(English Translation)
This English translation is an abridged version of the original document in Japanese. In the event of any discrepancy, the Japanese version prevails.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

May 10, 2022

Listed company name: WOW WORLD Inc.
Stock exchange listing: Tokyo
Securities code: 2352
URL https://www.wow-world.co.jp/
Representative: (Position) President (Name)Kazuo Mino
Contact: (Position) Corporate Planning Office Manager （Name）Hiroaki yamashita (TEL) +81-3-6387-8080
Scheduled Annual General Shareholders' Meeting: June 28, 2022
Scheduled date to commence dividend payments: June 8, 2022
Scheduled date to file securities report: June 29, 2022
Preparation of supplementary materials on financial results: Yes
Holding of financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

（Percentages indicate year-on-year increases.)

	Net sales		EBITDA *		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	2,833	20.2	593	4.9	362	(11.9)	365	(14.0)	213	(4.1)
March 31, 2021	2,356	25.6	565	10.9	411	(11.0)	425	(9.6)	222	(30.6)

（Note）Comprehensive income : The fiscal year ended March 31, 2022 ¥190 Million（-29.4%）; The fiscal year ended March 31, 2021 ¥ 269 Million（2.9%）

	Earnings per share	Diluted earnings per share	Return on Equity	Return on Asset	Operating profit margin
Year ended	Yen	Yen	%	%	%
March 31, 2022	54.21	50.97	13.2	11.6	12.8
March 31, 2021	56.14	53.39	13.5	16.4	17.5

(Reference) Equity in net income of affiliates : The fiscal year ended March 31, 2022 ¥-2 Million ; The fiscal year ended March 31, 2021 ¥2 Million
* EBITDA＝ Operating profit +Depreciation＋Amortization of goodwill＋Share-based remuneration expenses

(2) Consolidated financial position

	Total assets	Net assets	Shareholders'equity ratio	Net assests per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	3,077	1,597	48.4	385.57
March 31, 2021	3,237	1,813	53.8	438.87

（Reference）Shareholders' equity : The fiscal year ended March 31, 2022 ¥1,490 Million; The fiscal year ended March 31, 2021 ¥1,743 Million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	469	(333)	(430)	975
March 31, 2021	415	(478)	349	1,270

2. Dividends

	Dividends per share					Total cash dividends paid	Payout ratio (Consolidated)	Dividends / Shareholders' equity ratio (consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Annual			
	yen	yen	yen	yen	yen	Million	%	%
Fiscal year ended March 31, 2021	―	0.00	―	25.00	25.00	101	44.5	6.0
Fiscal year ended March 31, 2022	―	0.00	―	30.00	30.00	119	55.3	7.3
Fiscal year ending March 31, 2023 (forecast)	―	0.00	―	33.00	33.00		39.9	

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2023(April 1, 2022 to March 31, 2023)

（Percent figures indicate the rate of changes from the previous fiscal year)

	Revenue		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	1,580	―	240	―	135	―	130	―	85	―	21.98
Full-year	3,440	―	730	―	510	―	500	―	320	―	82.76

* EBITDA＝ Operating profit +Depreciation＋Impairment losses and loss on retirement (property, plant and equipment and Intangible assets) ＋Share-based remuneration expenses
(Note) The consolidated earnings forecast for the fiscal year ending March 2023 is calculated based on IFRS because the Company has decided to voluntarily apply International Financial Reporting Standards (hereinafter referred to as "IFRS") from the fiscal year ending March 2023.For this reason, the rate of increase / decrease with respect to the actual value for the fiscal year ended March 20, 2023, to which the Japanese standard was applied, is not stated.

* Notes

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

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

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
b. Changes in accounting policies due to other reasons: Yes
c. Changes in accounting estimates: Yes
d. Restatement: None

(3) Number of issued shares (Common shares)

a.Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	3,999,084 shares
As of March 31, 2021	4,412,400 shares

b. Number of treasury shares at the end of the period

As of March 31, 2022	132,660 shares
As of March 31, 2021	440,161 shares

c.Average number of outstanding shares during the period

As of March 31, 2022	3,937,248 shares
As of March 31, 2021	3,964,404 shares

* Reference Summary of Non-consolidated Results

Non-consolidated Financial Results for the Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

（Percentages indicate year-on-year increases.）

	Net sales		EBITDA *		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	1,759	5.2	533	11,0	416	6.1	401	4.3	281	38.0
March 31, 2021	1,672	9.1	480	(8.3)	392	(18.7)	385	(21.4)	204	(38.1)

	Earnings per share	Diluted earnings per share
Year ended	Million yen	Million yen
March 31, 2022	71.54	67.26
March 31, 2021	51.49	48.97

* EBITDA＝ Operating profit +Depreciation＋Amortization of goodwill＋Share-based remuneration expenses

(2)Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assests per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	2,579	1,652	60.4	402.95
March 31, 2021	2,590	1,775	66.5	433.75

（Reference）Shareholders' equity : The fiscal year ended March 31, 2022 ￥1,557 Million; The fiscal year ended March 31, 2021 ￥1,722 Million

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the consolidated forecasts due to various factors.

* For the preconditions for business forecasts and precautions when using business forecasts, see "1. Qualitative Information on Quarterly Financial Results (4) Explanation of Future Forecast Information such as Consolidated Earnings Forecasts" on page 5 of the Attachment.

* How to obtain supplementary explanation materials for financial results
Supplementary information on financial results will be posted on the Tokyo Stock Exchange "Timely Disclosure Information Browsing Service" and our website on May 24, 2022 (Tuesday).

Attached Material

1． Qualitative information on consolidated financial results

(1) Explanation of operating results

During the current consolidated fiscal year (April 1, 2021 to March 31, 2022), the economy of Japan experienced concerns about the prolonged effects of COVID-19 and instabilities in the international order. However, customers in the email and digital markets in which the WOW WORLD Group operates have continued to embrace digital technologies and digital-related demand remained firm.

Guided by a group vision to *create a world of surprises through the power of people and technology*, the WOW WORLD Group mission is to *create pleasant surprises between companies and their customers through relationship engineering*. As we grow our businesses, we aim to create moments of *WOW* (pleasant surprises) between our customers, their customers, and those with whom we work.

Based on this new management philosophy, WOW WORLD has defined three strategic pillars for the current consolidated fiscal year: (1) engage in full-scale operations of Customer Success; (2) create group synergies; and (3) pursue further growth through M&A.

During the current consolidated fiscal year, we achieved significant growth in cloud services sales(*1) with the full-scale operations of customer success. In addition, group company Connecty, Inc. developed a new cloud CDP(*2), Connecty CDP, for which we launched joint sales activities. We released new versions of WEBCAS (our mainstay product and service) and Connecty CMS on Demand, provided by Connecty.

