



October 15, 2021

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending February 28, 2022
(Six Months Ended August 31, 2021)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: October 15, 2021
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending February 28, 2022
(March 1, 2021 – August 31, 2021)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Aug. 31, 2021	21,933	24.2	2,299	292.8	2,132	-	622	-
Six months ended Aug. 31, 2020	17,655	(0.1)	585	(48.4)	(310)	-	(1,182)	-

Note: Comprehensive income
 Six months ended Aug. 31, 2021: 872 million yen (down 83.2%)
 Six months ended Aug. 31, 2020: 5,207 million yen (-%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Aug. 31, 2021	13.05		-	
Six months ended Aug. 31, 2020	(24.80)		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Aug. 31, 2021	31,297		15,126		38.3		251.66	
As of Feb. 28, 2021	30,057		14,854		39.4		248.38	

Reference: Shareholders' equity As of Aug. 31, 2021: 11,997 million yen As of Feb. 28, 2021: 11,841 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2021	-	0.00	-	2.00	2.00
Fiscal year ending Feb. 28, 2022	-	0.00	-	-	-
Fiscal year ending Feb. 28, 2022 (forecast)	-	-	-	8.00	8.00

Note: Revision to the most recently announced dividend forecast: Yes

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2022 (March 1, 2021 – February 28, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	45,500	22.1	4,800	107.4	5,000	78.7	2,000	310.7	41.95

Note: Revision to the most recently announced consolidated forecast: Yes

*** Notes**

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 12 for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

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|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Aug. 31, 2021:	47,936,100 shares	As of Feb. 28, 2021:	47,936,100 shares
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2) Number of treasury shares at the end of the period

As of Aug. 31, 2021:	262,061 shares	As of Feb. 28, 2021:	262,013 shares
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3) Average number of shares during the period

Six months ended Aug. 31, 2021	47,674,055 shares	Six months ended Aug. 31, 2020	47,674,154 shares
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* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Appropriate use of business forecast and other special items

Forecasts regarding future performance in this material are based on information currently available to Vector and incorporate a variety of uncertainties. Actual performance may differ from these forecasts for a number of reasons including changes in internal or external factors affecting business operations. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (4) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 5 of the attachments regarding the forecasts shown in this material.

Change in presentation of monetary units

Amounts in the financial statements, presented in thousands of yen in prior periods, are presented in millions of yen beginning with the current first quarter. To simplify prior-year comparisons, figures for the previous fiscal year and the first half of the previous fiscal year have been changed to millions of yen.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements are based on the judgments of Vector as of October 15, 2021.

(1) Explanation of Results of Operations

During the first half of the fiscal year ending February 28, 2022, economic activity in Japan was restricted because of declarations of a state of emergency since January 2021 and other measures to prevent the spread of COVID-19. Due to this situation, the economic outlook is still uncertain. Furthermore, there are still limitations on economic activity in many other countries because of lockdowns and other pandemic measures.

The Vector Group continued to focus on operating as a “fast company” that is a one-stop source of comprehensive support for marketing strategies with the goal of making people aware of the outstanding products, services and other attributes of our clients. To accomplish this goal, we strengthened highly effective services, chiefly digital services, and all group companies conducted extensive sales and other activities primarily involving our current clients.

We are using many activities to start and expand new services for supporting marketing strategies that make people aware of the outstanding attributes of our clients. To provide services that look ahead to emerging needs, we partnered with DM Solutions Co., Ltd. to establish Performance Technologies, Inc. which operates a performance marketing business, in March 2021. The new company provides market creation digital marketing with integrated activities extending from the identification of needs that are currently hidden to the acquisition of new customers. In April 2021, Vector subsidiary Cyber Security Bank, Inc., which operates a cyber security business, started a training service called Information Leak Preventer that is provided to companies to increase their employees’ vigilance regarding cyber security. In May 2021, we started operating an e-commerce website for the advertising industry called Hilomel. This new service allows selecting activities for disseminating information about products and services from a variety of methods with proven success. In September 2021, News Technology, inc., which operates a taxi signage business, and Cosodo Inc., a marketing company that operates smoking areas using the “THE TOBACCO” brand, started jointly providing a smoking area signage media called “The Smoking Room Vision Break” in conjunction with office buildings in Tokyo.

The Vector Group has acquired several businesses through M&A recently. Following Vector’s acquisition of ASHITA-TEAM Co., Ltd., which operates a human resources business, activities for establishing a sound framework for and optimizing business operations have been producing benefits. This company achieved quarterly profitability in the second quarter of the current fiscal year, making a contribution to consolidated results of operations.

