

## Summary of Consolidated Financial Results for the First Half Ended September 2022 [Japan GAAP]

Name of Company:	Startia Holdings, Inc.
Stock Code:	3393
Stock Exchange Listing:	Tokyo Stock Exchange
URL:	<a href="https://www.startiaholdings.com/">https://www.startiaholdings.com/</a>
Representative Title:	Representative Director and President & Group CEO
Name:	Hideyuki Hongo
Contact Person Title:	Director, Group Operating Officer
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Date of filing quarterly report (tentative):	November 11, 2022
Date of commencement of dividend payment (tentative):	December 12, 2022
Supplementary materials for quarterly financial report:	Yes
Information meeting for quarterly financial report:	Yes (for securities analysts, institutional investors and media representatives)

(Yen in millions, rounded down)

### 1. Consolidated financial results for the first half ended September 30, 2022 (April 1, 2022 – September 30, 2022)

#### (1) Results of operations (cumulative)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended Sept. 2022	9,797	40.1	824	546.2	950	249.9	672	70.4
First half ended Sept. 2021	6,991	17.0	127	-	271	749.0	394	-

Notes: Comprehensive income

First half ended September 30, 2022: 561 million yen (yoy 109.5%)

First half ended September 30, 2021: 267 million yen (yoy 342.6%)

	Profit per share	Diluted profit per share
	Yen	Yen
First half ended Sept. 2022	77.02	-
First half ended Sept. 2021	39.87	-

Note: Diluted profit per share is not shown because there are no latent shares with a dilutive effect

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	10,697	4,591	42.9
As of March 31, 2022	11,378	4,233	37.1

Reference: Shareholders' equity

As of September 30, 2022: 4,585million yen

As of March 31, 2022: 4,226 million yen

### 2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2022	-	4.00	-	10.00	14.00
Fiscal year ending March 2023	-	5.00	-	-	-
Fiscal year ending March 2023 (forecast)	-	-	-	7.00	12.00

Notes:

1. Revisions to the most recently announced dividend forecast: None
2. Breakdown of the year-end dividend for the fiscal year ended March 2022  
 Ordinary dividend: 7.00 yen                      Commemorative dividend: 3.00 yen

### 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	19,597	22.4	1,304	278.2	1,430	158.2	960	0.2	109.97

Note: Revisions to the most recently announced sales and earnings forecasts: None

#### \* Notes

- (1) Changes in significant subsidiaries during the first half ended September 30, 2022 (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None  
Newly included: N.A. Excluded: N.A.
- (2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
  - (a) Changes in accounting policies accompanying revisions in accounting standards and other regulations: None
  - (b) Changes other than in (a): None
  - (c) Changes in accounting estimates: None
  - (d) Restatements: 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 September 30, 2022: 10,240,400 shares As of March 31, 2022: 10,240,400 shares
  - (b) Number of treasury shares at the end of the period  
As of September 30, 2022: 1,511,019 shares As of March 31, 2022: 1,511,719 shares
  - (c) Average number of shares during the period (quarterly consolidated cumulative period)  
Period ended September 30, 2022: 8,729,324 shares Period ended September 30, 2021: 9,894,918 shares

- (Note) 1. The number of treasury shares at the end of the period includes the Company's shares held by the trust account regarding the stock benefit trust (BBT•J-ESOP) (325,900 shares for the first half ended September 2022 and 326,600 shares for the fiscal year ended March 2022).
2. As for the average number of shares during the period, for the first half ended September 2022, the Company's shares held by the trust account regarding the stock benefit trust (BBT•J-ESOP), totaling 325,956 shares, were included in the number of treasury shares, which were to be deducted from the calculation of the average number of shares during the period. For the first half ended September 2021, the Company's shares held by the trust account regarding the stock benefit trust (BBT•J-ESOP) and those held by the trust account regarding the stock benefit trust (employee stockholding association purchase-type), totaling 345,383 shares, were included in the number of treasury shares, which were to be deducted from the calculation of the average number of shares during the period.