In terms of ESG initiatives, we contribute to the environment by conserving resources through encouraging remote work and by digitizing operations. In addition to adopting a dual-employment system to support employee careers, we are also examining other work styles with an eye to the post-COVID-19 era.
In addition, on January 11, 2022, we announced our shift to the Prime Market as a classification within the Japan Exchange Group, Inc. Tokyo Stock Exchange, Inc. as of April 4, 2022, the Company has been listed on the Prime Market. We will continue to implement measures in a steady manner to achieve our management targets, while also enhancing corporate value through information disclosure, improved corporate governance, and shareholder returns.

Amid these circumstances, the WOW WORLD Group reported the following business results for the current consolidated fiscal year.

a. Net sales increase for 13 consecutive terms and was record high.

During the current consolidated fiscal year, net sales were 2,833,767 thousand yen (up 20.2% year-on-year), the 13th consecutive year of sales growth. The main reasons for this were the contribution of sales from Connecty Inc., which joined the group from October 2020, and the increase in cloud services in the enterprise software business, which has been the main business of the past.

b. Cloud services grew significantly, up 20.0% year-on-year.

Cloud services, which we have been strengthening for many years, represent a revenue base that we expect to grow steadily through the so-called subscription model. During the current consolidated fiscal year, we launched full-scale operations of customer success, while experiencing an increased number of inquiries in connection with digital-related demand under the COVID-19 pandemic, leading to more orders and a steady build-up of monthly sales.

(Thousand yen)

	FY03/20	FY03/21	FY03/22
Cloud service sales	1,116,195	1,321,878	1,586,339
Change	+172,982	+205,684	+264,460
YoY(%)	+18.3%	+18.4%	+20.0%

c. EBITDA increased by 4.9% year-on-year was record high.

During the current consolidated fiscal year, EBITDA rose to a record-high 593,611 thousand yen (up 4.9% year on year). This result was mainly due to the increase in cloud services sales mentioned above.

Meanwhile, operating profit was 362,753 thousand yen (down 11.9% year-on-year) due to Increased labor costs due to increased personnel and goodwill amortization costs incurred with the conversion of Connecty into a consolidated subsidiary and expenses for preparing for the voluntary application of IFRS in the next fiscal year and strengthening customer success efforts.

As a result of these efforts, in the current consolidated fiscal year, net sales were 2,833,767 thousand yen (up 20.2% year-on-year), EBITDA 593,611 thousand yen (up 4.9% year-on-year), and operating profit was 362,753 thousand yen (down 11.9% year-on-year), ordinary profit 365,764 thousand yen (down 14.0% year-on-year), and Profit attributable to owners of parent of 213,432 thousand yen (down 4.1% year-on-year).

The performance of the segment is as follows.

a. Enterprise Software

Sales for the current consolidated fiscal year rose by 13.6% year-on-year, mainly due to the cloud CMS-related sales growth of Connecty Inc. and steady increase in existing cloud services centered on “WEBCAS SaaS standard version” (former ASP).

WEBCAS e-mail, our mainstay email communications product, was ranked No. 1 in sales in the fiscal 2019 email broadcast package market vendor rankings in the market survey report *(ITR Market View: Email/Web Marketing Market 2021)* published by ITR CORPORATION. By sales, our market share was 35.0%. According to the forecast in said report, we are expected to hold top share (43.1%) for fiscal 2020 as well.

Gross profit margin for the current consolidated fiscal year improved significantly year on year, as we experienced no increases in subcontracting costs associated with large-scale projects of the type we saw in the previous fiscal year.
As a result, overall sales of this business were 1,910,433 thousand yen (up13.6% year-on-year) and gross profit margin 68.6% (up 4.0pt year-on-year).

b. Digital Marketing Operational Support (former consulting)

We achieved a significant increase in sales for the current consolidated fiscal year, mainly due to the contributions of Connecty Inc. to growth in online sales. Meanwhile, the main customers of FUCA Inc. were more susceptible to the effects of COVID-19, leading to lower sales for the company. The impact of higher personnel expenses resulted in lower profits.
As a result, overall sales of this business were 802,510 thousand yen (up 59.0% year-on-year) and gross profit margin was 24.1% (down 8.4pt year-on-year).

c. E-commerce

This segment consists of the Babychu e-commerce site operated by wholly owned subsidiary Mamachu, Inc.

During the current consolidated fiscal year, sales for the segment decreased due to a decline in demand for apparel worn outside the home, which is the target of this e-commerce site, due to prolonged declarations of a state of emergency in Japan.

As a result, sales in the EC business were 117,733 thousand yen (down 28.8% year-on-year) and gross profit margin was 42.5% (up 3.8pt year-on-year).

Net sales by segment and gross profit margin

		FY03/21		FY03/22	
		Amount	Composition ratio	Amount	Composition ratio
		Profit rate		Profit rate	YoY (%)
Enterprise Software	Net sales (thousand yen)	1,681,156	71.3%	1,910,433	67.4%
	Gross profit margin (%)	64.6%	―	68.6%	―
Digital Marketing Operational Support	Net sales (thousand yen)	504,582	21.4%	802,510	28.3%
	Gross profit margin (%)	32.5%	―	24.1%	―
E-commerce	Net sales (thousand yen)	165,382	7.0%	117,733	4.2%
	Gross profit margin (%)	38.7%	―	42.5%	―
Others	Net sales (thousand yen)	5,762	0.2%	3,090	0.1%
	Gross profit margin (%)	49.3%	―	79.5%	―
Total	Net sales (thousand yen)	2,356,884	100.0%	2,833,767	100.0%
	Gross profit margin (%)	55.9%	―	54.9%	―

*1 Cloud services
A form in which a user company uses software running on a server managed by a software provider (in this case, Wow World Group) as a service via the Internet. User companies can use the server software at a relatively low cost by paying a monthly usage fee without incurring server software management and licensing costs.

*2 CDP
It is an abbreviation for Customer Data Platform, a system that integrates, manages, and analyzes data such as customer attributes, behavioral history on websites, purchase history on EC sites, POS data offline, and location information on smartphones.

(2) Explanation of financial position

Total assets at the end of the current consolidated fiscal year decreased by 160,181 thousand yen from the end of the previous consolidated fiscal year to 3,077,786 thousand yen (down 4.9% from the end of the previous consolidated fiscal year).

Current assets decreased by 312,351 thousand yen due to a decrease of 295,115 thousand yen in cash and deposits compared to the end of the previous consolidated fiscal year.

