

For the sake of improved understanding of the company's financial performance for non-Japanese investors, this earnings release is prepared in a different format from the Japanese original TSE filing document released on February 10, 2022. In the event of any discrepancy between this English document and the Japanese original, the original shall always prevail.

February 10, 2022

## DIGITAL HOLDINGS, INC. (TSE 2389)

### Consolidated Financial Results for the 12 Months Ended December 31, 2021 (J-GAAP, Unaudited)

Tokyo, February 10, 2022, DIGITAL HOLDINGS, INC. ("the Company") announced today its consolidated financial results for the twelve months ended on December 31, 2021. (From January 1 to December 31, 2021, "2021" or "2021 Q4")

(Amount are rounded down to the nearest million yen)

#### Consolidated Operating Results for 2021 Q4 (in million yen, unless otherwise stated)

	Twelve months ended on December 31		
	2021	2020	YoY(%)
Net sales	98,515	88,768	11.0%
Operating profit	10,922	3,240	237.0%
Ordinary profit	14,662	4,358	236.4%
EBIT*1	15,300	6,175	147.8%
EBITDA*2	16,888	7,591	122.5%
Profit attributable to owners of parent	10,231	3,750	172.8%
Earnings per share- diluted (yen)	473.28	167.86	—
Earnings per share- basic (yen)	473.26	167.85	—

Notes:

1. EBIT= Profit (loss) before income taxes + Interest expenses - Interest income
2. EBITDA = EBIT + Other financial gains (losses) + Depreciation + Amortization + Share-based remuneration expenses + Impairment loss

#### Consolidated Balance Sheet Data (in million yen, unless otherwise stated)

	As of December 31, 2021	As of December 31, 2020
Total assets	69,728	71,434
Net assets	40,930	40,018
Ratio of equity attributable to owners of parent (%)	46.8%	43.7%

#### Dividends

	2021	2020
End of Q1 (yen)	—	—
End of Q2 (yen)	0.00	0.00
End of Q3 (yen)	—	—
End of Q4 (yen)	97.00	35.00
<b>Total</b>	<b>97.00</b>	<b>35.00</b>

Note:  
The Company sets a consolidated payout ratio target of 20% of profit attributable to owners of parent before amortization of goodwill from the year ended December 31, 2017. The Company does not make a forecast for annual dividend for the year ending December 2022.

**Forecast for the year ending December 31, 2022**

<i>(in million yen, unless otherwise stated)</i>	2022	YoY(%)
Revenue	16,400	-43.2%
Operating profit	-2,100	—
Ordinary profit	-2,100	—
Profit attributable to owners of parent	5,300	-48.5%

**Notes:**

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) will be applied from the beginning of the fiscal year ending December 2022. As this result, the figures pertaining to the consolidated earnings forecasts for the fiscal year ending December 2022 are the figures after applying the revenue recognition standard.

**Appropriate use of earnings forecast and forward-looking statement**

Although forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

The information contained in this material is carefully scrutinized before presentation as it is intended to facilitate your understanding of the Company's business, management policies and plans, financial position, etc. However, we do not guarantee its accuracy, completeness, effectiveness, or security. None of the information herein is prepared to solicit investment. The final decision on investing should be made by you, under your own responsibility. We will not be responsible or liable for any consequences resulting from investments made by you in reference to, or by use of, the information.

Any information herein other than past or present facts represents our future outlook developed based on the input currently available, and includes various risks and uncertainties. Thus, please note that actual business results released at a later date may differ due to such factors

**Changes in material subsidiaries for the reporting period**

Excluded 1 company. Company name is OPT SEA Pte., Ltd.

**Changes in accounting policies and changes in accounting estimates**

- (1) Changes in accounting policies required by amendments to accounting standards, etc.: None
- (2) Other accounting policies except for item (1): None
- (3) Accounting estimates: None
- (4) Retrospective restatements: None

**Number of shares issued –Common stock**

	2021	2020
Number of shares issued including treasury shares	23,817,700	23,817,700
Number of treasury shares	2,613,543	1,623,695

	2021	2020
Average number of shares during the period	21,617,349	22,397,293

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## 1. Management Discussion and Analysis

