

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.

July 28, 2023

## Consolidated Financial Results for Q2 of FY2023 (Under Japanese GAAP)

Company name: ValueCommerce Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2491  
 URL: <https://www.valuecommerce.co.jp/en/>  
 Representative: Jin Kagawa, Representative Director, President and CEO  
 Inquiries: Masatomo Endo, Director of the Board, CFO  
 Telephone: +81-3-5210-6688  
 Scheduled date to file quarterly securities report: August 8, 2023  
 Scheduled date to commence dividend payments: August 31, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Six months ended								
June 30, 2023	14,787	(19.1)	2,718	(38.9)	2,723	(39.7)	1,850	(40.9)
June 30, 2022	18,272	13.4	4,446	20.1	4,516	20.7	3,129	535.5

Note: Comprehensive income For the six months ended June 30, 2023: ¥1,817 million [(42.7)%]  
 For the six months ended June 30, 2022: ¥3,172 million [555.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	¥	¥
June 30, 2023	57.23	57.22
June 30, 2022	96.82	96.77

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	¥ millions	¥ millions	%	¥
June 30, 2023	27,801	21,699	78.1	671.03
December 31, 2022	28,197	20,820	73.8	643.78

Reference: Equity As of June 30, 2023: ¥21,699 million  
 As of December 31, 2022: ¥20,818 million

## 2. Dividends

	Annual dividends per share				
	Q1	Q2	Q3	Q4	Total
	¥	¥	¥	¥	¥
FY2022	–	27.00	–	29.00	56.00
FY2023	–	25.00			
FY2023 (Forecast)			–	25.00	50.00

Note: Revisions to the forecast of dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Fiscal year ending December 31, 2023	29,100	(18.5)	4,700	(43.0)	4,700	(43.5)	3,200	(44.9)	98.96

Note: Revisions to the consolidated earnings forecasts most recently announced: None

**\* Notes**

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

1. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
2. Changes in accounting policies due to other reasons: None
3. Changes in accounting estimates: None
4. Restatement: None

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes, (4) Notes to quarterly consolidated financial statements (Changes in accounting policies)” on page 9 of the attached materials.

(4) Number of issued shares (common shares)

		shares		shares
1. Total number of issued shares at the end of the period (including treasury shares)	As of June 30, 2023	34,471,000	As of December 31, 2022	34,471,000
2. Number of treasury shares at the end of the period	As of June 30, 2023	2,133,238	As of December 31, 2022	2,133,699
3. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Six months ended June 30, 2023	32,337,759	Six months ended June 30, 2022	32,323,105

\* 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  
(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company’s actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to “1. Qualitative information regarding financial results, (3) Information about consolidated earnings forecasts” on page 4 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

(Means of access to supplementary material on quarterly financial results)

The supplementary material on quarterly financial results will be available on the Company’s website.

## ○Attached Material

### Index

1. Qualitative information regarding financial results.....	2
(1) Analysis of operating results.....	2
(2) Analysis of financial positions.....	3
(3) Information about consolidated earnings forecasts.....	4
2. Quarterly consolidated financial statements and significant notes.....	5
(1) Quarterly consolidated balance sheet.....	5
(2) Quarterly consolidated statement of comprehensive income (cumulative) .....	7
(3) Quarterly consolidated statement of cash flows .....	8
(4) Notes to quarterly consolidated financial statements.....	9
(Notes - Uncertainties of entity's ability to continue as going concern).....	9
(Notes when there are significant changes in amounts of equity) .....	9
(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements).....	9
(Changes in accounting policies) .....	9
(Segment information).....	10

## 1. Qualitative information regarding financial results

### (1) Analysis of operating results

During the second quarter of the fiscal year, a moderate recovery was observed in the Japanese economy as a result of the normalization of economic and social activities that followed the easing of restrictions on behavior that had been put in place to address COVID-19. On the other hand, some downside risk for the Japanese economy has emerged in the form of downturns in overseas economies.

In this environment, the Group has been focusing on providing effective marketing solutions to maximize performance of commerce business operators, “Gross Merchandise Value (GMV),” which is reflected in the following consolidated operating results.

For the second quarter of the fiscal year (cumulative), net sales were ¥14,787 million (down 19.1% year on year).

Overall, the conditions of the first quarter continued into the second quarter, with changes in the business environment having a strongly negative impact.