Non-current assets increased by 152,170 thousand yen due to an increase of 35,348 thousand yen in Property, plant and equipment and an increase of 135,821 thousand yen in intangible fixed assets and a decrease of 19,000 thousand yen in investment and other assets compared to the end of the previous consolidated fiscal year.

Total liabilities at the end of the current consolidated fiscal year increased by 55,060 thousand yen from the end of the previous consolidated fiscal year to 1,479,887 thousand yen (up 3.9% from the end of the previous consolidated fiscal year).

Current liabilities increased by 190,724 thousand yen compared to the end of the previous consolidated fiscal year due to a decrease of 65,873 thousand yen in unearned revenue and a decrease of 47,785 thousand yen in Provision for loss on order received and an increase of 363,755 thousand yen in contract liability.

Non-current liabilities decreased by 135,664 thousand yen due to a decrease of 135,444 thousand yen in long-term borrowings compared to the end of the previous consolidated fiscal year.

Total net assets at the end of the current consolidated fiscal year decreased by 215,241 thousand yen from the end of the previous consolidated fiscal year to 1,597,899 thousand yen (down 11.9% from the end of the previous consolidated fiscal year).This was due to the fact that while net income attributable to owners of the parent was 213,432 thousand yen, and due to 101,003 thousand yen in dividend of surplus and due to 345,609 thousand yen in purchase of treasury stock. Also, this was due to a decrease of 163,660 thousand yen in Balance of retained earnings at the beginning of the period and due to a decrease of 8,729 thousand yen in the balance of non-controlling interests at the beginning of the period with the application of the "Accounting Standard for Revenue Recognition" from the beginning of the current consolidated accounting period.

(3) Summary of Cash Flows for the Year Ended March 31, 2022

The balance of cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated fiscal year decreased by 294,776 thousand yen from the end of the previous consolidated fiscal year to 975,665 thousand yen (23.2% decrease compared to the end of the previous consolidated fiscal year).

The status of each cash flow and its main causes are as follows.

(Cash flows from operating activities)

Funds obtained as a result of operating activities during the current consolidated cumulative period were 469,427 thousand yen (during the previous consolidated fiscal year, of 415,786 thousand yen).

The main factors for the increase in funds were net income before tax adjustment of 377,558 thousand yen. The main factors for the decrease in funds were the increase in income taxes paid of 130,471 thousand yen.

(Cash flows from investing activities)

Funds paid as a result of investment activities during the current consolidated fiscal year were 333,553 thousand yen (during the previous consolidated fiscal year, 478,118 thousand yen).

The factors behind the decrease in funds were the expenditure of 279,226 thousand yen for the purchase of intangible assets and the expenditure of 89,022 thousand yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Funds paid as a result of financial activities during the current consolidated fiscal year were 430,650 thousand yen (during the previous consolidated fiscal year of 349,551 thousand yen).

The factors behind the decrease in funds were expenditures for treasury stock acquisition of 201,297 thousand yen and expenditures for repayments of long-term borrowings of 158,327 thousand yen.

(Changes in cash flow related indicators)

	FY03/20	FY03/21	FY03/22
Equity ratio (%)	79.4	53.8	48.4
Market value-based equity ratio (%)	240.0	213.2	147.4
Cash flow to interest-bearing debt ratio (year)	―	2.1	1.6
Interest coverage ratio (times)	―	115.4	70.2

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market value / Total assets

Cash flow to interest-bearing debt ratio (year): Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payment

(notes)

1. Each index is calculated based on the financial figures for the current consolidated fiscal year.
2. Market capitalization is calculated based on the number of issued shares excluding treasury stock.
3. We use operating cash flow as cash flow.

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

i. Creating Group Synergies

The Company today announced the following two capital and business alliances or conversion of companies to subsidiaries.

Notice Concerning Capital and Business Alliance with Data Vehicle, Inc. and Capital Increase via Acceptance of Third Party Allotment of New Shares

Notice Concerning Acquisition of SpaceShip, Inc. Shares and Conversion to Subsidiary via Acceptance of Third Party Allotment of New Shares

The WOW WORLD Group provides a communications platform to solve communications issues that companies have with their customers.

We recognize the importance of good relationships between companies and their customers, built on the most appropriate information at the most appropriate time. We intend to take the opportunity of this alliance and new subsidiary to provide services related to strategic digital marketing planning and execution to customers interested in better corporate marketing and customer success. We will also propose efficiencies for email delivery, etc., based on data analysis and usage. Further, we aim to engage in the joint development of integrated digital marketing tools based on Connecty CDP.

ii. Ensuring Customer Success

Our first aim is to shorten the time necessary to make functional improvements. We are forming cross-organizational (sales, new product planning, implementation, development) teams to improve functions, approaching value propositions from the perspective of providing value to the customer in conducting regular inventories of customer request lists. In this way, we will establish and implement short-term functional improvement cycles based on established priorities.

Our second aim is to strengthen up-sales and cross-sales to existing clients.

In addition to building up the Customer Success Department further, we will take the opportunity of the complete redesign of our sales support system to analyze case studies and customer feedback to develop and propose new standard applications. Further, we aim to generate even more cross-sales within the group and with investees to offer WEBCAS, Connecty CMS/CDP, strategic planning and operational support consulting, and data analysis services and tools.

iii. Pursuing M&A, capital alliances, and business tie-ups

We intend to continue pursuing M&A, capital alliances, and business tie-ups that target marketing and customer success fields, expanding the range of services provided by the WOW WORLD Group. We will also engage in M&A looking toward access to a wider range of resources in existing business segments, including large-scale web development projects.

iv. Change in segment information

Effective the fiscal year ending March 31, 2023, the Company will change disclosed segments as follows order to disclose information in line with the nature of WOW WORLD Group business.