\* This quarterly earnings report is not subject to the audit by certified public accountants or auditing firms

\* Explanation of the proper use of these earnings forecasts and other matters

(Note on forward-looking statements)

The forward-looking statements shown in this report are based on information currently available and certain assumptions that the Company regards as reasonable. The Company cautions that these statements do not guarantee future achievements. Actual results of operations may differ significantly from forward-looking statements for various reasons. Please refer to "1. Qualitative information regarding earnings for the first half of the fiscal year (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 7 for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

## 1. Qualitative information regarding earnings for the first half of the fiscal year

### (1) Explanation of results of operations

In the first half of the fiscal year ending March 2023, economic activities in Japan remained uncertain due to the combination of the spread of novel coronavirus infections (COVID-19), the tapering of monetary easing in the United States and other developed countries, soaring crude oil prices, the shortages of supply of semiconductors and other products, and the strained situation in Ukraine. The future of economic activities is still uncertain.

In this business environment, there is an urgent need for management reforms using IT in the industries to which the Startia Group belongs, due to the introduction of teleworking and the progress of environmental arrangements for a digital shift to cope with COVID-19. While demand for IT-related investments increased in areas like digital transformation (DX), a cautious stance on such investments continues to be seen amid the unclear environment.

In the Digital Marketing business, the Company provides "Cloud CIRCUS," a digital marketing tool, which helps customer companies to "increase and nurture their customers," as a subscription model (recurring billing type), working to increase the number of customer acquisitions and ARR (annual recurring revenue).

In the IT Infrastructure business, the Group has been establishing solid relationships with the customer base of small and medium-size enterprises, or SMEs, and supported them to improve their productivity consistently by proposing and providing solutions to those customers. In a bid to lead their operations in a better direction, the Group uses IT technologies that cover core and indispensable facilities at offices and support for office work.

In the first half of the fiscal year ending March 2023, customers began some business activities to cope with the situation amid the COVID-19 pandemic and in the era after it, and both the Digital Marketing business and the IT Infrastructure business increased sales from the same period of the previous year. Particularly, in the IT Infrastructure business, sales of MFPs (multi-function printers) and network-related equipment, both main products in the segment, kept performing favorably, leading to a significant increase in consolidated operating profit for the first half of the current fiscal year.

As a result, sales in the first half of the fiscal year under review totaled 9,797,011 thousand yen (up 40.1% from a year before), operating profit of 824,122 thousand yen (up 546.2% from a year before), ordinary profit of 950,060 thousand yen (up 249.9% from a year before), and net profit attributable to shareholders of the parent of 672,347 thousand yen (up 70.4% from a year before).

Business segment results were as follows.

#### (Digital Marketing)

In the Digital Marketing business, the Group provides "Cloud CIRCUS\*," a group of SaaS tools that help solve issues in five areas to increase the number of customers: transmission of information, attracting customers, enhancing experienced value of customers, fostering potential customers and turning them into actual customers, and preventing cancellations of contracts and increasing repeated customers. Cloud Circus is an easy-to-use tool that everyone can start and use quickly even if he/she engages in digital marketing for the first time ever. We also provide freemium plans for the service. On top of Cloud Circus, we support marketing consulting and operations by customers based on our expertise for the management of advertising and establishment of websites. By providing comprehensive support for the evolution of marketing power, together with the tools, we respond to the potential need for shifting to digitalization and provide multiple services to a single customer.

In the first half of the fiscal year under review, the Company launched "Cloud CIRCUS CMP," a consent management tool for personal information, to create an environment in which small and medium-sized enterprise customers can comply with laws and regulations and implement their marketing initiatives while they use Cloud CIRCUS with peace of mind. As for BowNow, a marketing automation tool ("MA tool"), has been introduced to more than 10,000 companies and won the Good Service Award in the MA Tool (BtoB) category of the "BOXIL SaaS AWARD Autumn 2022." We have created an environment that facilitates partner companies' making proposals and conducting sales by achieving system integration with kintone of Cybozu, Inc.