During the first half, there were sales of stocks held by the Vector Group for the purposes of using assets more efficiently and increasing financial soundness. Although these sales resulted in a gain on sales of investment securities of 70 million yen, there was a 276 million yen valuation loss on investment securities caused mainly by the impact of the pandemic on some companies where the Vector Group is a shareholder.

Due to these activities, sales increased 24.2% to 21,933 million yen, operating profit increased 292.8% to 2,299 million yen, ordinary profit was 2,132 million yen compared with a loss of 310 million yen one year earlier, and the profit attributable to owners of parent was 622 million yen compared with a loss of 1,182 million yen one year earlier.

In our venture capital business, we support companies where we make investments by supplying public relations and investor relations services and in other ways. Waqoo Inc., BCC Co.,Ltd. were listed on the Mothers Market of the Tokyo Stock Exchange on June 29, 2021 and July 6, 2021, respectively, and Livero Inc. and Robot Payment Inc. were listed on this market on September 28, 2021.

Business segment performance was as follows.

Public Relations and Advertising

The main activities of this business segment are strategic PR services centered on consulting and the sale of advertisements by using an IoT signage service, which is mainly for tablets placed in taxis. The performance of

this segment was affected by restrictions on some corporate marketing activities due to declarations of a state of emergency in Japan. In response, in the previous fiscal year, we started launching many new services in the digital domain, such as online PR events and live commerce support using social networking services. Due to these activities, the strong first quarter performance of this segment in Japan continued in the second quarter. In other countries, the pandemic had a severe impact on sales and earnings due to lockdowns and other measures.

Sales increased 51.2% to 11,818 million yen and operating profit increased 194.3% to 808 million yen.

Press Release Distribution

PR TIMES, Inc. distributes and posts press releases by using its “PR TIMES” website as well as many other websites. Utilization of this service has been very high during the COVID-19 crisis. As of August 2021, more than 58,000 companies were using this service, which set a new record for quarterly sales and operating profit.

Segment sales increased 31.9% to 2,296 million yen and operating profit rose 42.0% to 897 million yen.

Video Release Distribution

In the previous fiscal year, the video release distribution business of NewsTV, Inc. shifted to sales activities that incorporate consulting in order to solve the marketing problems of companies by using videos. This shift produced benefits in the first and second quarters that enabled this business segment to report a profit despite the severe negative impact of the pandemic.

Segment sales increased 14.6% to 741 million yen and operating profit was 16 million yen compared with an operating loss of 91 million yen one year earlier.

Direct Marketing

During the first half, the direct marketing business of Vitabrid Japan, Inc. and other companies temporarily reduced activities to attract new customers by reducing advertising expenditures in order to conduct more efficient measures to add customers. In the first half of the previous fiscal year, there was a large volume of advertising expenditures targeting demand created by the need to stay home for safety during the pandemic. Despite the decline in these expenditures, there was only a small decrease in sales, the result of steady sales of Vitabrid C personal care products, mainly to current customers. Furthermore, operating profit increased significantly. We expect this segment to continue to perform well because of the outlook for an increasing number of new customers due to higher advertising expenditures starting in the third quarter and effective marketing activities.

Segment sales decreased 0.3% to 5,815 million yen and operating profit increased 810.3% to 559 million yen.

Media

In the media business of Smartmedia INC., the service for building owned media performed well but advertising revenue at the web media of this business was lower than expected mainly because of a change in the order that search engine results are displayed. In addition, there was an operating loss in the second quarter of the fiscal year because this business continued to make up-front investments as in the first quarter for expanding and upgrading the functions of the SaaS content management system (CMS).

Segment sales increased 14.5% to 454 million yen and operating loss was 22 million yen compared with an operating profit of 35 million yen one year earlier.

Human Resources

The human resources business of ASHITA-TEAM Co., Ltd. ended sales of perpetual utilization rights to its cloud system for the purpose of preventing a reoccurrence of the accounting problem that happened in the previous fiscal year. As a result, sales decreased. However, despite declarations of a state of emergency in Japan, there were solid sales of SaaS products and measures started in the previous fiscal year to establish a sound framework for this business and optimize operations began to produce benefits. As a result, this business was profitable in

the second quarter of the current fiscal year.

Segment sales decreased 11.8% to 1,224 million yen and operating loss was 46 million yen compared with a 466 million yen loss one year earlier.

Fund

In the fund business, which is operated by 100Capital Inc., part of the equities held by 100Capital No. 1 Investment Limited Liability Partnership were sold.

Segment sales decreased 63.8% to 105 million yen and operating profit decreased 41.5% to 86 million yen.