【Before the change】

Enterprise Software	CRM	WEBCAS SaaS premium version
		WBCAS SaaS Standard version
		WEBCAS On-premises version
	CMS	Connecty CMS on Demand, Connecty CDP
Digital Marketing Operational Support	CRM	Consulting for e-mail operation support
		FUCA
	CMS	Construction and Operation (Connecty)
Others		System contract development
E-Commerce		Baby clothes sale (Mamachu)

【After the change】

Enterprise Software	Communication platform	WEBCAS SaaS premium version
		WBCAS SaaS Standard version
		WEBCAS On-premises version
	CMS	Connecty CMS on Demand
	CDP	Connecty CDP
Large-Scale Web Development	Construction	Construction, Consulting (Connecty)
	Operation	Operation (Connecty)

Communication Support and Consulting	Communication	Consulting for e-mail operation support
		FUCA
		Newstream（New joint venture with Spaceship Inc.）
	CDP	Operation and Consulting of Connecty CDP
Others		System contract development
		Baby clothes sale (Mamachu)

2. Basic Approach Regarding Selection of Accounting Standards

The WOW WORLD Group plans to adopt International Financial Reporting Standards (IFRS) on a voluntary basis beginning with the consolidated financial statements of the first quarterly report for the fiscal year ending March 31, 2023. We have made this decision to improve international comparability of financial information in the capital markets and for other purposes.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	1,183,336	888,221
Notes receivable – trade, accounts receivable – trade and contract assets	318,658	387,231
Merchandise and Finished goods	12,094	16,941
Work in process	86,907	―
Supplies	1,210	1,534
Prepaid expenses	52,991	37,016
Accounts receivable – other	875	569
Deposits paid	87,117	87,444
Income taxes receivable	―	9,877
Others	375	2,379
Total current assets	1,743,566	1,431,215
Non-current assets		
Property, plant and equipment		
Buildings	59,890	66,559
Accumulated depreciation	(19,559)	(36,108)
Buildings, net	40,331	30,451
Tools, furniture and fixtures	253,711	287,735
Accumulated depreciation	(165,725)	(154,520)
Tools, furniture and fixtures, net	87,986	133,215
Total property, plant and equipment	128,317	163,666
Intangible assets		
Trademark right	101	1,302
Software	281,484	558,741
Software in progress	109,639	25,109
Telephone subscription right	149	149
Goodwill	520,350	465,576
Customer-related assets	18,333	14,999
Total intangible assets	930,058	1,065,880
Investments and other assets		
Investment securities	272,196	201,804
Investments in capital	100	―
Long-term prepaid expenses	2,504	1,027
Guarantee deposits	69,770	90,362
Deferred tax assets	91,453	123,760
Others	―	70
Total investments and other assets	436,025	417,024
Total non-current assets	1,494,401	1,646,571
Total assets	3,237,968	3,077,786

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable – trade	40,220	41,264
Current portion of long-term borrowings	159,167	166,284
Accounts payable – other	64,496	25,439
Accrued expenses	62,444	52,888
Income taxes payable	73,373	54,803
Accrued consumption taxes	46,769	37,093
Deposits received	12,498	14,732
Unearned revenue	65,873	—
Provision for loss on order received	47,785	—
Contract liabilities	—	363,755
Provision for bonuses	59,048	61,639
Asset retirement obligations	—	9,907
Others	6,402	997
Total Current Liabilities	638,080	828,804
Non-current liabilities		
Provision for share-based remuneration	49,774	64,589
Long-term borrowings	703,225	567,781
Long-term unearned revenue	5,322	—
Provision for shareholder benefit program	5,476	5,554
Asset retirement obligations	22,949	13,158
Total Non-current liabilities	786,747	651,083
Total liabilities	1,424,827	1,479,887
Net assets		
Shareholders' equity		
Share capital	322,420	322,420
Capital surplus	392,054	138,185
Retained earnings	1,269,342	1,218,110
Treasury shares	(307,139)	(226,592)
Total Shareholders' equity	1,676,678	1,452,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,612	38,669
Total accumulated other comprehensive income	66,612	38,669
Share acquisition rights	52,630	94,035
Non-controlling interests	17,219	13,069
Total net assets	1,813,140	1,597,899
Total liabilities and net assets	3,237,968	3,077,786

(2) Consolidated statements of income and comprehensive income
（Consolidated statement of income）

(Thousand yen)

	Year ended December 31, 2021	Year ended March 31, 2022
Net sales	2,356,884	2,833,767
Cost of sales	1,040,085	1,279,472
Gross profit	1,316,798	1,554,295
Selling, general and administrative expenses	905,234	1,191,541
Operating profit	411,563	362,753
Non-operating income		
Interest income	123	10
Dividend income	1,076	971
Gain on valuation of compound financial instruments	2,116	－
Share of profit of entities accounted for using equity method	17,169	12,912
Gain on forfeiture of unclaimed dividends	176	216
Subsidy income	2,729	－
Others	3,890	334
Total Non-operating income	27,282	14,446
Non-operating expenses		
Interest expenses	3,360	6,683
Commission expenses	9,951	2,223
Share of loss of entities accounted for using equity Method	－	2,404
Miscellaneous loss	293	123
Total Non-operating expenses	13,606	11,435
Ordinary profit	425,240	365,764
Extraordinary income		
Gain on sales of investment securities	－	26,585
Gain on sales of shares of subsidiaries and associates	－	1,079
Total Extraordinary income	－	27,664
Extraordinary losses		
Impairment loss	28,905	12,687
Loss on retirement of non-current assets	128	3,184
Loss on valuation of investment securities	1,523	－
Compensation for damage	13,459	－
Total extraordinary losses	44,016	15,871
Profit before income taxes	381,224	377,558
Income taxes – current	127,991	103,438
Income taxes – deferred	20,180	56,107
Total income taxes	148,172	159,546
Profit	233,051	218,011
Loss attributable to non-controlling interests	10,489	4,579
Profit attributable to owners of parent	222,562	213,432

（Consolidated statement of comprehensive income)

(Thousand yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit	233,051	218,011
Other comprehensive income		
Valuation difference on available-for-sale securities	36,242	(27,943)
Total other comprehensive income	36,242	(27,943)
Comprehensive income	269,293	190,068
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	258,804	185,489
Comprehensive income attributable to non-controlling interests	10,489	4,579

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	322,420	366,572	1,139,384	(315,585)	1,512,791
Changes in the amount during the current period					
Dividends of surplus			(92,604)		(92,604)
Profit attributable to owners of parent			222,562		222,562
Purchase of treasury shares				(192)	(192)
Disposal of treasury shares		25,482		8,638	34,121
Cancellation of treasury shares					
Net changes in items other than shareholders' equity					
Total Changes in the amount during the current period		25,482	129,957	8,446	163,887
Balance at end of period	322,420	392,054	1,269,342	(307,139)	1,676,678

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	30,370	30,370	―	6,729	1,549,891
Changes in the amount during the current period					
Dividends of surplus					(92,604)
Profit attributable to owners of parent					222,562
Purchase of treasury shares					(192)
Disposal of treasury shares					34,121
Cancellation of treasury shares					
Net changes in items other than shareholders' equity	36,242	36,242	52,630	10,489	99,361
Total Changes in the amount during the current period	36,242	36,242	52,630	10,489	263,248
Balance at end of period	66,612	66,612	52,630	17,219	1,813,140