Previously, we established and promoted an organizational structure under a Sales-Led Growth (SLG) strategy led by the sales team. However, we have started to build a new organizational structure by combining the SLG strategy with a Product-Led Growth (PLG) strategy, led by the product team, in the current fiscal year. By doing so, we are working to establish a customer acquisition pipeline and aim to obtain high unit-price orders with combined products, while we increase customers for single products through reducing the unit cost for acquiring them. In the first half of the current fiscal year, we saw a slowdown in MRR (monthly recurring revenue) in SaaS of Cloud CIRCUS as a result of focusing on the launch of the new organizational structure as planned, but sales increased year on year.

\* Cloud CIRCUS

Area of Issue	Tool to Be Provided	Service
Transmission of information	ActiBookK	E-book production software, video sharing
	BlueMonkey	WebCMS & generating owned media
	AppGoose	Operation of applications
	Plusdb	Establishing databases
	creca	Producing landing pages for smartphones
Consulting for attracting customers and running advertisements	—	Consulting for marketing and for running ads
Experience Enhancing experienced value of customers	COCOAR	AR production software
	LESSAR	AR production software for web browsers
	CrowdBooth	Online exhibition system
	IZANAI	Chatbot
Fostering potential customers and turning them into actual customers	BowNow	Marketing automation
Acquisition of repeaters & prevention of cancellations	Fullstar	Customer success management

As a result, segment sales in the first half of the fiscal year under review totaled 1,453,849 thousand yen (up 17.5% from a year before) and the segment loss (operating loss) of 151,888 thousand yen (the segment loss (operating loss) of 154,937 thousand yen a year before).

(IT Infrastructure)

In the IT Infrastructure segment, the Group is in charge of the sale, construction or maintenance of information and communication equipment such as MFPs (multi-function printers), UTM (Unified Threat Management) equipment, network equipment and business phones. It also provides consistent SI services from installing servers to system operation and maintenance as well as maintenance of equipment. In addition, it provides “RoboTANGO,” an original RPA (Robotic Process Automation) solution tool to automate back-office operations, as well as AI-OCR and an electronic signature tool.

In the first half of the fiscal year, in addition to promoting the expansion of the customer base through mergers and acquisitions, the accumulation of customer and asset information through a customer and sales management system has enabled the visualization of information, which has allowed us to conduct cross-selling of products and services, and their replacement at the appropriate time. Furthermore, the systematic development of the customer approach mechanism through marketing has enabled the development of a customer follow-up system both by the sales staff, and by the Wakayama Contact Center and Customer Success (CS). During the previous fiscal year, we established the structure composed of organization and system, in which not only the sales staff, but also the Wakayama Contact Center, and Customer Success (CS) can handle the series of processes from an approach, negotiation/proposal, order receipt, to delivery, resulting in an improvement in the sales turnover rate and enabling us to see the far better results than in the first quarter of the current fiscal year, when our performance remained solid. Sales and profit increased significantly in the first half of the current fiscal year because both direct and partner sales for MFPs, in particular, were strong, and because sales of network equipment, mainly UTM (Unified Threat Management) equipment, an information security product, continued to be strong following the first quarter.

As a result, segment sales in the first half of the fiscal year under review totaled 8,342,882 thousand yen (up 45.0% from a year before) and the segment profit (operating profit) of 933,312 thousand yen (up 171.7% from a year before).

(CVC)

The CVC business conducted no fresh investment during the period.

Consequently, the segment reported no sales and the segment loss (operating loss) of 499 thousand yen compared with the segment loss (operating loss) of 184 thousand yen in the same period in the previous year.

## (2) Explanation of financial condition

### 1) Assets, liabilities and net assets

#### (Assets)

Total assets were 10,697,415 thousand yen at the end of the first half, 681,257 thousand yen less than at the end of the previous fiscal year. This was attributable primarily to the decrease of 425,969 thousand yen in investment securities, 423,140 thousand yen in cash and deposits, 45,560 thousand yen in notes and accounts receivable - trade and contract assets, and the increase of 145,890 thousand yen in software, 52,373 thousand yen in deferred tax assets.