### (1) Results of operations

As for the business environment surrounding our Group, the domestic market is shrinking due to the population decline caused by the declining birthrate and aging population, while the rapid progress of science, technology and innovation in recent years has led to an active movement aiming to realize a digital transformation (DX) by utilizing data and digital technology to transform conventional products, services and business models. In addition, we believe that cyber (virtual) space and physical (real) space will be highly integrated, bringing new value to industry and society that had not been possible before, and the realization of "Society 5.0" advocated by the Cabinet Office of the Japanese government will proceed. Demand for the "digital shift" related to information, people, goods and money that our Group aims to provide is expected to increase further in the future. Our Group defines its vision for 2030 as "A true digital shift company that creates new value and solves social issues leading Society 5.0" and has a policy of maximizing corporate value and cash flow by leading every "digital shift" of corporations and achieving various Industrial Transformations (IX). The company changed its name from "OPT Holding, Inc." to "DIGITAL HOLDINGS, INC." on July 1, 2020. Furthermore, the Company aims to achieve a corporate value of JPY 1 trillion in 2030 by expanding its core businesses from the marketing business centered on promotion support for customers to digital shift-related businesses.

As a result of business promotion based on the above management policy, in the Q3 consolidated accounting period, net sales were JPY 19,708 million (YoY 15.4% decrease), gross profit was JPY 3,725 million (YoY 44.0% decrease), operating profit was JPY 148 million (YoY 95.1% decrease), EBIT was JPY 1,034 million (YoY 78.8% decrease), EBITDA was JPY 1,295 million (YoY 74.7% decrease), and profit attributable to owners of parent was JPY 407 million (YoY 85.8% decrease).

Moreover, in the consolidated results for the first nine months of the fiscal year, net sales were JPY 74,737 million (YoY 15.6% increase), gross profit was JPY 20,849 million (YoY 54.1% increase), operating profit was JPY 10,122 million (YoY 272.4% increase), EBIT was JPY 14,603 million (YoY 168.0% increase), EBITDA was JPY 15,551 million (YoY 150.8% increase), and profit attributable to owners of parent was JPY 9,795 million (YoY 182.5% increase).

Effective from the first quarter of the current fiscal year, the Company has changed from two segments of Marketing Business and Synergy Investment Business to three segments of Digital Shift Business, Advertising Business and Financial Investment Business. The following comparisons for the same period of the previous fiscal year are based on the figures which have been reclassified into the new segment. The results of the new segment are as follows.

#### < Digital Shift Business >

The Digital Shift Business consists of digital shift consulting support, SaaS product development and sales, and introduction of DX human resources services, mainly by Digital Shift, Inc., and Re:teigi, Inc. (trade name changed from OptDigital, Inc.), etc., and consists of the operation and development of an AI human resources platform centered on SIGNATE Inc.

The business performance of the Digital Shift Business expanded steadily to JPY 2,250 million in net sales (YoY 20.4% increase), but profit items were JPY 647 million in gross profit (YoY 0.4% increase), JPY 222 million in operating loss (operating loss of JPY 41 million for the same period last year), - JPY 227 million in EBIT (- JPY 1 million for the same period last year), and - JPY 151 million in EBITDA (JPY 36 million for the same period last year) due to a strategy to expand upfront investment.

As a result of the above, in the first nine months of the fiscal year, the performance of Digital Shift Business was JPY 6,654 million in net sales (YoY 23.7% increase), JPY 1,865 million in gross profit (YoY 4.6% decrease), JPY 578 million in operating loss (operating profit of JPY 5 million for the same period last year), - JPY 514 million in EBIT (JPY 42 million for the same period last year), and - JPY 332 million in EBITDA (JPY 139 million for the same period last year).

#### < Advertising Business >

The Advertising Business consists of the internet advertising agency business, solution development, sales, etc., mainly by OPT, Inc. and SoldOut, Inc.

In the Advertising Business, net sales decreased to JPY 16,838 million (YoY 3.4% decrease), however gross profit

improved to JPY 2,481 million (YoY 1.1% increase), due to the continuous improvement of operational cost efficiency through measures to improve productivity. In addition, as a result of efforts to curb selling, general and administrative expenses, operating profit was JPY 517 million (YoY 262.4% increase), EBIT was JPY 503 million (YoY 231.1% increase), and EBITDA was JPY 593 million (YoY 148.2% increase).

As a result of the above, in the first nine months of the fiscal year, the performance of Advertising Business was JPY 55,827 million in net sales (YoY 0.7% increase), JPY 8,427 million in gross profit (YoY 5.1% increase), JPY 2,267 million in operating profit (YoY 125.4% increase), JPY 2,203 million in EBIT (YoY 128.2% increase), and JPY 2,475 million in EBITDA (YoY 102.1% increase).