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	322,420	392,054	1,269,342	(307,139)	1,676,678
Cumulative effects of changes in accounting policies			(163,660)		(163,660)
Restated Balance at beginning of period	322,420	392,054	1,105,681	(307,139)	1,513,017
Changes in the amount during the current period					
Dividends of surplus			(101,003)		(101,003)
Profit attributable to owners of parent			213,432		213,432
Purchase of treasury shares				(345,609)	(345,609)
Disposal of treasury shares		116,363		55,923	172,287
Cancellation of treasury shares		(370,232)		(370,232)	
Net changes in items other than shareholders' equity					
Total Changes in the amount during the current period	―	(253,869)	112,428	80,546	(60,893)
Balance at end of period	322,420	138,185	1,218,110	(226,592)	1,452,124

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	66,612	66,612	52,630	17,219	1,813,140
Cumulative effects of changes in accounting policies				(8,729)	(172,390)
Restated Balance at beginning of period	66,612	66,612	52,630	8,489	1,640,750
Changes in the amount during the current period					
Dividends of surplus					(101,003)
Profit attributable to owners of parent					213,432
Purchase of treasury shares					(345,609)
Disposal of treasury shares					172,287
Cancellation of treasury shares					
Net changes in items other than shareholders' equity	(27,943)	(27,943)	41,405	4,579	18,042
Total Changes in the amount during the current period	(27,943)	(27,943)	41,405	4,579	(42,851)
Balance at end of period	38,669	38,669	94,035	13,069	1,597,899

(4) Consolidated statements of cash flows

(Thousand yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	381,224	377,558
Depreciation	76,562	124,258
Amortization of goodwill	31,717	54,773
Share-based remuneration expenses	45,834	51,825
Compensation for damage	13,459	—
Increase (decrease) in provision for shareholder benefit program	(219)	78
Increase (decrease) in provision for bonuses	5,751	2,590
Increase (decrease) in provision for share-based remuneration	16,690	24,388
Increase (decrease) in provision for loss on order received	4,777	(47,785)
Interest and dividend income	(1,200)	(981)
Subsidy income	(17,169)	(12,912)
Interest expenses	3,360	6,683
Share of loss (profit) of entities accounted for using equity method	(2,729)	2,404
Loss (gain) on valuation of investment securities	1,523	(26,585)
Loss (gain) on valuation of compound financial instruments	(2,116)	—
Loss (gain) on sales of shares of subsidiaries and associates	—	(1,079)
Loss on retirement of non-current assets	128	3,184
Accumulated impairment loss	28,905	12,687
Commission expenses	6,858	2,223
Decrease (increase) in trade receivables	(30,651)	(54,362)
Decrease (increase) in inventories	3,373	62,720
Increase (decrease) in trade payables	(666)	1,044
Decrease (increase) in other current assets	(5,353)	17,243
Decrease (increase) in other non-current assets	1,477	1,476
Increase (decrease) in other current liabilities	(6,228)	4,504
Increase (decrease) in other non-current liabilities	(2,196)	—
Others	103	116
Subtotal	553,217	606,056
Interest and dividends received	1,200	981
Proceeds from subsidy income	17,169	12,912
Compensation for damage paid	—	(13,459)
Interest paid	(3,602)	(6,592)
Income taxes paid	(152,198)	(130,471)
Net cash provided by (used in) operating activities	415,786	469,427
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,051)	(89,022)
Purchase of intangible assets	(149,928)	(279,226)
Proceeds from redemption of investment securities	5,430	—
Proceeds from sales of investment securities	—	41,683
Proceeds from sales of shares of subsidiaries and associates	—	13,693
Payments of guarantee deposits	—	(20,591)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(311,668)	—
Others	100	(90)
Net cash provided by (used in) investing activities	(478,118)	(333,553)

(Thousand yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	500,000	30,000
Repayments of long-term borrowings	(61,260)	(158,327)
Purchase of treasury shares	(192)	(201,297)
Proceeds from issuance of share acquisition rights	3,014	—
Dividends paid	(92,011)	(101,026)
Net cash provided by (used in) financing activities	349,551	(430,650)
Net increase (decrease) in cash and cash equivalents	287,219	(294,776)
Cash and cash equivalents at beginning of period	983,223	1,270,442
Cash and cash equivalents at end of period	1,270,442	975,665

(5) Notes to the quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Changes in accounting policies)

(Adoption of revenue recognition accounting standard)

At the beginning of the current consolidated first quarter, we adopted Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) ("Revenue Recognition Standard," below). With the adoption of this standard, the company now recognizes revenue when the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for said goods or services.

In adopting the change in question, we follow the transitional treatment as prescribed in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of applying the new accounting policy retrospectively for periods prior to the beginning of the first quarter of the current consolidated fiscal year has been added to or deducted from retained earnings at the beginning of the first quarter of the current consolidated fiscal year, and the new accounting policy has been applied beginning with the relevant beginning balance.

As a result, net sales for the current fiscal year decreased by 10,808 thousand yen, cost of sales decreased by 11,168 thousand yen, and operating profit, ordinary profit, and profit before income taxes each increased by 360 thousand yen. In addition, the balance of retained earnings at the beginning of the current fiscal year decreased by 163,660 thousand yen and the balance of non-controlling interests at the beginning of the current fiscal year decreased by 8,729 thousand yen.

We are displaying "Notes and accounts receivable – trade", which was presented as a current asset in the consolidated balance sheet of the previous consolidated fiscal year, in "Notes and accounts receivable – trade" and "Contract assets" since the first quarter of the current consolidated fiscal year due to the application of the Revenue Recognition Standard. Also, we are displaying "unearned revenue" that was included in "others" of "current liabilities" and "Long-term unearned revenue" displayed in "fixed liabilities" as "contract liability" of "current liabilities". In addition, we have not reclassified the previous consolidated fiscal year using the new presentation method in accordance with the transitional handling specified in Section 89-2 of Revenue Recognition Standard.

(Adoption Accounting Standard for Fair Value Measurement)

We adopted Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) ("Fair Value Measurement Standard," below) as of the beginning of the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), we will apply the new accounting policy provided in Fair Value Measurement Standard prospectively. The adoption of this accounting standard will have no impact on quarter consolidated financial statements.

(Accounting policy changes that are difficult to distinguish from changes in accounting estimates)

The WOW WORLD Group previously used the declining-balance method for the depreciation of certain property, plant and equipment. Beginning with the current fiscal year, the group will use the straight-line depreciation method for all property, plant and equipment.