By service, in “Affiliate Marketing” pay-per-performance advertising, despite the recovery observed in Travel category, net sales decreased significantly year on year mainly due to changes in advertisement placement policies and advertising budget constraints of advertisers in the Finance category. In addition, for the “STORE’s R∞” CRM tool, there was the impact of the increased use of new advertising products for stores promoted by online shopping malls from October 2022 and changes in campaign implementation policy for online malls, causing year-on-year decline in net sales.

Selling, general and administrative expenses amounted to ¥2,350 million (up 3.4% year on year), due mainly to the deployment of systems to strengthen security.

Operating income was ¥2,718 million (down 38.9% year on year) mainly due to the decrease in net sales.

Ordinary income was ¥2,723 million (down 39.7% year on year) mainly due to recognizing loss on investments in investment partnerships of ¥2 million under non-operating expenses.

Net income attributable to owners of parent was ¥1,850 million (down 40.9% year on year) mainly due to recording of income taxes of ¥832 million.

Segment performance was as follows:

#### (i) Marketing Solutions Business

Marketing Solutions Business provides solutions oriented to attracting customers to e-commerce websites of commerce business operators. Its main service is that of “Affiliate Marketing” pay-per-performance advertising.

During the second quarter of the fiscal year (cumulative), net sales decreased significantly year on year in “Affiliate Marketing” mainly due to changes to advertisement placement policies and advertising budget constraints of advertisers in the Finance category, despite the recovery observed in the Travel category. As a result, this segment attained net sales of ¥6,183 million (down 27.0% year on year) and segment operating income of ¥1,010 million (down 36.8% year on year).

#### (ii) EC Solutions Business

EC Solutions Business provides solutions oriented to sales promotion on e-commerce websites of commerce business operators. Its main services are the “StoreMatch” pay-per-click advertising, and “STORE’s R∞” CRM tool for stores in the online shopping mall operated by Yahoo Japan Corporation. Its services also include the “B-Space” e-commerce website operation support tool, and consolidated subsidiary Dynatech inc., which develops and provides information systems for accommodation facilities.

During the second quarter of the fiscal year (cumulative), “STORE’s R∞” CRM tool was impacted by an increased use of new advertising products for stores promoted by online shopping malls from October 2022 and changes in campaign implementation policy for online malls, causing year-on-year decline in net sales.

As a result, this segment attained net sales of ¥8,603 million (down 12.2% year on year) and segment operating income of ¥2,384 million (down 31.7% year on year).

## (2) Analysis of financial positions

### 1. The status of assets, liabilities and net assets

#### Assets

At the end of the second quarter of the fiscal year, total assets amounted to ¥27,801 million, a decrease of ¥395 million from the end of the previous fiscal year.

Current assets amounted to ¥25,933 million, a decrease of ¥189 million from the end of the previous fiscal year. This was mainly due to decreases in notes and accounts receivable - trade of ¥938 million and accounts receivable - other of ¥363 million, despite an increase in cash and deposits of ¥1,022 million.

Non-current assets amounted to ¥1,868 million, a decrease of ¥206 million from the end of the previous fiscal year. This was mainly due to decreases in investment securities of ¥103 million and deferred tax assets of ¥56 million.

#### Liabilities

At the end of the second quarter of the fiscal year, total liabilities amounted to ¥6,102 million, a decrease of ¥1,275 million from the end of the previous fiscal year.

Current liabilities amounted to ¥6,010 million, a decrease of ¥1,297 million from the end of the previous fiscal year. This was mainly due to decreases in accounts payable - trade of ¥496 million, accounts payable - other of ¥322 million and income taxes payable of ¥691 million.

Non-current liabilities amounted to ¥91 million, an increase of ¥22 million from the end of the previous fiscal year.

#### Net assets

At the end of the second quarter of the fiscal year, total net assets amounted to ¥21,699 million, an increase of ¥879 million from the end of the previous fiscal year. This was mainly due to an increase in recording of net income attributable to owners of parent of ¥1,850 million, despite a decrease in retained earnings of ¥937 million as a result of a dividend of surplus.

### 2. Cash flows

At the end of the second quarter of the fiscal year, the balance of cash and cash equivalents amounted to ¥21,207 million, an increase of ¥1,022 million from the end of the previous fiscal year.

