forecast previously announced due to the planned aggressive investment in advertising expenses that are planned to undergo significant future growth in “TELECY” in the Ad Platform Business and the D2C and game publishing domains in the Consumer Business.

The forecasts for profit attributable to owners of parent and EBITDA remain unchanged

from the previous announcement, as the extraordinary income from gain on sales of investment securities is expected to be much higher than assumed at the beginning of the period.

For details, please see the “Notice Regarding Revisions to the Full Year Consolidated Financial Forecast” announced today (August 12, 2022).

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

|  | As of December 31, 2021 | As of June 30, 2022 |
|--|-------------------------|---------------------|
| <b>Assets</b>                              |                         |                     |
| Current assets                             |                         |                     |
| Cash and deposits                          | 21,031                  | 18,402              |
| Accounts receivable - trade                | 18,349                  | 11,879              |
| Securities                                 | 175                     | 180                 |
| Merchandise                                | 50                      | 85                  |
| Supplies                                   | 288                     | 923                 |
| Other                                      | 2,675                   | 3,325               |
| Allowance for doubtful accounts            | (56)                    | (63)                |
| Total current assets                       | 42,513                  | 34,732              |
| Non-current assets                         |                         |                     |
| Property, plant and equipment              | 1,290                   | 1,444               |
| Intangible assets                          |                         |                     |
| Goodwill                                   | 1,836                   | 1,674               |
| Other                                      | 2,853                   | 2,684               |
| Total intangible assets                    | 4,689                   | 4,358               |
| Investments and other assets               |                         |                     |
| Investment securities                      | 5,235                   | 3,926               |
| Deferred tax assets                        | 229                     | 210                 |
| Other                                      | 1,423                   | 1,905               |
| Allowance for doubtful accounts            | (6)                     | (5)                 |
| Total investments and other assets         | 6,883                   | 6,036               |
| Total non-current assets                   | 12,863                  | 11,838              |
| Total assets                               | 55,376                  | 46,570              |
| <b>Liabilities</b>                         |                         |                     |
| Current liabilities                        |                         |                     |
| Accounts payable – trade                   | 16,899                  | 10,627              |
| Asset retirement obligations               | 162                     | –                   |
| Provision for bonuses                      | 1,237                   | 14                  |
| Provision for directors' bonuses           | 9                       | –                   |
| Provision for point card certificates      | 466                     | 460                 |
| Income taxes payable                       | 1,356                   | 542                 |
| Deposits received                          | 3,444                   | 3,484               |
| Short-term loans payable                   | –                       | 15                  |
| Current portion of long-term loans payable | 117                     | 74                  |
| Other                                      | 2,587                   | 2,584               |
| Total current liabilities                  | 26,280                  | 17,803              |
| Non-current liabilities                    |                         |                     |
| Long-term loans payable                    | 63                      | 45                  |
| Asset retirement obligations               | 238                     | 238                 |
| Deferred tax liabilities                   | 725                     | 102                 |
| Lease obligations                          | 16                      | 21                  |
| Other                                      | 296                     | 307                 |
| Total non-current liabilities              | 1,339                   | 716                 |
| Total liabilities                          | 27,619                  | 18,520              |

(Millions of yen)

|   | As of December 31, 2021 | As of June 30, 2022 |
|---|-------------------------|---------------------|
| Net assets  |                         |                     |
| Shareholders' equity                                  |                         |                     |
| Capital stock   | 1,410                   | 1,510               |
| Capital surplus                                       | 12,337                  | 12,437              |
| Retained earnings                                     | 12,255                  | 13,947              |
| Treasury shares                                       | (0)                     | (521)               |
| Total shareholders' equity                            | 26,002                  | 27,372              |
| Accumulated other comprehensive income                |                         |                     |
| Valuation difference on available-for-sale securities | 1,428                   | 519                 |
| Foreign currency translation adjustment               | 13                      | 25                  |
| Total accumulated other comprehensive income          | 1,441                   | 545                 |
| Share acquisition rights                              | 122                     | 75                  |
| Non-controlling interests                             | 190                     | 56                  |
| Total net assets                                      | 27,757                  | 28,050              |
| Total liabilities and net assets                      | 55,376                  | 46,570              |