(2) Explanation of Financial Position

Assets

Total assets at the end of the second quarter of the current fiscal year increased 1,240 million yen from the end of the previous fiscal year to 31,297 million yen.

Current assets increased 1,215 million yen to 19,626 million yen. This was mainly due to increases of 733 million yen in cash and deposits and 484 million yen in notes and accounts receivable-trade.

Non-current assets increased 24 million yen to 11,671 million yen. This was mainly due to an increase of 94 million yen in lease and guarantee deposits, while there was a decrease of 89 million yen in investment securities.

Liabilities

Total liabilities at the end of the second quarter of the current fiscal year increased 968 million yen from the end of the previous fiscal year to 16,171 million yen.

Current liabilities increased 1,128 million yen to 10,058 million yen. This was mainly due to increases of 553 million yen in accounts payable-trade and 552 million yen in short-term borrowings.

Non-current liabilities decreased 159 million yen to 6,112 million yen. This was mainly due to a decrease of 159 million yen in deferred tax liabilities.

Net assets

Total net assets at the end of the second quarter of the current fiscal year increased 271 million yen from the end of the previous fiscal year to 15,126 million yen. This was mainly due to an increase of 3,036 million yen in retained earnings, while there was a decrease of 2,592 million yen in capital surplus.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the second quarter of the current fiscal year increased 736 million yen from the end of the previous fiscal year to 11,588 million yen.

The cash flow components during the first half and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 1,871 million yen, compared with net cash used of 51 million yen in the same period of the previous fiscal year. Main positive factors include profit before income taxes of 2,103 million yen, loss on valuation of investment securities of 276 million yen, and a 513 million yen increase in trade payables. Main negative factors include income taxes paid of 874 million yen and a 402 million yen increase in trade receivables.

Cash flows from investing activities

Net cash used in investing activities was 1,164 million yen, compared with net cash used of 427 million yen in the same period of the previous fiscal year. Main positive factors include proceeds from sales of investment securities

of 88 million yen. Main negative factors include purchase of property, plant and equipment of 176 million yen, purchase of investment securities of 329 million yen and purchase of shares of subsidiaries and associates of 358 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 0 million yen, compared with net cash provided of 2,454 million yen in the same period of the previous fiscal year. Main positive factors include a net increase in short-term borrowings of 547 million yen and proceeds from long-term borrowings of 561 million yen. Main negative factors include repayments of long-term borrowings of 420 million yen and amount of distribution paid to investment business members of 385 million yen.

(4) Explanation of Consolidated Forecast and Other Forward-looking Statements

Predicting the timing of the end of the pandemic and the speed of the subsequent economic recovery is still impossible. On October 15, 2021, in a press release titled “Notice of Difference between First Half Results and Forecast, Revision of Fiscal Year Consolidated Forecast and Revision of Dividend Forecast” (Japanese only), Vector announced revisions to the fiscal year consolidated forecast that were announced on April 14, 2021. These revisions incorporate factors that include the strong performance of existing businesses and the decision to focus more tightly than initially planned the investments in new businesses based on the policy of concentrating these expenditures on carefully selected businesses.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY2/21 (As of Feb. 28, 2021)	Second quarter of FY2/22 (As of Aug. 31, 2021)
Assets		
Current assets		
Cash and deposits	10,860	11,594
Notes and accounts receivable-trade	4,695	5,180
Operational investment securities	147	131
Merchandise and finished goods	775	803
Costs on service contracts in progress	155	208
Other	1,913	1,835
Allowance for doubtful accounts	(138)	(127)
Total current assets	18,410	19,626
Non-current assets		
Property, plant and equipment		
Buildings and structures	474	487
Tools, furniture and fixtures	664	806
Leased assets	555	548
Construction in progress	35	46
Accumulated depreciation	(1,009)	(1,144)
Total property, plant and equipment	720	744
Intangible assets		
Goodwill	595	534
Software	420	606
Other	286	59
Total intangible assets	1,302	1,200
Investments and other assets		
Investment securities	7,909	7,819
Deferred tax assets	687	684
Leasehold and guarantee deposits	961	1,056
Other	350	437
Allowance for doubtful accounts	(285)	(272)
Total investments and other assets	9,624	9,726
Total non-current assets	11,646	11,671
Total assets	30,057	31,297

(Millions of yen)