#### (Liabilities)

Liabilities were 6,105,902 thousand yen at the end of the first half, 1,039,651 thousand yen less than at the end of the previous fiscal year. This was attributable primarily to the decrease of 300,198 thousand yen in long-term borrowings, 279,874 thousand yen in income taxes payable, 235,502 thousand yen in accounts payable-trade, 133,466 thousand yen in current portion of long-term borrowings and 93,209 thousand yen in others.

#### (Net assets)

Net assets were 4,591,513 thousand yen at the end of the first half, 358,393 thousand yen more than at the end of the previous fiscal year. This was attributable primarily to the net profit attributable to shareholders of the parent of 672,347 thousand yen, dividend payment of 90,552 thousand yen, the decrease of 110,833 thousand yen in valuation difference on available-for-sale securities, and the decrease of 112,929 thousand yen in retained earnings due to decrease in number of companies accounted for by equity method.

### 2) Cash flows

The balance of cash and cash equivalents at the end of the first half decreased 423,140 thousand yen from the end of the previous fiscal year to 2,632,153 thousand yen.

The state of cash flows per segment associated with the first half of the fiscal year under review is as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 216,035 thousand yen compared with 202,112 thousand yen provided in the same period of the previous year. Major sources of cash were profit before income taxes of 1,019,006 thousand yen and depreciation of 190,092 thousand yen. The primary use of cash was 637,615 thousand yen for income taxes paid and the decrease in accounts payable-other of 172,514 thousand yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 142,783 thousand yen compared with 239,738 thousand yen provided in the same period of the previous year. Major sources of cash were proceeds from sale of shares of subsidiaries and associates of 230,000 thousand yen, proceeds from sales of investment securities of 17,377 thousand yen. The primary uses of cash were 352,368 thousand yen for acquiring non-current assets and 46,012 thousand yen for payments of guarantee deposits.

#### (Cash flows from financing activities)

Net cash used in financing activities was 524,415 thousand yen compared with 508,346 thousand yen used in the same period of the previous year. The primary uses of cash were 433,664 thousand yen for repayment of long-term borrowings and 90,552 thousand yen for dividends paid.

### (3) Explanation of consolidated earnings forecasts and other forward-looking statements

In the current fiscal year ending March 2023, while we are striving to achieve further growth, the external business environment remains severe and the outlook for economic activities remains uncertain, due to the combination of the still unclear situation of COVID-19, the tapering of monetary easing policy in the U.S. and other developed countries, soaring oil prices, the supply shortages of semiconductors and other products, inflation, and the strained situation in Ukraine.

This is especially true in the Group's business environment, where the impact of COVID-19 has not yet subsided, and the effects of soaring electricity transaction prices, shortages in the supply of semiconductors and other products, and inflation continue to be felt. We have been revising our Medium-Term Management Plan announced on May 15, 2020, including business strategies once again as a solid plan, since we recognize that the impact of COVID-19 has significantly exceeded the scale of the impact assumed when the plan was formulated. At that time, we assumed that the pandemic would be contained by around September 2020. The Company plans to revise its Medium-Term Management Plan for the two-year period of the fiscal year ending March 2024 and that ending March 2025. The timing of the announcement has not yet been determined, but we will announce the revised plan as soon as it is finalized.

Going forward, in addition to continuing already successful measures, that is expanding our customer base and securing stable earnings in the IT Infrastructure business, we will focus on the "Cloud CIRCUS", digital marketing tool in the Digital Marketing business, and further deepen the strategies of the "NEXT'S 2025" Medium-Term Management Plan. By doing so, we will promote further productivity improvement while developing DX in our businesses and services.

As for the consolidated earnings forecasts for the fiscal year ending March 31, 2023, the Company has revised upward its previous earnings forecasts, as announced on September 30, 2022 and October 28, 2022, respectively. We now forecast consolidated net sales of 19,597 million yen (up 22.4% from the previous fiscal year), consolidated operating profit of 1,304 million yen (up 278.2% from the previous fiscal year), consolidated ordinary profit of 1,430 million yen (up 158.2% from the previous fiscal year), and profit attributable to owners of parent of 960 million yen (up 0.2% from the previous fiscal year).