Our cloud services and other service provider businesses have become a more important component of the group with our provision of CMS cloud services via Connecty Inc. (added as a subsidiary in the previous fiscal year) and various measures provided in our medium-term management plan, formulated in the previous fiscal year. Accordingly, we conducted a review of the actual state of our property, plant and equipment. As a result, we confirmed that the assets in question are being used in a stable manner over their respective useful lifetimes, and that with the adoption of the new Revenue Recognition Standard, profits will be earned evenly over the relevant contract periods. Therefore, we have determined that changing to the straight-line depreciation method, which recognizes expenses evenly over the useful life of the asset in question, more appropriately reflects the economic reality.

The impact of this change on the consolidated financial statements for the current consolidated fiscal year is minimal.

(Basis of Presentation for Consolidated Financial Statements)

1. Matters concerning the scope of consolidation
   (1) Number of consolidated subsidiaries 4 companies
   (2) Name of consolidated subsidiary FUCA Co.,LTD. Mamachu Inc. Connecty Holding Inc. Connecty Inc.

2. Matters concerning the application of the equity method
   Number of affiliated companies accounted for by the equity method None
   Glease Co., Ltd., which was an equity-method affiliate in the previous consolidated fiscal year, sold all of its shares in December 2021 and is therefore excluded from the scope of equity-method application.

3. Matters concerning the business year, etc. of consolidated subsidiaries
   The closing date of the consolidated subsidiary coincides with the consolidated closing date.

4. Matters concerning accounting policy
   (1) Valuation criteria and valuation methods for important assets
      i. Securities
         Other securities
         Market value securities
         We use the market value method based on the market price on the settlement date (all valuation differences are processed by the direct net asset method, and the selling cost is calculated by the moving average method).

         Securities without market value
         We use the cost method based on the moving average method.

      ii. Inventory
         Goods, supplies
         We use the cost method (a method of devaluing book value due to a decline in profitability) based on the individual method.

   (2) Depreciation method for important depreciable assets
      i. Property, plant and equipment
         We use the straight-line method
         The main useful lives are as follows.
         Building 15-18 years
         Tools, furniture and fixtures 2-15 years
      ii. Intangible assets
         Trademark right
         We use the straight-line method with a useful life of 10 years.
         Software
         For software used in-house, we use the straight-line method based on the usable period (5 years) within the company.
         Customer-related assets
         For customer-related assets, we use the straight-line method based on the effective period (6 years).
   (3) Standards for recording important reserves
      i. Allowance for doubtful accounts
         In order to prepare for losses due to bad debts, we consider the collectability of specific receivables such as bad debts by using the bad debt performance rate for general receivables and record the estimated uncollectible amount.

      ii. Provision for bonuses
         In order to prepare for the payment of employee bonuses, the estimated amount of bonus payments for the current consolidated fiscal year is recorded.

      iii. Provision for share-based remuneration
         In order to prepare for future benefits of the Company's shares to the Company's employees, the estimated amount of share benefits according to the points allocated to the employees is recorded based on the share issuance rules.

      iv. Provision for shareholder benefit program
         Based on the shareholder benefit points system, in order to prepare for the use of points granted to shareholders, the amount expected to be used in the future is recorded at the end of the current consolidated fiscal year.

      v. Provision for loss on order received
         In order to prepare for future losses related to sales orders, the estimated loss amount related to sales orders at the end of the consolidated fiscal year is recorded.

(4) Standards for recording important income and expenses
We recognize revenue based on the following five-step approach to contracts with customers.
Step1: Contract identification
Step2: Identification of performance obligations
Step3: Calculation of transaction price
Step4: Allocation of transaction prices to performance obligations
Step5: Revenue recognition from fulfillment of performance obligations

The specific revenue recognition criteria are as follows.

i. Performance obligations fulfilled at one point
Web recognize profits when delivering baby clothes to customers.

ii. Performance obligations fulfilled over a period of time
Revenues related to performance obligations that are satisfied over a certain period of time in WOW WORLD Group include performance obligations such as cloud service provision, on-premises initial construction / customization, and planning / production of email content and web content. As for the performance obligation of service provision, since the performance obligation is mainly satisfied over time, the transaction price related to the contract with the customer is recognized evenly over the contract period. Since the obligation to fulfill the initial construction / customization of on-premises and the planning / production of mail content / web content is satisfied by the progress of development, we recognize the profit over the construction period according to the progress of construction.

(5) Goodwill amortization method and amortization period
Amortized by the straight-line method for 10 years

(6) Scope of funds in the consolidated statement of cash flows
It consists of cash on hand, deposits that can be withdrawn at any time, and short-term investments that are easily redeemable and have a redemption date within 3 months from the date of acquisition, which bears little risk of value fluctuations.

(7) Other important matters for preparing consolidated financial statements
Accounting for consumption tax and local consumption tax is based on the tax-excluded method.

(Additional Information)

(Transactions in which Company shares are issued via trust to employees, etc.)

The Company has adopted an ESOP Trust employee incentive plan ("Plan").

(1) Overview

The Plan utilizes a mechanism called an employee stock ownership plan trust ("ESOP Trust"). The ESOP Trust is an employee incentive plan based on ESOP plans used in the United States in which the ESOP Trust acquires shares of Company stock and funds equivalent to proceeds from the sale or disposal of Company stock, granting or paying such stock or funds to employees upon retirement according to job grade and duties. As the Company contributes all funds for the acquisition of Company shares by the ESOP Trust, there is no burden placed on employees.

(2) Company shares remaining in trust

Company shares remaining in trust are recorded as treasury stock under net assets at carrying value (excluding amounts for incidental expenses). The carrying value and number of shares of these treasury shares were 90,552 thousand yen and 67,906 shares in the previous fiscal year and 226,592 and thousand yen and 132,660 shares in the current fiscal year.

(Impact of COVID-19)

In preparing the consolidated financial statements for the current consolidated fiscal year, we made accounting estimates based on the assumption that the impact of COVID-19 on WOW WORLD Group earnings will continue through the next fiscal year. At this point in time, we do not believe there will be a significant impact on the accounting estimates, including the valuation of goodwill or indications of related to Connecty Holding, Inc. However, there may be an impact on consolidated financial statements in the following fiscal year or later, depending on future changes in circumstances.

(Segment information)

[Segment information]

1. Overview of reportable segments

WOW WORLD Group reportable segments components of the group for which separate financial information is available and which are subject to periodic performance review and decisions related to the allocation of management resources by the board of directors.

The Enterprise Software business is engaged in the planning, development, sales, and maintenance of the WEBCAS series of products, as well as the planning, development, sales, and maintenance of Connecty CMS on Demand. The Digital Marketing Operational Support business provides e-mail marketing planning using the WEBCAS series of products, the planning and production of e-mail content, contracted development of websites, consulting services to increase e-commerce sales, and planning and development of websites and web content using image processing and illustrations.