The cash flows and their causes during the second quarter of the fiscal year (cumulative), are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥2,140 million (compared to net cash provided of ¥4,065 million during the second quarter of the previous fiscal year), mainly due to income before income taxes of ¥2,683 million. Positive factors include depreciation and amortization of ¥209 million, a decrease in accounts receivable - trade of ¥938 million and a decrease in accounts receivable - other of ¥363 million. Negative factors include a decrease in accounts payable - trade of ¥496 million, a decrease in accounts payable - other of ¥323 million and income taxes paid of ¥1,406 million.

#### Cash flows from investing activities

Net cash used in investing activities amounted to ¥180 million (compared to net cash used of ¥182 million during the second quarter of the previous fiscal year), mainly due to purchase of intangible assets of ¥181 million.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥936 million (compared to net cash used of ¥837 million during the second quarter of the previous fiscal year), mainly due to dividends paid of ¥934 million.

**(3) Information about consolidated earnings forecasts**

The Company has not revised its consolidated earnings forecasts for the fiscal year ending December 31, 2023, as released in its “Notice of Revision of Earnings and Dividends Forecasts for FY2023” of April 27, 2023.

**2. Quarterly consolidated financial statements and significant notes****(1) Quarterly consolidated balance sheet**

(¥ millions)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,184	21,207
Notes and accounts receivable - trade	4,278	3,340
Accounts receivable - other	1,575	1,212
Other	89	177
Allowance for doubtful accounts	(5)	(3)
Total current assets	26,122	25,933
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	116	110
Tools, furniture and fixtures, net	79	81
Leased assets, net	14	11
Total property, plant and equipment	210	202
Intangible assets		
Software	651	683
Software in progress	131	126
Goodwill	104	78
Customer-related assets	134	101
Other	6	6
Total intangible assets	1,028	995
Investments and other assets		
Investment securities	709	606
Deferred tax assets	105	48
Other	21	15
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	835	670
Total non-current assets	2,075	1,868
<b>Total assets</b>	<b>28,197</b>	<b>27,801</b>



(¥ millions)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,722	2,226
Accounts payable - other	2,502	2,179
Income taxes payable	1,478	786
Provision for bonuses	43	0
Other	561	817
Total current liabilities	7,308	6,010
Non-current liabilities		
Deferred tax liabilities	–	25
Other	69	65
Total non-current liabilities	69	91
<b>Total liabilities</b>	<b>7,377</b>	<b>6,102</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,728	1,728
Capital surplus	1,210	1,211
Retained earnings	18,110	19,023
Treasury shares	(521)	(520)
Total shareholders' equity	20,528	21,442
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	289	256
Total accumulated other comprehensive income	289	256
Share acquisition rights	2	–
<b>Total net assets</b>	<b>20,820</b>	<b>21,699</b>
<b>Total liabilities and net assets</b>	<b>28,197</b>	<b>27,801</b>

**(2) Quarterly consolidated statement of comprehensive income (cumulative)**

(¥ millions)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	18,272	14,787
Cost of sales	11,552	9,718
Gross income	6,720	5,069
Selling, general and administrative expenses	2,273	2,350
Operating income	4,446	2,718
Non-operating income		
Gain on non-refundable commissions for publishers	0	1
Gain on investments in investment partnerships	66	–
Other	5	6
Total non-operating income	72	7
Non-operating expenses		
Loss on investments in investment partnerships	–	2
Other	3	0
Total non-operating expenses	3	2
Ordinary income	4,516	2,723
Extraordinary losses		
Impairment losses	–	7
Loss on valuation of investment securities	–	31
Other	–	0
Total extraordinary losses	–	39
Income before income taxes	4,516	2,683
Income taxes - current	1,393	736
Income taxes - deferred	(5)	96
Total income taxes	1,387	832
Net income	3,129	1,850
(Break Down)		
Net income attributable to		
Net income attributable to owners of parent	3,129	1,850
Net income attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	43	(33)
Total other comprehensive income	43	(33)
Comprehensive income	3,172	1,817
(Break Down)		
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,172	1,817
Comprehensive income attributable to non-controlling interests	–	–

**(3) Quarterly consolidated statement of cash flows**

(¥ millions)