#### < Financial Investment Business >

The Financial Investment Business consists of the investment business managed by DIGITAL HOLDINGS, INC., Bonds Investment Group, BIG1 Investment Limited Partnership (BIG1-fund), BIG2 Investment Limited Partnership (BIG2-fund), and OPT America, Inc.

Financial Investment Business results for the third quarter of the current fiscal year showed a decrease in both sales and profits compared to the same period of the previous fiscal year due to the fact that a large amount of gain on sales of investment securities caused by an IPO was recognized in the same period of the previous fiscal year. However, net sales were JPY 851 million (YoY 79.8% decrease), gross profit was JPY 644 million (YoY 82.0% decrease), and operating profit was JPY 505 million (YoY 85.7% decrease), due to gain on sales of operational investment securities by BIG1-fund and BIG2-fund. In addition, EBIT was JPY 1,440 million (YoY 73.2% decrease) and EBITDA was JPY 1,445 million (YoY 73.1% decrease), due to the recognizing of non-operating income, etc. from the partial sale of U.S. shares held by investment fund, which is our Group's investee, continuing from the previous quarter.

As a result of the above, in the first nine months of the fiscal year, the performance of Financial Investment Business was JPY 12,906 million in net sales (YoY 195.9% increase), JPY 10,655 million in gross profit (YoY 195.0% increase), JPY 10,397 million in operating profit (YoY 201.2% increase), JPY 14,906 million in EBIT (YoY 137.7% increase), and JPY 15,118 million in EBITDA (YoY 136.9% increase).

Here, the Company discloses its internal rate of return (IRR) for the purpose of enhancing the transparency of investment results. The definition of IRR has been changed from the first quarter of the current fiscal year. Securities subject to calculation are defined as those invested in Financial investment Business from FY 2013. Details of the calculation method are disclosed in the footnote below. The after-tax IRR at the end of the third quarter was 21.4%, up 0.1 percentage points from the end of the second quarter due to a rise in the price of listed shares held. Assets Under Management (AUM) at the end of the third quarter of the fiscal year was JPY 19,416 million, up 8.3% from the end of the second quarter, due to a rise in the price of listed shares held as same above. The disclosure of AUM had been suspended from the first quarter of the current fiscal year due to a decline in materiality as the sale of assets progressed. However, due to the large number of requests from investors, we have made disclosure again from the third quarter of the current fiscal year.

Notes: Internal Rate of Return (IRR) and Assets Under Management (AUM)

##### 1.Precondition for IRR calculation

- Subject: Issues invested in Financial investment Business from 2013 to the end of September 2021
- Base date for calculation: End of September 2021
- Calculation Method:
  - 1) Impaired stock: Calculated assuming sale at Net assets value at impairment
  - 2) Stocks that have been financed most recently: Calculated on the assumption that the securities were sold at the fair value of the shares at the time of the financing
  - 3) IPO: Calculated as if sold at market value on the calculation reference date
  - 4) Fund: IRR is calculated using the amount collected before the end of September 2021 and the book value as of the end of September 2021.
  - 5) Other than the above: If there is no change in basis due to sale, impairment, financing (equity financing), IPO, etc., the calculation is based on the assumption that it was sold at book value on measure.
- Treatment of corporation tax when calculating IRR: Consider corporation tax

## **2.Precondition for AUM calculation**

- Stocks of subsidiaries and affiliates represent the total of carrying amount. Operational investment securities and Investment securities represent the total fair value after consideration for impairment. However, the fair values of operational investment securities and Investment securities are categorized by brand and calculated as follows.
  - 1) Securities whose investment amount is small: Acquisition price
  - 2) Listed securities: closing market price as of the end of September 2021
  - 3) Securities with the most recent financing experience (equity financing): Value based on the financing value
  - 4) Securities other than those listed above are classified into multiple method, DCF method and net assets method according to the business situation.

## **< DIGITAL HOLDINGS, INC. (Hereinafter referred to as "HD".) management costs >**

In HD management division, selling, general and administrative expenses were JPY 652 million (YoY 10.1% increase) for the third quarter of the fiscal year, mainly due to an increase in personnel expenses. As a result of the above, in the first nine months of the fiscal year, selling, general and administrative expenses in HD management division were JPY 1,959 million (YoY 13.0% increase).