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

(Millions of yen)

|   | Six months ended<br>June 30, 2021 | Six months ended<br>June 30, 2022 |
|---|-----------------------------------|-----------------------------------|
| Net sales   | 12,629                            | 13,176                            |
| Cost of sales   | 1,377                             | 1,350                             |
| Gross profit  | 11,251                            | 11,825                            |
| Selling, general and administrative expenses                | 8,310                             | 10,049                            |
| Operating profit  | 2,940                             | 1,776                             |
| Non-operating income  |                                   |                                   |
| Interest income and dividends income                        | 32                                | 39                                |
| Gain on investments in partnership                          | 6                                 | 16                                |
| Foreign exchange gains                                      | 231                               | 232                               |
| Share of gain of entities accounted for using equity method | 19                                | 114                               |
| Income from lease termination related a company             | 54                                | 283                               |
| Miscellaneous gains   | 39                                | 12                                |
| Other   | 1                                 | 14                                |
| Total non-operating income                                  | 386                               | 713                               |
| Non-operating expenses                                      |                                   |                                   |
| Interest expenses   | 1                                 | 0                                 |
| Loss on investments in partnership                          | 24                                | 14                                |
| Other   | —                                 | 14                                |
| Total non-operating expenses                                | 25                                | 29                                |
| Ordinary profit   | 3,301                             | 2,460                             |
| Extraordinary income  |                                   |                                   |
| Gain on sales of investment securities                      | 258                               | 1,022                             |
| Gain on sales of investments in subsidiaries                | —                                 | 67                                |
| Other   | 0                                 | —                                 |
| Total extraordinary income                                  | 258                               | 1,090                             |
| Extraordinary losses  |                                   |                                   |
| Loss on retirement of non-current assets                    | 39                                | 14                                |
| Loss on sales of shares of subsidiaries and associates      | 2                                 | —                                 |
| Loss on valuation of investment securities                  | 33                                | 9                                 |
| Loss on change in equity                                    | 11                                | —                                 |
| Impairment loss   | 74                                | 25                                |
| Total extraordinary losses                                  | 162                               | 50                                |
| Profit before income taxes                                  | 3,398                             | 3,500                             |
| Income taxes  | 1,206                             | 1,226                             |
| Profit  | 2,192                             | 2,273                             |
| Profit attributable to non-controlling interests            | (23)                              | (84)                              |
| Profit attributable to owners of parent                     | 2,215                             | 2,358                             |

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

|   | Six months ended<br>June 30, 2021 | Six months ended<br>June 30, 2022 |
|---|-----------------------------------|-----------------------------------|
| Profit  | 2,192                             | 2,273                             |
| Other comprehensive income  |                                   |                                   |
| Valuation difference on available-for-sale securities                             | 558                               | (897)                             |
| Foreign currency translation adjustment   | 2                                 | 2                                 |
| Share of other comprehensive income of entities accounted for using equity method | (24)                              | (2)                               |
| Total other comprehensive income  | 535                               | (896)                             |
| Comprehensive income  | 2,727                             | 1,376                             |
| Comprehensive income attributable to  |                                   |                                   |
| Comprehensive income attributable to owners of parent                             | 2,751                             | 1,461                             |
| Comprehensive income attributable to non-controlling interests                    | (23)                              | (84)                              |

### (3) Overview of Cash Flows for the Fiscal Year under Review

(Millions of yen)

|  | Six months ended<br>June 30, 2021 | Six months ended<br>June 30, 2022 |
|--|-----------------------------------|-----------------------------------|
| Cash flows from operating activities                                 |                                   |                                   |
| Profit before income taxes   | 3,398                             | 3,500                             |
| Depreciation   | 363                               | 391                               |
| Impairment loss  | 74                                | 25                                |
| Amortization of goodwill   | 158                               | 137                               |
| Increase (decrease) in allowance for doubtful accounts               | 2                                 | 6                                 |
| Interest and dividend income   | (32)                              | (39)                              |
| Share of (profit) loss of entities accounted for using equity method | (19)                              | (114)                             |
| Decrease (increase) in notes and accounts receivable – trade         | 3,463                             | 6,470                             |
| Decrease (increase) in inventories                                   | (96)                              | (670)                             |
| Increase (decrease) in notes and accounts payable – trade            | (4,226)                           | (6,271)                           |
| Loss (gain) on sales of investment securities                        | (258)                             | (1,022)                           |
| Stock compensation expenses  | 5                                 | 10                                |
| Increase (decrease) in provision for bonuses                         | (280)                             | (1,222)                           |
| Increase (decrease) in provision for directors' bonuses              | (21)                              | (9)                               |
| Increase (decrease) in provision for point card certificates         | 28                                | (6)                               |
| Loss on retirement of non-current assets                             | 39                                | 14                                |
| Loss (gain) on change in equity                                      | 11                                | (67)                              |
| Decrease (increase) in accounts receivable – other                   | 191                               | 443                               |
| Other, net   | 765                               | (724)                             |
| Subtotal   | 3,568                             | 851                               |
| Interest and dividend income received                                | 32                                | 40                                |
| Interest expenses paid   | (1)                               | (0)                               |
| Income taxes (paid) refund   | (100)                             | (2,260)                           |
| Net cash provided by (used in) operating activities                  | 3,498                             | (1,370)                           |
| Cash flows from investing activities                                 |                                   |                                   |
| Purchase of property, plant and equipment                            | (346)                             | (268)                             |
| Purchase of intangible assets  | (197)                             | (98)                              |
| Purchase of investment securities                                    | (256)                             | (488)                             |
| Proceeds from sales of investment securities                         | 330                               | 1,640                             |
| Purchase of loans receivable   | (105)                             | (131)                             |
| Proceeds from loans receivable                                       | 103                               | 121                               |
| Purchase for asset retirement obligations                            | (63)                              | (178)                             |
| Payments for lease and guarantee deposits                            | –                                 | (477)                             |
| Proceeds from collection of lease and guarantee deposits             | 205                               | –                                 |
| Other, net   | (18)                              | 41                                |
| Net cash provided by (used in) investing activities                  | (350)                             | 160                               |