	Six months ended June 30, 2022	Six months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Income before income taxes	4,516	2,683
Depreciation and amortization	203	209
Amortization of goodwill	26	26
Share-based payment expenses	5	6
Increase (decrease) in allowance for doubtful accounts	0	(1)
Interest income	(0)	(0)
Loss (gain) on investments in investment partnerships	(66)	2
Impairment losses	–	7
Loss (gain) on valuation of investment securities	–	31
Decrease (increase) in accounts receivable - trade	1,001	938
Increase (decrease) in accounts payable - trade	(359)	(496)
Decrease (increase) in accounts receivable - other	(60)	363
Increase (decrease) in accounts payable - other	103	(323)
Other, net	(17)	97
Subtotal	5,352	3,543
Interest received	0	0
Income taxes paid	(1,286)	(1,406)
Income taxes refund	–	3
Net cash provided by (used in) operating activities	4,065	2,140
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13)	(20)
Purchase of intangible assets	(144)	(181)
Purchase of investment securities	(66)	(8)
Proceeds from distributions from investment partnerships	41	30
Net cash provided by (used in) investing activities	(182)	(180)
<b>Cash flows from financing activities</b>		
Proceeds from disposal of treasury shares	3	1
Dividends paid	(837)	(934)
Repayments of finance lease liabilities	(3)	(3)
Net cash provided by (used in) financing activities	(837)	(936)
Net increase (decrease) in cash and cash equivalents	3,045	1,022
Cash and cash equivalents at beginning of period	15,498	20,184
Cash and cash equivalents at end of period	18,544	21,207

**(4) Notes to quarterly consolidated financial statements**

(Notes - Uncertainties of entity's ability to continue as going concern)

Not applicable.

(Notes when there are significant changes in amounts of equity)

Not applicable.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

Not applicable.

(Changes in accounting policies)

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) (hereinafter, "Fair Value Measurement Accounting Standard Implementation Guidance") from the beginning of the first quarter of the fiscal year, and decided to apply new accounting standards set forth in the Fair Value Measurement Accounting Standard Implementation Guidance prospectively in accordance with the transitional treatment provided for in paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance. This does not affect the quarterly consolidated financial statements.

(Segment information)

I. The second quarter of the previous year (cumulative) (Jan. 1 to Jun. 30, 2022)

Information about sales and income (loss) for each reportable segment and information on disaggregation of net sales

(¥ millions)

	Reportable segments			Adjustments (Note 1)	Amounts reported on the quarterly consolidated statement of comprehensive income (Note 2)
	Marketing Solutions Business	EC Solutions Business	Total		
Net sales					
“Affiliate Marketing” pay-per-performance advertising					
ASP	1,437	–	1,437	–	1,437
Consulting	5,337	–	5,337	–	5,337
Options	1,687	–	1,687	–	1,687
“StoreMatch” pay-per-click advertising	–	6,494	6,494	–	6,494
“STORE’s R∞” CRM tool	–	2,291	2,291	–	2,291
Others	7	1,016	1,023	–	1,023
Net sales from contracts with customers	8,469	9,802	18,272	–	18,272
Net sales from external customers	8,469	9,802	18,272	–	18,272
Transactions with other segments	–	–	–	–	–
Total	8,469	9,802	18,272	–	18,272
Segment operating income	1,598	3,490	5,088	(641)	4,446

(Notes) 1. The adjustment to segment operating income of ¥(641) million constitutes corporate expense not allocated to any of the reportable segments.

2. Segment operating income is adjusted to operating income on the quarterly consolidated statement of comprehensive income.

II. The second quarter of the fiscal year (cumulative) (Jan. 1 to Jun. 30, 2023)  
Information about sales and income (loss) for each reportable segment and information on disaggregation of net sales

(¥ millions)

	Reportable segments			Adjustments (Note 1)	Amounts reported on the quarterly consolidated statement of comprehensive income (Note 2)
	Marketing Solutions Business	EC Solutions Business	Total		
Net sales					
“Affiliate Marketing” pay-per-performance advertising					
ASP	1,222	–	1,222	–	1,222
Consulting	3,947	–	3,947	–	3,947
Options	1,007	–	1,007	–	1,007
“StoreMatch” pay-per-click advertising	–	6,373	6,373	–	6,373
“STORE’s R∞” CRM tool	–	1,248	1,248	–	1,248
Others	5	982	987	–	987
Net sales from contracts with customers	6,183	8,603	14,787	–	14,787
Net sales from external customers	6,183	8,603	14,787	–	14,787
Transactions with other segments	–	–	–	–	–
Total	6,183	8,603	14,787	–	14,787
Segment operating income	1,010	2,384	3,394	(676)	2,718

(Notes) 1. The adjustment to segment operating income of ¥(676) million constitutes corporate expense not allocated to any of the reportable segments.

2. Segment operating income is adjusted to operating income on the quarterly consolidated statement of comprehensive income.