## **(2) Overview of financial position**

### **< Assets >**

Total assets at the end of the third quarter decreased by JPY 3,387 million from the end of the previous fiscal year to JPY 68,046 million. Current assets amounted to JPY 57,532 million, a decrease of JPY 6,831 million from the end of the previous fiscal year. This was mainly due to a decrease of JPY 4,406 million in notes and accounts receivable – trade and a decrease of JPY 10,644 million in operational investment securities, despite an increase of JPY 8,415 million in cash and deposits. Non-current assets amounted to JPY 10,514 million, an increase of JPY 3,443 million from the end of the previous fiscal year. This was mainly due to an increase of JPY 3,579 million in investment securities.

### **< Liabilities >**

Total liabilities at the end of the third quarter decreased by JPY 5,802 million from the end of the previous fiscal year to JPY 25,613 million. Current liabilities amounted to JPY 20,468 million, an increase of 838 million from the end of the previous fiscal year. This was due to increases of JPY 4,701 million in current portion of long-term borrowings and JPY 1,762 million in income taxes payable, despite decreases of JPY 2,931 million in accounts payable – trade and JPY 1,500 million in short-term borrowings. Non-current liabilities amounted to JPY 5,145 million, a decrease of JPY 6,641 million from the end of the previous fiscal year. This was due to decreases of JPY 4,854 million in long-term borrowings and JPY 1,898 million in deferred tax liabilities.

### **< Net assets >**

Total net assets at the end of the third quarter increased by JPY 2,415 million from the end of the previous fiscal year to JPY 42,433 million. This was mainly due to an increase of JPY 9,019 million in retained earnings due to recognition of profit attributable to owners of parent, despite a decrease of JPY 5,351 million in valuation difference on available-for-sale securities and an increase of JPY 2,000 million in treasury shares.

## **(3) Consolidated cash flows**

Cash and cash equivalents (Hereinafter referred to as "Funds") at the end of the third quarter increased by JPY 8,415 million from the end of the previous fiscal year to JPY 35,469 million. This was because Funds obtained from operating and investing activities exceeded Funds used for financing activities. The status of each cash flow during the first nine months of the fiscal year and the major factors behind it are as follows.

### **< Cash flows from operating activities >**

Funds increased by operating activities were JPY 10,204 million (same period last year was an increase of JPY 1,429 million). This was mainly due to recognition of JPY 14,587 million in profit before income taxes and a decrease of JPY 4,407 million in trade receivables, despite a decrease of JPY 2,932 million in trade payables, and recognition of JPY 2,468 million in income taxes paid, and recognition of JPY 687 million in gain on sales of investment securities and JPY 3,820 million in gain on investments in investment partnerships which were adjustment items for investing activities.

**< Cash flows from investing activities >**

Funds increased by investing activities were JPY 2,934 million (same period last year was an increase of JPY 1,567 million). This was mainly due to proceeds from withdrawal of investment securities of JPY 4,161 million and proceeds from sales of investment securities of JPY 694 million, despite recognition of JPY 1,192 million in purchase of investment securities and JPY 647 million in purchase of intangible assets.

**< Cash flows from financing activities >**

Funds decreased by financing activities were JPY 4,875 million (same period last year was an increase of JPY 1,979 million). This was mainly due to recognition of JPY 1,500 million in net decrease in short-term borrowings, JPY 1,152 million in repayments of long-term borrowings, JPY 2,028 million in purchase of treasury shares, and JPY 2,056 million in repayments to non-controlling shareholders, despite recognition of JPY 1,000 million in proceeds from long-term borrowings and JPY 1,693 million in proceeds from share issuance to non-controlling shareholders.

**(4) Earnings forecast for year ending December 31, 2021**

There are no changes to the consolidated earnings forecasts for the fiscal year ending December 2021 announced on May 13, 2021.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly consolidated balance sheets

(Unit: 1 million yen)