(Millions of yen)

|   | Six months ended<br>June 30, 2021 | Six months ended<br>June 30, 2022 |
|---|-----------------------------------|-----------------------------------|
| Cash flows from financing activities                                |                                   |                                   |
| Net increase (decrease) in short-term loans payable                 | (19)                              | 15                                |
| Repayments of long-term loans payable                               | (60)                              | (55)                              |
| Purchase of treasury shares   | (0)                               | (521)                             |
| Net increase (decrease) in deposits for purchase of treasury shares | —                                 | (477)                             |
| Cash dividends paid   | (1,004)                           | (666)                             |
| Repayments of lease obligations payable                             | (27)                              | (14)                              |
| Proceeds from exercise of share options                             | 80                                | 139                               |
| Other, net  | —                                 | (49)                              |
| Net cash provided by (used in) financing activities                 | (1,032)                           | (1,630)                           |
| Effect of exchange rate change on cash and cash equivalents         | 233                               | 211                               |
| Net increase (decrease) in cash and cash equivalents                | 2,348                             | (2,629)                           |
| Cash and cash equivalents at beginning of period                    | 15,600                            | 21,031                            |
| Cash and cash equivalents at end of period                          | 17,949                            | 18,402                            |

**(4) Notes to Condensed Interim Consolidated Financial Statements  
(Going Concern Assumption)**

None

**(Notes on Significant Changes in the Amount of Shareholders' Equity)**

Based on a Board of Directors' meeting held on May 13, 2022, the Company acquired 272,500 treasury shares. As a result, in the period under review, treasury shares increased ¥521 million, and as of the end of the period under review, treasury shares amounted to ¥521 million.

**(Changes in Significant Subsidiaries during the Period)**

The Company carried out an absorption-type merger, effective January 1, 2022, in which the Company was the merging company and VOYAGE GROUP, Inc. and Cyber Communications Inc., its consolidated subsidiaries, were merged companies. Therefore, VOYAGE GROUP, Inc. and Cyber Communications Inc. have been excluded from the scope of consolidation.

**(Adoption of Accounting Method Specific to Preparation of Quarterly Consolidated Financial Statements)**

Tax expenses for the period are calculated by multiplying net income before income taxes for the period by the reasonably estimated annual effective tax rate after applying tax effect accounting which is calculated based on the estimated net income before income taxes for the entire fiscal year.

**(Changes in Accounting Policies)**

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

Effective from the beginning of the previous period, the Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Group has decided to adopt the new accounting policy stipulated by the Fair Value Measurement Accounting Standard, etc. prospectively from the date of the change. There is no impact on the consolidated financial statements.

**(Changes in Accounting Estimates)**

None

**(Additional Information)**

(Application of the Accounting Standard for Revenue Recognition)

Effective from the beginning of the previous period, the Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. There is no impact on the consolidated financial statements. In addition, the Group applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) etc. from the beginning of the fiscal year ended December 31, 2019.

**(Segment Information)**

I For the six months ended June 30, 2021 (January 1, 2021 to June 30, 2021)

## 1. Information on sales and income or loss by reportable business segment

(Millions of yen)

|                                   | Reportable Segments                |                         |                      |        | Adjustment | Consolidation<br>(Note) |
|-----------------------------------|------------------------------------|-------------------------|----------------------|--------|------------|-------------------------|
|                                   | Marketing<br>Solutions<br>Business | Ad Platform<br>Business | Consumer<br>Business | Total  |            |                         |
| Sales                             |                                    |                         |                      |        |            |                         |
| Outside Sales                     | 6,231                              | 3,102                   | 3,295                | 12,629 | —          | 12,629                  |
| Intersegment Sales<br>or Transfer | —                                  | 6                       | —                    | 6      | (6)        | —                       |
| Total                             | 6,231                              | 3,109                   | 3,295                | 12,635 | (6)        | 12,629                  |
| Segment Income (Loss)             | 1,897                              | 796                     | 246                  | 2,940  | —          | 2,940                   |

(Note) Segment income (loss) is adjusted against operating profit in the Consolidated Statements of Income.