	FY2/21 (As of Feb. 28, 2021)	Second quarter of FY2/22 (As of Aug. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	1,039	1,592
Short-term borrowings	974	1,526
Current portion of long-term borrowings	804	913
Current portion of bonds payable	198	202
Lease obligations	212	155
Income taxes payable	911	960
Provision for bonuses	366	341
Provision for point card certificates	185	107
Provision for shareholder benefit program	98	-
Provision for loss on business liquidation	-	37
Unearned revenue	1,886	2,196
Other	2,253	2,024
Total current liabilities	8,930	10,058
Non-current liabilities		
Long-term borrowings	4,051	4,100
Bonds payable	430	395
Lease obligations	95	36
Deferred tax liabilities	1,642	1,482
Retirement benefit liability	27	37
Other	25	60
Total non-current liabilities	6,272	6,112
Total liabilities	15,202	16,171
Net assets		
Shareholders' equity		
Share capital	2,880	2,880
Capital surplus	2,806	213
Retained earnings	2,590	5,626
Treasury shares	(259)	(259)
Total shareholders' equity	8,016	8,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,834	3,493
Foreign currency translation adjustment	(9)	43
Total accumulated other comprehensive income	3,824	3,537
Share acquisition rights	73	0
Non-controlling interests	2,939	3,128
Total net assets	14,854	15,126
Total liabilities and net assets	30,057	31,297

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Six-month Period)**

	(Millions of yen)	
	First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)
Net sales	17,655	21,933
Cost of sales	5,902	7,861
Gross profit	11,753	14,071
Selling, general and administrative expenses	11,167	11,771
Operating profit	585	2,299
Non-operating income		
Interest and dividend income	9	3
Foreign exchange gains	0	-
Gain on sales of investment securities	47	70
Gain on investments in investment partnerships	41	3
Share of profit of entities accounted for using equity method	-	4
Other	62	102
Total non-operating income	162	184
Non-operating expenses		
Interest expenses	27	26
Foreign exchange losses	-	8
Provision of allowance for doubtful accounts	8	8
Loss on investments in investment partnerships	81	18
Loss on valuation of investment securities	764	276
Share of loss of entities accounted for using equity method	173	-
Other	3	13
Total non-operating expenses	1,058	351
Ordinary profit (loss)	(310)	2,132
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on reversal of share acquisition rights	73	73
Gain on forgiveness of debts	-	9
Total extraordinary income	73	82
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	0	4
Impairment loss	33	3
Loss on liquidation of business	35	39
Provision for loss on business liquidation	-	37
Loss on valuation of shares of subsidiaries and associates	-	25
Total extraordinary losses	69	111
Profit (loss) before income taxes	(306)	2,103
Income taxes	554	937
Profit (loss)	(860)	1,165
Profit attributable to non-controlling interests	321	543
Profit (loss) attributable to owners of parent	(1,182)	622

Quarterly Consolidated Statement of Comprehensive Income
(For the Six-month Period)

	(Millions of yen)	
	First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)
Profit (loss)	(860)	1,165
Other comprehensive income		
Foreign currency translation adjustment	(15)	40
Valuation difference on available-for-sale securities	6,082	(349)
Share of other comprehensive income of entities accounted for using equity method	0	16
Total other comprehensive income	6,067	(293)
Comprehensive income	5,207	872
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,880	334
Comprehensive income attributable to non-controlling interests	327	537

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(306)	2,103
Depreciation	205	254
Amortization of goodwill	117	150
Amortization of long-term prepaid expenses	3	2
Depreciation and amortization on other	18	20
Impairment loss	33	3
Loss (gain) on sales of non-current assets	0	0
Loss on retirement of non-current assets	0	4
Loss (gain) on sales of investment securities	(47)	(70)
Loss (gain) on valuation of investment securities	764	276
Loss (gain) on investments in investment partnerships	39	14
Share of loss (profit) of entities accounted for using equity method	173	(4)
Loss on valuation of shares of subsidiaries and associates	-	25
Gain on reversal of share acquisition rights	(73)	(73)
Increase (decrease) in allowance for doubtful accounts	19	(24)
Increase (decrease) in provision for bonuses	(205)	(25)
Increase (decrease) in provision for shareholder benefit program	(76)	(98)
Increase (decrease) in provision for point card certificates	73	(78)
Increase (decrease) in provision for loss on business liquidation	-	37
Increase (decrease) in retirement benefit liability	-	9
Interest and dividend income	(9)	(3)
Interest expenses	27	26
Decrease (increase) in trade receivables	1,363	(402)
Decrease (increase) in inventories	(133)	(52)
Decrease (increase) in investment securities for sale	134	8
Increase (decrease) in trade payables	(234)	513
Increase (decrease) in accounts payable-other	(145)	(139)
Other, net	(367)	291
Subtotal	1,372	2,772
Interest and dividends received	11	2
Interest paid	(27)	(30)
Income taxes paid	(1,407)	(874)
Net cash provided by (used in) operating activities	(51)	1,871