	Previous fiscal year (As of December 31, 2020)	2021 Q3 (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	27,054	35,469
Notes and accounts receivable - trade	14,663	10,256
Operational investment securities	21,692	11,048
Inventories	9	15
Other	956	749
Allowance for doubtful accounts	(12)	(8)
Total current assets	64,363	57,532
Non-current assets		
Property, plant and equipment	798	845
Intangible assets		
Goodwill	156	170
Other	1,370	1,453
Total Intangible assets	1,527	1,623
Investments and other assets		
Shares of affiliate companies	408	314
Investment securities	3,331	6,911
Leasehold and guarantee deposits	876	629
Other	158	202
Allowance for doubtful accounts	(28)	(13)
Total Investments and other assets	4,745	8,045
Total non-current assets	7,070	10,514
Total assets	71,434	68,046
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	12,750	9,818
Short-term borrowings	1,500	—
Current portion of long-term borrowings	1,236	5,938
Income taxes payable	772	2,534
Provision for bonuses	328	153
Other	3,042	2,022
Total current liabilities	19,629	20,468
Non-current liabilities		
Long-term borrowings	8,091	3,237
Deferred tax liabilities	3,483	1,584
Asset retirement obligations	208	320
Other	3	2
Total non-current liabilities	11,786	5,145
Total liabilities	31,416	25,613



	Previous fiscal year (As of December 31, 2020)	2021 Q3 (As of September 30, 2021)
Net assets		
Shareholders' equity		
Share capital	8,212	8,212
Capital surplus	3,972	4,024
Retained earnings	10,557	19,576
Treasury shares	(1,698)	(3,698)
Total Shareholders' equity	21,043	28,114
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,071	4,719
Foreign currency translation adjustment	80	393
Total accumulated other comprehensive income	10,151	5,113
Share acquisition rights	0	11
Non-controlling interests	8,822	9,193
Total net assets	40,018	42,433
Total liabilities and net assets	71,434	68,046

## (2) Quarterly consolidated statements of income and comprehensive income

### ① Quarterly consolidated statements of income

(Unit: 1 million yen)

	2020 Q3 From January 1, 2020 to September 30, 2020	2021 Q3 From January 1, 2021 to September 30, 2021
Net sales	64,630	74,737
Cost of sales	51,101	53,887
Gross profit	13,529	20,849
Selling, general and administrative expenses	10,811	10,726
Operating profit	2,718	10,122
Non-operating income		
Share of profit of entities accounted for using equity method	30	—
Gain on investments in investment partnerships	1,067	3,820
Other	43	39
Total non-operating income	1,141	3,859
Non-operating expenses		
Interest expenses	19	17
Commission expenses	46	39
Share of loss of entities accounted for using equity method	—	9
Other	17	13
Total non-operating expenses	83	80
Ordinary profit	3,776	13,902
Extraordinary income		
Gain on change in equity	41	—
Gain on sales of investment securities	1,761	687
Gain on sale of businesses	18	97
Other	0	6
Total extraordinary income	1,820	792
Extraordinary losses		
Loss on retirement of non-current assets	7	95
Impairment loss	1	-
Loss on valuation of investment securities	60	12
Loss on sales of investment securities	87	-
Other	9	-
Total extraordinary losses	166	107
Profit before income taxes	5,431	14,587
Income taxes	1,060	4,560
Profit	4,370	10,026
Profit attributable to non-controlling interests	903	230
Profit attributable to owners of parent	3,467	9,795

## ② Quarterly consolidated statements of comprehensive income

(Unit: 1 million yen)

	2020 Q3 From January 1, 2020 to September 30, 2020	2021 Q3 From January 1, 2021 to September 30, 2021
Profit	4,370	10,026
Other comprehensive income		
Valuation difference on available-for-sale securities	1,154	(4,898)
Foreign currency translation adjustment	(111)	312
Total other comprehensive income	1,043	(4,585)
Comprehensive income	5,414	5,441
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,941	4,757
Comprehensive income attributable to non-controlling interests	472	683

### (3) Quarterly consolidated statements of cash flows

(Unit: 1 million yen)

