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October 27, 2023

## Consolidated Financial Results for Q3 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  
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 Scheduled date to file quarterly securities report: November 8, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 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	%
Nine months ended								
September 30, 2023	21,751	(18.6)	3,867	(39.8)	3,876	(40.3)	2,678	(40.7)
September 30, 2022	26,712	10.1	6,420	12.7	6,493	13.1	4,518	139.0

Note: Comprehensive income For the nine months ended September 30, 2023: ¥2,659 million [(42.2)%]  
 For the nine months ended September 30, 2022: ¥4,603 million [144.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	¥	¥
September 30, 2023	82.82	82.81
September 30, 2022	139.78	139.71

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	¥ millions	¥ millions	%	¥
September 30, 2023	27,159	21,733	80.0	672.08
December 31, 2022	28,197	20,820	73.8	643.78

Reference: Equity As of September 30, 2023: ¥21,733 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 September 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 September 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)	Nine months ended September 30, 2023	32,337,760	Nine months ended September 30, 2022	32,326,859

\* 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**

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## 1. Qualitative information regarding financial results

### (1) Analysis of operating results

During the third quarter of the fiscal year (cumulative), 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 third quarter of the fiscal year (cumulative), net sales were ¥21,751 million (down 18.6% year on year). Overall, the conditions of the second quarter continued into the third quarter. Despite changes in the business environment having a strongly negative impact, business performance is expected to gradually recover going forward due to a year-on-year increase in sales of “StoreMatch” pay-per-click advertising for stores in the online shopping mall in the third quarter of the fiscal year continuing from the second quarter, and due to a recovery in the motivation of advertisers in the Finance category for advertising placements in “Affiliate Marketing” pay-per-performance advertising.

Selling, general and administrative expenses amounted to ¥3,621 million (up 6.3% year on year), due mainly to an increase in compensation because of an increase in employees and the deployment of systems to strengthen security.

Operating income was ¥3,867 million (down 39.8% year on year) mainly due to the decrease in net sales.

Ordinary income was ¥3,876 million (down 40.3% year on year) mainly due to recognizing loss on investments in investment partnerships of ¥4 million under non-operating expenses.

Net income attributable to owners of parent was ¥2,678 million (down 40.7% year on year) mainly due to recording of income taxes of ¥1,157 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 third 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 ¥8,875 million (down 27.0% year on year) and segment operating income of ¥1,425 million (down 35.5% 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 third 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 ¥12,876 million (down 11.5% year on year) and segment operating income of ¥3,530 million (down 31.9% year on year).

## (2) Analysis of financial positions

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

#### Assets

At the end of the third quarter of the fiscal year, total assets amounted to ¥27,159 million, a decrease of ¥1,038 million from the end of the previous fiscal year.

Current assets amounted to ¥25,232 million, a decrease of ¥890 million from the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts receivable - trade of ¥889 million.

Non-current assets amounted to ¥1,927 million, a decrease of ¥147 million from the end of the previous fiscal year. This was mainly due to decreases in customer-related assets of ¥50 million and investment securities of ¥83 million.

#### Liabilities

At the end of the third quarter of the fiscal year, total liabilities amounted to ¥5,426 million, a decrease of ¥1,951 million from the end of the previous fiscal year.

Current liabilities amounted to ¥5,309 million, a decrease of ¥1,999 million from the end of the previous fiscal year. This was mainly due to decreases in accounts payable - trade of ¥460 million and income taxes payable of ¥1,477 million.

Non-current liabilities amounted to ¥117 million, an increase of ¥47 million from the end of the previous fiscal year.

#### Net assets

At the end of the third quarter of the fiscal year, total net assets amounted to ¥21,733 million, an increase of ¥913 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 ¥2,678 million, despite a decrease in retained earnings of ¥1,746 million as a result of a dividend of surplus.

### 2. Cash flows

At the end of the third quarter of the fiscal year, the balance of cash and cash equivalents amounted to ¥20,187 million, an increase of ¥3 million from the end of the previous fiscal year.

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

#### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥2,026 million (compared to net cash provided of ¥4,765 million during the third quarter of the previous fiscal year), mainly due to income before income taxes of ¥3,836 million. Positive factors include depreciation and amortization of ¥315 million, a decrease in accounts receivable - trade of ¥889 million and a decrease in accounts receivable - other of ¥319 million. Negative factors include a decrease in accounts payable - trade of ¥460 million, a decrease in accounts payable - other of ¥419 million and income taxes paid of ¥2,695 million.

#### Cash flows from investing activities

Net cash used in investing activities amounted to ¥281 million (compared to net cash used of ¥278 million during the third quarter of the previous fiscal year), mainly due to purchase of intangible assets of ¥277 million.

#### Cash flows from financing activities

Net cash used in financing activities amounted to ¥1,742 million (compared to net cash used of ¥1,718 million during the third quarter of the previous fiscal year), mainly due to dividends paid of ¥1,738 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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,184	20,187
Notes and accounts receivable - trade	4,278	3,388
Accounts receivable - other	1,575	1,255
Income taxes refund receivable	-	217
Other	89	188
Allowance for doubtful accounts	(5)	(5)
<b>Total current assets</b>	<b>26,122</b>	<b>25,232</b>
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	116	106
Tools, furniture and fixtures, net	79	85
Leased assets, net	14	9
<b>Total property, plant and equipment</b>	<b>210</b>	<b>202</b>
Intangible assets		
Software	651	693
Software in progress	131	154
Goodwill	104	65
Customer-related assets	134	84
Other	6	5
<b>Total intangible assets</b>	<b>1,028</b>	<b>1,002</b>
Investments and other assets		
Investment securities	709	625
Deferred tax assets	105	78
Other	21	18
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>835</b>	<b>722</b>
<b>Total non-current assets</b>	<b>2,075</b>	<b>1,927</b>
<b>Total assets</b>	<b>28,197</b>	<b>27,159</b>