(Note) Forward-looking statements described in the text, including the annual earnings forecast, do not guarantee future performance and they include risks and uncertainties because there are various factors such as unforeseeable changes in the economic situation. The Medium-Term Management Plan for the five-year period from the fiscal year ended March 2021 to that ending March 2025 is based on the assumption that the impact of COVID-19 will be contained by around September 2020. Thus we plan to review the Medium-Term Management Plan for the fiscal year ending March 2024 and that ending March 2025.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheets

(thousand yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,055,293	2,632,153
Notes and accounts receivable - trade and contract assets	3,365,623	3,320,062
Inventories	585,240	572,588
Operational investment securities	108,852	128,792
Other	802,644	821,372
Allowance for doubtful accounts	(152,067)	(159,973)
Total current assets	7,765,587	7,314,996
Non-current assets		
Property, plant and equipment	232,949	236,341
Intangible assets		
Software	1,131,615	1,277,506
Goodwill	450,705	419,358
Other	7,513	7,163
Total intangible assets	1,589,834	1,704,028
Investments and other assets		
Investment securities	1,003,209	577,240
Deferred tax assets	379,909	432,282
Guarantee deposits	258,983	291,652
Other	148,198	140,872
Total investments and other assets	1,790,301	1,442,048
Total non-current assets	3,613,085	3,382,418
Total assets	11,378,673	10,697,415
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,502,986	1,267,484
Short-term borrowings	1,847,000	1,847,000
Current portion of long-term borrowings	866,532	733,066
Income taxes payable	596,618	316,744
Provision for bonuses	289,887	290,420
Other	1,123,444	1,030,234
Total current liabilities	6,226,469	5,484,949
Non-current liabilities		
Long-term borrowings	815,872	515,674
Provision for share awards	58,713	72,498
Provision for share awards for directors (and other officers)	20,013	23,496
Deferred tax liabilities	20,934	6,176
Other	3,551	3,106
Total non-current liabilities	919,084	620,952
Total liabilities	7,145,553	6,105,902
<b>Net assets</b>		
Shareholders' equity		
Share capital	824,315	824,315
Capital surplus	903,459	903,459
Retained earnings	3,725,483	4,194,349



(thousand yen)

	As of March 31, 2022	As of September 30, 2022
Treasury shares	(1,468,600)	(1,468,239)
Total shareholders' equity	3,984,658	4,453,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	242,331	131,497
Total accumulated other comprehensive income	242,331	131,497
Share acquisition rights	6,130	6,130
Total net assets	4,233,119	4,591,513
Total liabilities and net assets	11,378,673	10,697,415

(2) Quarterly consolidated statement of income and comprehensive income  
Quarterly consolidated statement of income  
For the first half (April 1 – September 30)

(thousand yen)

	April 1, 2021 – Sept 30, 2021	April 1, 2022 – Sept 30, 2022
Net sales	6,991,223	9,797,011
Cost of sales	3,827,365	5,744,418
Gross profit	3,163,858	4,052,593
Selling, general and administrative expenses	3,036,319	3,228,471
Operating profit (loss)	127,538	824,122
Non-operating income		
Dividend income	12,241	7,181
Foreign exchange gains	1,142	28,023
Share of profit of entities accounted for using equity method	50,132	48,142
Gain on investments in investment partnerships	54,615	5,360
Subsidy income	22,116	7,225
Gain on consumption tax exemption	—	32,000
Other	10,560	4,914
Total non-operating income	150,809	132,848
Non-operating expenses		
Interest expenses	3,357	6,321
Loss on investments in investment partnerships	3,123	201
Other	317	387
Total non-operating expenses	6,797	6,910
Ordinary profit (loss)	271,549	950,060
Extraordinary income		
Gain on sales of investment securities	148,199	16,186
Gain on sale of shares of subsidiaries and associates	416,552	52,759
Total extraordinary income	564,751	68,945
Profit (loss) before income taxes	836,301	1,019,006
Income taxes-current	450,544	361,635
Income taxes-deferred	(8,724)	(14,977)
Total income taxes	441,819	346,658
Profit (loss)	394,482	672,347
Profit (loss) attributable to owners of parent	394,482	672,347