	2020 Q3 From January 1, 2020 to September 30, 2020	2021 Q3 From January 1, 2021 to September 30, 2021
Cash flows from operating activities		
Profit before income taxes	5,431	14,587
Depreciation	406	522
Amortization of goodwill	—	30
Increase (decrease) in allowance for doubtful accounts	7	(19)
Increase (decrease) in provision for bonuses	(375)	(174)
Interest and dividend income	(1)	(0)
Interest expenses	19	17
Commission expenses	45	28
Share of loss (profit) of entities accounted for using equity method	(30)	9
Loss (gain) on sale of businesses	(18)	(97)
Loss (gain) on investments in investment partnerships	(1,067)	(3,820)
Loss (gain) on sales of investment securities	(1,673)	(687)
Loss (gain) on valuation of investment securities	60	12
Impairment loss	1	—
Loss on retirement of non-current assets	7	95
Decrease (increase) in trade receivables	2,000	4,407
Decrease (increase) in investment securities for sale	(430)	789
Decrease (increase) in inventories	18	(6)
Increase (decrease) in trade payables	(2,951)	(2,932)
Increase (decrease) in accrued consumption taxes	570	14
Other	(96)	(175)
Subtotal	1,924	12,599
Interest and dividends received	1	72
Interest paid	(19)	(16)
Income taxes paid	(788)	(2,468)
Income taxes refund	310	17
Cash flows from operating activities	1,429	10,204
Cash flows from investing activities		
Purchase of property, plant and equipment	(103)	(314)
Purchase of Intangible assets	(502)	(647)
Payments for asset retirement obligations	—	(57)
Purchase of investment securities	(708)	(1,192)
Proceeds from sales of Investment securities	1,881	694
Proceeds from withdrawal of investment securities	1,115	4,161
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(112)	—
Proceeds from sale of businesses	—	97
Payments of leasehold and guarantee deposits	(8)	(3)
Proceeds from refund of leasehold and guarantee deposits	1	242
Loan advances	—	(3)
Collection of loans receivable	4	0
Other	—	(43)
Cash flows from investing activities	1,567	2,934

	2020 Q3 From January 1, 2020 to September 30, 2020	2021 Q3 From January 1, 2021 to September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,500	(1,500)
Proceeds from long-term borrowings	3,015	1,000
Repayments of long-term borrowings	(2,138)	(1,152)
Proceeds from share issuance to non-controlling shareholders	1,262	1,693
Repayments to non-controlling shareholders	(133)	(2,056)
Purchase of treasury shares	(1,045)	(2,028)
Purchase of treasury shares of subsidiaries	(0)	(0)
Dividends paid	(389)	(775)
Dividends paid to non-controlling interests	(90)	(27)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(28)
Other	(0)	(0)
Cash flows from financing activities	1,979	(4,875)
Effect of exchange rate change on cash and cash equivalents	(32)	151
Net increase (decrease) in cash and cash equivalents	4,943	8,415
Cash and cash equivalents at beginning of period	20,398	27,054
Cash and cash equivalents at end of period	25,342	35,469

**(4) Notes on consolidated financial statements****① Notes on the premise of a going concern**

Not applicable.

**② Information on reporting segments****I. Consolidated financial results for the previous Q4 (From January 1, 2020 to December 31, 2020)****< Information in respect of net sales and the amount of profit or loss for each reportable segment >**

(Unit: 1 million yen)

	Reportable Segments				Adjustment *1	Consolidated
	Digital Shift Business	Advertising Business	Financial Investment Business	Total		
Net sales						
Net sales from third parties	7,515	75,971	5,281	88,768	—	88,768
Intersegment net sales or transfer	436	296	0	733	(733)	—
Total	7,952	76,267	5,281	89,502	(733)	88,768
Profit (loss) of segment *2	322	1,643	6,627	8,593	(2,417)	6,175
EBITDA *3	463	2,034	7,121	9,619	(2,027)	7,591
Interest expenses - Interest income						25
Profit before income taxes						6,150
Income taxes						1,448
Income taxes-current						1,512
Income taxes-deferred						(63)
Profit attributable to non-controlling interests						951
Profit attributable to owners of parent						3,750

**Notes:**

1. The - JPY 2,417 million adjustment to profit (loss) of segment includes - JPY 2,419 million of the elimination of intersegment transactions and HD management costs not allocated to each reportable segment.
2. Profit (loss) of segment is presented as EBIT (Profit (loss) before income taxes + Interest expenses - Interest income).
3. EBITDA = EBIT + Other financial gains (losses) + Depreciation + Amortization + Share-based remuneration expenses + Impairment loss

**< Information on impairment loss on non-current assets, goodwill, or etc. for each reportable segment >  
(Significant impairment loss pertaining to non-current assets)**

Not applicable.

**(Significant change in the amount of goodwill)**

Not applicable.

**(Significant gain on bargain purchase)**

Not applicable.