The E-commerce business includes planning and production of websites and web content using the WEBCAS series of products, contracted development of websites, consulting services for increasing e-commerce sales, and the planning, production, and maintenance of corporate websites using Connecty CMS on Demand. The E-commerce business also operates the Babychu baby apparel e-commerce site.

As of the current consolidated fiscal year, the name of the Applications reportable segment was changed to Enterprise Software, and the name of the Consulting reportable segment was changed to Digital Marketing Operational Support. These changes are changes in name only, and have no impact on segment information.

In addition, we included the custom development business in Others beginning with the current consolidated fiscal year, as the importance of the business has decreased.

Segment information for the previous consolidated fiscal year is presented based on the classifications after the change.

(Adoption of revenue recognition accounting standard)

As described under Changes in accounting estimates, the Company began applying Accounting Standard for Revenue Recognition at the beginning of the current consolidated fiscal year, changing our accounting policy regarding revenue recognition. Therefore, our methods for calculating profit or loss in reportable segments has been changed in the same manner.

As a result of this change, net sales and segment profit of the Enterprise Software business increased 768 thousand yen and 360 thousand yen, respectively, while net sales of the Digital Marketing Operational Support business decreased 11,577 thousand yen. The Digital Marketing Operational business experienced no impact to segment profit as a result of this change. The E-commerce business experienced no impact to net sales or segment profit as a result of this change.

2. Calculation method of net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for reportable segments is generally the same as that described in Significant matters forming the basis for preparing consolidated financial statements.

Reportable segment profits are based on operating profit.

3. Information on the amount of sales, profits or losses, assets, liabilities and other items by reporting segment

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

	Reporting segment			Others	Total
	Enterprise Software	Digital Marketing Operational Support	E-commerce		
Net sales					
Sales to external customers	1,681,156	504,582	165,382	5,762	2,356,884
Intersegment sales					
Total	1,681,156	504,582	165,382	5,762	2,356,884
Segment profit or loss	723,683	46,662	(18,061)	2,110	754,394
Segment assets	1,185,371	601,376	28,240	476	1,815,465
Other items					
Depreciation	58,591	5,225	6,651	122	70,591
Amortization of goodwill	19,778	7,608	4,330	―	31,717
Investment in equity-method affiliates	―	15,018	―	―	15,018
Impairment loss	3,800	―	23,225	―	27,025
Increase in property, plant and equipment and intangible assets	570,146	156,904	6,614	80	733,746

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

	Reporting segment			Others	Total
	Enterprise Software	Digital Marketing Operational Support	E-commerce		
Net sales					
Sales to external customers	1,910,433	802,510	117,733	3,090	2,833,767
Intersegment sales	1,425	1,051	―	―	2,476
Total	1,911,858	803,562	117,733	3,090	2,836,244
Segment profit or loss	839,493	(38,609)	(18,534)	2,023	784,374
Segment assets	1,380,639	428,058	33,818	235	1,842,751
Other items					
Depreciation	109,762	6,483	―	49	116,295
Amortization of goodwill	39,556	15,217	―	―	54,773
Impairment loss	1,384	11,302	―	―	12,687
Increase in property, plant and equipment and intangible assets	385,242	1,367	―	31	386,642

3. Difference between the total amount of reported segments and the amount recorded in the consolidated financial statements and the main contents of the difference (matters related to difference adjustment)

(Thousand yen)

Net sales	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segment	2,356,884	2,836,244
Clearing transactions between segments	—	(2,476)
Consolidated financial statement sales	2,356,884	2,833,767

(Thousand yen)

Operating profit	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segment	754,394	784,374
Clearing transactions between segments	—	(2,476)
Company-wide cost*	(342,830)	(419,143)
Consolidated financial statement Operating profit	411,563	362,753

*Notes Company-wide expenses are mainly general and administrative expenses that do not belong to the reporting segment.

(Thousand yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segment	1,815,465	1,842,751
Company-wide assets*	1,422,503	1,235,034
Consolidated financial statement sssets	3,237,968	3,077,786

*Notes Company-wide assets are primarily cash and deposits that do not belong to the reporting segment.

(Thousand yen)

Other items	Reporting Segment		Adjustment amount		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation	70,591	116,246	5,971	8,011	76,562	124,258
Increase in property, plant and equipment and intangible assets*	733,746	386,610	8,112	11,099	741,859	397,588

*Notes The adjustment for the increase in property, plant and equipment and intangible assets is the increase in company-wide assets that are not allocated to each reporting segment.

[Related information]

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

1. Information by product and service

(Thousand yen)

	Enterprise Software	Digital Marketing Operational Support	E-commerce	Others	Total
Sales to external customers	1,681,156	504,582	165,382	5,762	2,356,884

2. Information by region

(1) Net sales

Sales to external customers in Japan exceed 90% of sales in the consolidated income statement, so the description is omitted.

(2) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, the description is omitted.

(3) Information for each major customer

Of the sales to external customers, there is no other party that accounts for 10% or more of the sales on the consolidated income statement, so there is no description.

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

1.Information by product and service

(Thousand yen)

	Enterprise Software	Digital Marketing Operational Support	E-commerce	Others	Total
Sales to external customers	1,910,433	802,510	117,733	3,090	2,833,767

2. Information by region

(1) Net sales

Sales to external customers in Japan exceed 90% of sales in the consolidated income statement, so the description is omitted.

(2) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, the description is omitted.

(3) Information for each major customer

Of the sales to external customers, there is no other party that accounts for 10% or more of the sales on the consolidated income statement, so there is no description.

[Information on impairment loss on fixed assets by reporting segment]

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Thousand yen)

	Reporting segment			Others	Company-wide / erase	Amount recorded in consolidated financial statements
	Enterprise Software	Digital Marketing Operational Support	E-commerce			
Impairment loss	3,800	—	23,225		1,880	28,905

(Note) In the Enterprise Software business, the entire book value of software that has become idle assets due to uncertain prospects for future use was determined to be unrecoverable and recorded as an impairment loss (3,800 thousand yen) under extraordinary losses. In consideration of the business environment and future business plans, we wrote the carrying value of software, goodwill, etc., in the E-commerce business down to their respective recoverable amounts. As a result, we recorded a related impairment loss of 23,225 thousand yen. Further, in for corporate assets not allocable to reportable segments, we wrote the carrying value of idle assets with uncertain prospects as to future use (tools, furniture and fixtures) down to their recoverable amounts. As a result, we recorded an impairment loss of 1,880 thousand yen as an extraordinary loss.