Quarterly consolidated statement of comprehensive income  
For the first half (April 1 – September 30)

(thousand yen)

	April 1, 2021 – Sept 30, 2021	April 1, 2022 – Sept 30, 2022
Profit (loss)	394,482	672,347
Other comprehensive income		
Valuation difference on available-for-sale securities	(126,485)	(110,833)
Total other comprehensive income	(126,485)	(110,833)
Comprehensive income	267,996	561,514
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	267,996	561,514

## (3) Quarterly consolidated statement of cash flows

(thousand yen)

	April 1, 2021 – Sept 30, 2021	April 1, 2022 – Sept 30, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	836,301	1,019,006
Depreciation	117,527	190,092
Amortization of goodwill	9,845	31,346
Increase (decrease) in allowance for doubtful accounts	7,781	7,906
Increase (decrease) in provision for bonuses for directors (and other officers)	(11,748)	—
Increase (decrease) in provision for bonuses	26,045	533
Increase (decrease) in provision for share awards for directors (and other officers)	3,715	3,483
Increase (decrease) in provision for share awards	9,355	13,785
Interest and dividend income	(12,288)	(7,866)
Interest expenses	3,357	6,321
Foreign exchange losses (gains)	(1,142)	(28,023)
Share of loss (profit) of entities accounted for using equity method	(50,132)	(48,142)
Loss (gain) on sales of investment securities	(148,199)	(16,186)
Loss (gain) on sale of shares of subsidiaries and associates	(416,552)	(52,759)
Decrease (increase) in trade receivables	105,097	45,560
Decrease (increase) in inventories	(180,190)	12,651
Increase (decrease) in trade payables	(43,461)	(235,502)
Increase (decrease) in accounts payable-other	36,220	(172,514)
Increase (decrease) in accrued consumption taxes	(44,367)	81,746
Other	(106,723)	(19,168)
Subtotal	140,441	832,269
Interest and dividend income received	10,807	9,947
Interest expenses paid	(2,999)	(5,929)
Income taxes paid	(36,598)	(637,615)
Income taxes refund	68,344	10,138
Subsidies received	22,116	7,225
Net cash provided by (used in) operating activities	202,112	216,035
<b>Cash flows from investing activities</b>		
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	453,900	—
Payments for investments in capital of subsidiaries and associates	(53,900)	—
Purchase of non-current assets	(363,093)	(352,368)
Payments for acquisition of businesses	(1,990)	—
Proceeds from sales of investment securities	160,431	17,377
Purchase of investment securities	(852)	(942)
Proceeds from sale of shares of subsidiaries and associates	—	230,000
Payments for guarantee deposits	(6,552)	(46,012)
Proceeds from collection of guarantee deposits	—	6,976
Proceeds from distributions from investment partnerships	43,172	5,267
Proceeds from return of investments in investment partnerships	12,814	1,144
Other	(4,191)	(4,227)
Net cash provided by (used in) investing activities	239,738	(142,783)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(472,664)	(433,664)
Purchase of treasury shares	(73)	—

(thousand yen)

	April 1, 2021 – Sept 30, 2021	April 1, 2022 – Sept 30, 2022
Cash dividends paid	(71,682)	(90,552)
Proceeds from disposal of treasury shares	37,222	246
Other	(1,148)	(445)
Net cash provided by (used in) financing activities	(508,346)	(524,415)
Effect of exchange rate change on cash and cash equivalents	1,142	28,023
Net increase (decrease) in cash and cash equivalents	(65,352)	(423,140)
Cash and cash equivalents at beginning of period	3,245,235	3,055,293
Cash and cash equivalents at end of period	3,179,882	2,632,153

(4) Notes to quarterly consolidated financial statements

(Notes to going concern assumptions)

No items to report

(Notes to significant changes in shareholders' equity)

No items to report

(Segment information, etc.)