(¥ millions)

	As of December 31, 2022	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,722	2,262
Accounts payable - other	2,502	2,111
Income taxes payable	1,478	0
Provision for bonuses	43	113
Other	561	820
Total current liabilities	7,308	5,309
Non-current liabilities		
Deferred tax liabilities	–	52
Other	69	64
Total non-current liabilities	69	117
<b>Total liabilities</b>	<b>7,377</b>	<b>5,426</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,728	1,728
Capital surplus	1,210	1,211
Retained earnings	18,110	19,042
Treasury shares	(521)	(520)
Total shareholders' equity	20,528	21,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	289	271
Total accumulated other comprehensive income	289	271
Share acquisition rights	2	–
<b>Total net assets</b>	<b>20,820</b>	<b>21,733</b>
<b>Total liabilities and net assets</b>	<b>28,197</b>	<b>27,159</b>

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

(¥ millions)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	26,712	21,751
Cost of sales	16,885	14,262
Gross income	9,827	7,488
Selling, general and administrative expenses	3,406	3,621
Operating income	6,420	3,867
Non-operating income		
Gain on non-refundable commissions for publishers	0	4
Gain on investments in investment partnerships	67	–
Other	8	8
Total non-operating income	76	13
Non-operating expenses		
Loss on investments in investment partnerships	–	4
Other	4	0
Total non-operating expenses	4	4
Ordinary income	6,493	3,876
Extraordinary losses		
Impairment losses	–	7
Loss on valuation of investment securities	–	31
Other	–	0
Total extraordinary losses	–	39
Income before income taxes	6,493	3,836
Income taxes - current	1,994	1,070
Income taxes - deferred	(20)	87
Total income taxes	1,974	1,157
Net income	4,518	2,678
(Break Down)		
Net income attributable to		
Net income attributable to owners of parent	4,518	2,678
Net income attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	85	(18)
Total other comprehensive income	85	(18)
Comprehensive income	4,603	2,659
(Break Down)		
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,603	2,659
Comprehensive income attributable to non-controlling interests	–	–

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

(¥ millions)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Income before income taxes	6,493	3,836
Depreciation and amortization	309	315
Amortization of goodwill	39	39
Share-based payment expenses	10	8
Increase (decrease) in allowance for doubtful accounts	0	0
Interest income	(0)	(0)
Loss (gain) on investments in investment partnerships	(67)	4
Impairment losses	–	7
Loss (gain) on valuation of investment securities	–	31
Decrease (increase) in accounts receivable - trade	931	889
Increase (decrease) in accounts payable - trade	(318)	(460)
Decrease (increase) in accounts receivable - other	52	319
Increase (decrease) in accounts payable - other	(169)	(419)
Other, net	(52)	146
Subtotal	7,227	4,719
Interest received	0	0
Income taxes paid	(2,462)	(2,695)
Income taxes refund	–	3
Net cash provided by (used in) operating activities	4,765	2,026
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(29)	(25)
Purchase of intangible assets	(224)	(277)
Purchase of investment securities	(66)	(8)
Proceeds from distributions from investment partnerships	41	30
Net cash provided by (used in) investing activities	(278)	(281)
<b>Cash flows from financing activities</b>		
Proceeds from disposal of treasury shares	3	1
Dividends paid	(1,716)	(1,738)
Repayments of finance lease liabilities	(5)	(5)
Net cash provided by (used in) financing activities	(1,718)	(1,742)
Net increase (decrease) in cash and cash equivalents	2,767	3
Cash and cash equivalents at beginning of period	15,498	20,184
Cash and cash equivalents at end of period	18,266	20,187

**(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 third quarter of the previous year (cumulative) (Jan. 1 to Sep. 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	2,081	–	2,081	–	2,081
Consulting	7,463	–	7,463	–	7,463
Options	2,607	–	2,607	–	2,607
“StoreMatch” pay-per-click advertising	–	9,659	9,659	–	9,659
“STORE’s R∞” CRM tool	–	3,396	3,396	–	3,396
Others	10	1,494	1,504	–	1,504
Net sales from contracts with customers	12,161	14,550	26,712	–	26,712
Net sales from external customers	12,161	14,550	26,712	–	26,712
Transactions with other segments	–	–	–	–	–
Total	12,161	14,550	26,712	–	26,712
Segment operating income	2,209	5,180	7,390	(969)	6,420

(Notes) 1. The adjustment to segment operating income of ¥(969) 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 third quarter of the fiscal year (cumulative) (Jan. 1 to Sep. 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	1,806	–	1,806	–	1,806
Consulting	5,738	–	5,738	–	5,738
Options	1,322	–	1,322	–	1,322
“StoreMatch” pay-per-click advertising	–	9,593	9,593	–	9,593
“STORE’s R∞” CRM tool	–	1,813	1,813	–	1,813
Others	7	1,468	1,476	–	1,476
Net sales from contracts with customers	8,875	12,876	21,751	–	21,751
Net sales from external customers	8,875	12,876	21,751	–	21,751
Transactions with other segments	–	–	–	–	–
Total	8,875	12,876	21,751	–	21,751
Segment operating income	1,425	3,530	4,955	(1,088)	3,867

(Notes) 1. The adjustment to segment operating income of ¥(1,088) 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.