(Millions of yen)

	First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)
Cash flows from investing activities		
Payments into time deposits	-	(0)
Proceeds from withdrawal of time deposits	-	3
Purchase of property, plant and equipment	(170)	(176)
Proceeds from sales of property, plant and equipment	0	0
Purchase of intangible assets	(119)	(96)
Purchase of investment securities	(129)	(329)
Proceeds from sales of investment securities	130	88
Payments for investments in capital	(47)	(71)
Proceeds from divestments	47	21
Loan advances	(119)	(80)
Collection of loans receivable	1	72
Payments for acquisition of businesses	-	(108)
Purchase of shares of subsidiaries and associates	-	(358)
Payments of leasehold and guarantee deposits	(29)	(181)
Proceeds from refund of leasehold deposits	8	25
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	27
Net cash provided by (used in) investing activities	(427)	(1,164)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,281	547
Proceeds from long-term borrowings	1,960	561
Repayments of long-term borrowings	(404)	(420)
Proceeds from issuance of bonds	-	67
Redemption of bonds	(99)	(99)
Proceeds from issuance of share acquisition rights	0	0
Expenditure for acquisition of own share acquisition rights	(45)	-
Proceeds from share issuance to non-controlling shareholders	126	39
Purchase of treasury shares	-	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(34)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	15	-
Purchase of treasury shares of subsidiaries	(0)	(238)
Proceeds from disposal of treasury shares of subsidiaries	-	168
Repayments of lease obligations	(105)	(112)
Dividends paid	(0)	(95)
Amount of distribution paid to investment business members	(274)	(385)
Net cash provided by (used in) financing activities	2,454	0
Effect of exchange rate change on cash and cash equivalents	(12)	29
Net increase (decrease) in cash and cash equivalents	1,962	736
Cash and cash equivalents at beginning of period	7,884	10,852
Cash and cash equivalents at end of period	9,846	11,588

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Based on a resolution approved at the annual shareholders meeting held on May 27, 2021, the capital surplus was reduced by 2,413 million yen and this amount was transferred to retained earnings to offset a loss. This transfer had no effect on total shareholders' equity.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

The tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

Segment and Other Information**Segment information**

1. First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)

(1) Information related to net sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Net sales							
External sales	7,674	1,670	533	5,804	293	1,389	291
Inter-segment sales and transfers	139	71	114	25	103	0	-
Total	7,814	1,741	647	5,830	397	1,389	291
Segment profit (loss)	274	631	(91)	61	35	(466)	148

	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales			
External sales	17,655	-	17,655
Inter-segment sales and transfers	454	(454)	-
Total	18,110	(454)	17,655
Segment profit (loss)	593	(8)	585

Notes: 1. The minus 8 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

2. Segment profit (loss) is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

(2) Information related to assets for reportable segments

In the second quarter of FY2/21, segment assets in the Public Relations and Advertising segment increased 8,067 million yen from the end of FY2/20 mainly due to the market valuation of Cyber Security Cloud, Inc.

(3) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses involving non-current assets

In the Press Release Distribution segment, there was a first half impairment loss of 33 million yen in the first six months of FY2/21 because of the write down to the amount that can be recovered of the book value of the asset group (goodwill and software) associated with the U-NOTE business, which has consistently been unable to achieve the initial plan for sales and earnings.

Significant change in goodwill

Goodwill decreased because of the impairment losses explained in the preceding section. The write downs of goodwill during the first six months of FY2/21 totaled 30 million yen in the Press Release Distribution segment.

Significant gain on bargain purchase

Not applicable.

2. First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)

(1) Information related to net sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Net sales							
External sales	11,727	2,218	573	5,772	313	1,224	102
Inter-segment sales and transfers	90	78	167	42	141	0	2
Total	11,818	2,296	741	5,815	454	1,224	105
Segment profit (loss)	808	897	16	559	(22)	(46)	86

	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales			
External sales	21,933	-	21,933
Inter-segment sales and transfers	523	(523)	-
Total	22,457	(523)	21,933
Segment profit (loss)	2,299	0	2,299

Notes: 1. The 0 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

2. Segment profit (loss) is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

(2) Information related to revisions for reportable segments

In the first quarter of the current fiscal year, equity-method affiliate Cyber Security Bank, Inc. was moved from the human resources segment to the public relations and advertising segment due to a reexamination of reportable segments.

(3) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses involving non-current assets

In the video release distribution segment, there was an impairment loss because the performance of the software business has been consistently below the initial plan. In the first six months of FY2/22, this impairment loss was 3 million yen.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Subsequent Events

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.