[Segment information]

I. For the first half ended September 30, 2021 (April 1, 2021 – September 30, 2021)

1. Information on amounts of sales and profit or loss by reportable segment and on disaggregated revenue  
(thousand yen)

	Reportable segments				
	Digital Marketing	IT Infrastructure	CVC	Subtotal	Other Businesses (see note 1)
Net sales					
Goods that are transferred at a point in time	302,593	3,243,225	314	3,546,134	—
Goods that are transferred over a certain period of time	934,275	2,510,667	—	3,444,942	—
Revenue that is generated from contracts with customers	1,236,868	5,753,892	314	6,991,076	—
Sales to external customers	1,236,868	5,753,892	314	6,991,076	—
Inter-segment sales and transfers	8,736	13,375	—	22,111	—
Total	1,245,604	5,767,268	314	7,013,188	—
Segment profit (loss)	(154,937)	343,510	(184)	188,388	(938)

	Total	Adjustment (see note 2)	Amount on statement of income (see note 3)
Net sales			
Goods that are transferred at a point in time	3,546,134	147	3,546,281
Goods that are transferred over a certain period of time	3,444,942	—	3,444,942
Revenue that is generated from contracts with customers	6,991,076	147	6,991,223
Sales to external customers	6,991,076	147	6,991,223
Inter-segment sales and transfers	22,111	(22,111)	—
Total	7,013,188	(21,964)	6,991,223
Segment profit (loss)	187,449	(59,911)	127,538

Notes:

1. The "Other" is a business segment that is not included in the reportable segments.
2. The adjustment amount for the inter-segment sales and transfers consists of eliminated inter-segment transactions. The adjusted amount for segment profit (loss) includes company-wide profit (loss) and the elimination of inter-segment transactions.
3. The total segment profit (loss) matches the operating profit (loss) on the quarterly consolidated statement of income.

II. For the first half ended September 30, 2022 (April 1, 2022 – September 30, 2022)

1. Information on amounts of sales and profit or loss by reportable segment and on disaggregated revenue  
(thousand yen)

	Reportable segments				
	Digital Marketing	IT Infrastructure	CVC	Subtotal	Other Businesses (see note 1)
Net sales					
Goods that are transferred at a point in time	333,837	4,366,942	—	4,700,779	—
Goods that are transferred over a certain period of time	1,120,011	3,975,939	—	5,095,951	—
Revenue that is generated from contracts with customers	1,453,849	8,342,882	—	9,796,731	—
Sales to external customers	1,453,849	8,342,882	—	9,796,731	—
Inter-segment sales and transfers	3,975	21,072	—	25,048	—
Total	1,457,824	8,363,954	—	9,821,779	—
Segment profit (loss)	(151,888)	933,312	(499)	780,924	(2,371)

	Total	Adjustment (see note 2)	Amount on statement of income (see note 3)
Net sales			
Goods that are transferred at a point in time	4,700,779	280	4,701,060
Goods that are transferred over a certain period of time	5,095,951	—	5,095,951
Revenue that is generated from contracts with customers	9,796,731	280	9,797,011
Sales to external customers	9,796,731	280	9,797,011
Inter-segment sales and transfers	25,048	(25,048)	—
Total	9,821,779	(24,767)	9,797,011
Segment profit (loss)	778,552	45,569	824,122

Notes:

1. The “Other” is a business segment that is not included in the reportable segments.
2. The adjustment amount for the inter-segment sales and transfers consists of eliminated inter-segment transactions. The adjusted amount for segment profit (loss) includes company-wide profit (loss) and the elimination of inter-segment transactions.
3. The total segment profit (loss) matches the operating profit (loss) on the quarterly consolidated statement of income.

(Significant subsequent events)

A portion of the 6th series of stock acquisition rights (with a clause to revise the exercise price) issued on January 12, 2022 was exercised and the acquired shares were disposed of as treasury shares during the period from October 6, 2022 to October 31, 2022, after the second quarter of the current fiscal year. The following is a summary of the exercise of the portion of the stock acquisition rights.

	From October 6, 2022 to October 31,2022
1. Number of exercised stock acquisition rights	3,071
2. Number of treasury shares disposed of	307,100 shares
3. Total amount of exercise price	336,888 thousand yen