**II. Consolidated financial results for the current Q4 (From January 1, 2021 to December 31, 2021)**  
**< Information in respect of net sales and the amount of profit or loss for each reportable segment >**

(Unit: 1 million yen)

	Reportable Segments				Adjustment *1	Consolidated
	Digital Shift Business	Advertising Business	Financial Investment Business	Total		
Net sales						
Net sales from third parties	8,615	75,715	14,183	98,515	—	98,515
Intersegment net sales or transfer	439	477	0	917	(917)	—
Total	9,055	76,193	14,184	99,433	(917)	98,515
Profit (loss) of segment *2	(743)	3,147	15,537	17,942	(2,641)	15,300
EBITDA *3	(469)	3,511	16,163	19,205	(2,317)	16,888
Interest expenses - Interest income						20
Profit before income taxes						15,280
Income taxes						5,169
Income taxes-current						4,428
Income taxes-deferred						741
Profit attributable to non-controlling interests						(120)
Profit attributable to owners of parent						10,231

**Notes:**

1. The - JPY 2,641 million adjustment to profit (loss) of segment includes - JPY 2, 625 million of the elimination of intersegment transactions and HD management costs not allocated to each reportable segment.
2. Profit (loss) of segment is presented as EBIT (Profit (loss) before income taxes + Interest expenses - Interest income).
3. EBITDA = EBIT + Other financial gains (losses) + Depreciation + Amortization + Share-based remuneration expenses + Impairment loss

**< Change of reportable segments >**

Effective from the first quarter of the current fiscal year, the Company has changed from two segments of Marketing Business and Synergy Investment Business to three segments of Digital Shift Business, Advertising Business and Financial Investment Business. Segment information in consolidated financial results for the previous Q4 disclosed figures based on the classification of reportable segments after the change.

**< Information on impairment loss on non-current assets, goodwill, or etc. for each reportable segment >**  
**(Significant impairment loss pertaining to non-current assets)**

Not applicable.

**(Significant change in the amount of goodwill)**

Not applicable.

**(Significant gain on bargain purchase)**

Not applicable.

End

**(Per share information)**

	2020	2021
Net assets per share (yen)	1,405.59	1,540.34
Earnings per share- basic (yen)	167.86	473.28
Earnings per share- diluted (yen)	167.85	473.26

Note 1: The basis for the calculation of net assets per share is as follows

(in million yen, unless otherwise stated)

Item	2020	2021
Total net assets	40,018	40,930
Net assets attributable to common stock	31,195	32,661
Major components of the difference		
Share acquisition rights	0	12
Non-controlling interests	8,822	8,256
Number of common stock issued (shares)	23,817,700	23,817,700
Number of treasury stock (shares)	1,623,695	2,613,543
Number of shares of common stock used in calculating net assets per share (shares)	22,194,005	21,204,157

Note 2: The basis for the calculation of earnings per share – basic and earnings per share – diluted is as follows

(in million yen, unless otherwise stated)

Item	2020	2021
Earnings per share- basic		
Profit attributable to owners of parent on the consolidated statements of income	3,750	10,231
Amount not attributable to common stock	-	-
Profit attributable to owners of parent for common stock	3,750	10,231
Average number of shares during the period (shares)	22,346,195	21,617,349
Earnings per share- diluted		
Adjustments to profit attributable to owners of parent	-0	-0
(of which: adjustments for potential shares of consolidated subsidiaries)	(-0)	(-0)
Increase of number of shares of common stock (shares)	-	-
(of which: share acquisition rights (shares))	(-)	(-)
Summary of potential shares that were not included in the calculation of earnings per share – diluted because they are not dilutive	-	-



**(Significant subsequent events)****1 Sale of shares of a material subsidiary**

At the Board of Directors meeting held on February 9, 2022, the Company resolved to tender all of the common shares held by the Company of SoldOut, Inc. (hereinafter "SoldOut"), a consolidated subsidiary of the Company, in a tender offer for common shares and share acquisition rights of SoldOut conducted by Hakuhodo DY Holdings Inc. (hereinafter "Hakuhodo DY") and entered into a tender agreement with Hakuhodo DY on February 9, 2022. For details, please refer to the "Notice concerning execution of tender agreement for tender offer of shares of subsidiary and projected recording of extraordinary gain" disclosed on February 9, 2022.

**2 Repurchase of treasury shares**

The Board of Directors of the Company, at its meeting held on February 10, 2022, resolved that the Company would repurchase its own shares pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, paragraph 3 of the same act. For details, please refer to today's press release "Notice regarding resolution related to repurchase of treasury stock."