## 2. Information concerning impairment loss on non-current assets, goodwill and other items by reportable business segment

(Material impairment loss on non-current assets)

None

(Material changes in goodwill)

In the Consumer Business, as a result of reviewing the progress of rakanu Co., Ltd., a consolidated subsidiary, against its business plan and future business prospects, 74 million yen of the unamortized balance of goodwill recorded at the time of acquisition of the company's shares was recorded as an impairment loss in the period under review as an extraordinary loss.

(Material profit from negative goodwill)

None

II For the six months ended June 30, 2022 (January 1, 2022 to June 30, 2022)

1. Information on sales and income or loss, and information on disaggregation of profit, by reportable business segment

(Millions of yen)

|                                      | Reportable Segments          |                      |                   |        | Adjustment | Consolidation (Note) |
|--------------------------------------|------------------------------|----------------------|-------------------|--------|------------|----------------------|
|                                      | Marketing Solutions Business | Ad Platform Business | Consumer Business | Total  |            |                      |
| Sales                                |                              |                      |                   |        |            |                      |
| Profit from contracts with customers | 6,065                        | 3,682                | 3,428             | 13,176 | —          | 13,176               |
| Other profit                         | —                            | —                    | —                 | —      | —          | —                    |
| Outside Sales                        | 6,065                        | 3,682                | 3,428             | 13,176 | —          | 13,176               |
| Intersegment Sales or Transfer       | —                            | 25                   | —                 | 25     | (25)       | —                    |
| Total                                | 6,065                        | 3,708                | 3,428             | 13,202 | (25)       | 13,176               |
| Segment Income (Loss)                | 1,260                        | 684                  | (168)             | 1,776  | —          | 1,776                |

(Note) Segment income (loss) is adjusted against operating profit in the Consolidated Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill and other items by reportable business segment

(Material impairment loss on non-current assets)

None

(Material changes in goodwill)

In the Ad Platform Business, as a result of reviewing the progress of KAIKETSU Inc., a consolidated subsidiary, against its business plan and future business prospects, 25 million yen of the unamortized balance of goodwill recorded at the time of acquisition of the company's shares was recorded as an impairment loss in the period under review as an extraordinary loss.

(Material profit from negative goodwill)

None

3. Matters concerning changes etc. in reportable segments

In the previous period, the "Partner Sales Business" segment has been renamed the "Marketing Solutions Business" segment and some business that was previously included in the "Marketing Solutions Business" segment and the "Ad Platform Business" segment has been reclassified between the two segments due to organizational restructuring.

Segment information for the same period of the previous fiscal year has been prepared based on the classification method after the change.

In addition, beginning in the previous period, due to reorganization, the method for allocating common expenses has been partially reviewed and the method of calculating income or loss by business segment was changed.

However, since the impact of the partial revision of the method for allocating common expenses is minor, segment information for the same period of the previous fiscal year is presented based on the method used before the change.

In accordance with the transitional treatment stipulated in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information disaggregating revenue from contracts with customers for the same period of the previous fiscal year is not presented.

### (Significant Subsequent Events)

#### Acquisition and retirement of treasury shares

At the Board of Directors meeting held on August 12, 2022, the Company resolved to acquire treasury shares in accordance with Article 459, Paragraph 1 of the Companies Act and Article 46 of its Articles of Incorporation and to retire treasury shares in accordance with Article 178 of the Companies Act, as follows.

#### (1) Reason for acquisition of treasury shares

To enhance shareholder returns and improve share capital efficiency.

#### (2) Details of the acquisition

- |  |  |
|--|--|
| 1) Type of shares to be acquired         | Common shares of the Company   |
| 2) Total number of shares to be acquired | 250,000 shares (maximum)<br>(Ratio to total number of shares issued and outstanding (excluding treasury stock): 0.98%) |
| 3) Total acquisition cost                | ¥440 million (maximum)   |
| 4) Period of acquisition                 | Aug. 16, 2022 through Nov. 11, 2022  |
| 5) Method of acquisition                 | Market purchases based on discretionary dealing contract regarding treasury shares acquisition                         |

#### (3) Details of the retirement

- |   |  |
|---|--|
| 1) Type of shares to be retired         | Common shares of the Company   |
| 2) Total number of shares to be retired | 402,234 treasury shares currently held and all treasury shares acquired in accordance with (2) above |
| 3) Retirement date                      | November 30, 2022  |