Current consolidated fiscal year (April 1, 2021 to March 31, 2021)

(Thousand yen)

	Reporting segment			Others	Company-wide / erase	Amount recorded in consolidated financial statements
	Enterprise Software	Digital Marketing Operational Support	E-commerce			
Impairment loss	1,384	11,302	—	—	—	12,687

(Note) An impairment loss of 1,384 thousand yen was recorded in the enterprise software business segment and 11,302 thousand yen in the digital marketing operation support business segment. Due to the relocation of the head office of a consolidated subsidiary, an impairment loss was recorded for fixed assets that could not be transferred to the relocation destination.

[Information on amortization and unamortized balance of goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Thousand yen)

	Enterprise Software	Digital Marketing Operational Support	E-commerce	Others	Company-wide / erase	Amount recorded in consolidated financial statements
Depreciation amount for the current period	19,778	7,608	4,330	—	—	31,717
Balance at the end of the current period	375,783	144,566	—	—	—	520,350

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Thousand yen)

	Enterprise Software	Digital Marketing Operational Support	E-commerce	Others	Company-wide / erase	Amount recorded in consolidated financial statements
Depreciation amount for the current period	39,556	15,217	—	—	—	54,773
Balance at the end of the current period	336,227	129,348	—	—	—	465,576

[Information on negative goodwill gains by reporting segment]

Not applicable.

(Per-Share Information)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net assets per share	438.87 yen	385.57 yen
Net income per share	56.14 yen	54.21 yen
Diluted net income per share adjusted	53.39 yen	50.97 yen

(Notes)

1. The Company adopted an employee stock ownership plan trust. Company shares owned by the trust are presented as treasury stock in the financial statements of the current consolidated fiscal year. Accordingly, the number of shares of common stock outstanding at the end of the period used for calculating net assets per share and the average number of shares of common stock outstanding during the period used for calculating earnings per share and diluted earnings per share include the number of shares held by the trust as treasury stock. The number of Company shares held by the trust at the end of the previous and current consolidated fiscal years was 67,906 shares and 132,660 shares, respectively. The average number of Company shares during the previous and current consolidated fiscal years was 68,246 shares and 105,579 shares, respectively.
2. As described under Changes in accounting policies, the Company adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and followed the transitional treatment as stipulated in the proviso to Par.84 of Accounting Standard for Revenue Recognition. As a result, net assets per share for the current consolidated fiscal year decreased ¥45.81. Earnings per share and diluted earnings per share increased ¥1.33 and ¥1.25, respectively.
3. The Company calculates earnings per share and diluted earnings per share based on the following formula.

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net income per share		
Net income attributable to owners of the parent company (thousand yen)	222,562	213,432
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Net income attributable to owners of the parent company related to common stock (thousand yen)	222,562	213,432
Average number of shares during the period (shares)	3,964,404	3,937,248
Diluted net income per share adjusted		
Net income adjustment amount attributable to owners of the parent company (thousand yen)	—	—
Increase in common stock (shares)	204,467	250,286
(Of which, stock acquisition rights(shares))	(204,467)	(250,286)
Summary of potential shares that were not included in the calculation of earnings per share after adjusting for potential shares because they do not have a diluting effect.	June 26, 2020 Ordinary General Meeting of Shareholders 8th Stock Acquisition Rights by Resolution one Number of Stock Acquisition Rights (100 shares of common stock)	—

(Material subsequent events)

(Business combinations via stock acquisition)
At a meeting held May 10, 2022, the WOW WORLD Inc. board of directors resolved to enter into a joint venture agreement (“Joint Venture Agreement”) with SpaceShip, Inc. (Minato-ku, Tokyo; Hiroshi Shiiba, CEO; “SpaceShip”), also resolving to acquire shares in a new company to be established through a corporate split (incorporation-type split) of the marketing business operated by SpaceShip. The Company also resolved to receive third-party allotment of shares (“Third-Party Allotment”) from the newly formed company, making the company a subsidiary of WOW WORLD.

1.Reasons for the acquisition of shares
The Company supports the communications activities of numerous companies through the WEBCAS series products (developed by the Company) focused on e-mail distribution and form creation. The WEBCAS series has been on the market for more than 20 years, adopted by than 7,500 companies and organizations.

As information technology develops at an ever-increasing pace, the amount of information received by individuals is increasing exponentially. Given this environment, we believe that delivering the optimal information at the optimal time is more important than ever for companies to build good relationships with their customers. To this end, we have been expanding WEBCAS functionality and linking the product with external tool, recognizing the need to focus further on creating a system that offers strategic planning and operational support for digital marketing.

SpaceShip is engaged in the business of supporting digital marketing in various industries and for major corporations. By establishing a cooperative framework with SpaceShip, we will be able to support the acquisition, relationship development, and conversion of prospective digital marketing clients, which we believe will contribute to the future development of our business and the interests of our shareholders. Accordingly, we reached an agreement to acquire the shares of a new company via incorporation-type split to be spun off by SpaceShip, making the new company a subsidiary through a third-party allotment of shares to be conducted by SpaceShip.

2.Overview of the subsidiary to be transferred (planned)

(1)	Name	Newstream Inc. (New company)
(2)	Address	1-18-6 Nishi-Shimbashi, Minato-ku, Tokyo
(3)	Title and name of the representative	Representative Director Takuto Nishikawa*
(4)	Business content	Marketing business
(5)	Capital	10 thousand yen (planned)
(6)	Date of establishment	July 1, 2022 (planned)

* Scheduled to take office after the completion of the share transfer and the capital increase through third-party allotment.

3. Overview of the stock acquisition partner

(1)	Name	Spaceship Inc. (Split company)
(2)	Address	1-18-6 Nishi-Shimbashi, Minato-ku, Tokyo
(3)	Title and name of the representative	Representative Director Hiroshi Shiiba
(4)	Business content	Marketing business
(5)	Capital	23,000 thousand yen
(6)	Date of establishment	November 16, 2011
(7)	Net worth	(34,306) thousand yen (FY06/21)
(8)	Total assets	56,134 thousand yen (FY06/21)

4. Number of shares to be acquired and status of shares owned before and after acquisition / transfer

(1)	Number of shares owned before transfer	0 shares (Number of voting rights : 0) (Voting rights ownership ratio : 0.00%)
(2)	Number of shares to be acquired	6,875 shares (share transfer: 3,750 shares, third-party allotment of shares: 3,125 shares) (Number of voting rights : 6,875)
(3)	Number of shares owned after transfer	6,875 shares (Number of voting rights : 6,875) (Voting rights ownership ratio : 52,38%)
(4)	Acquisition cost	Common stock of a corporation 27.5 million yen (Share transfer: 15 million yen, capital increase through third-party allotment: 12.5 million yen) Advisory fee (approximate amount) 1.0 million yen Total (approximate amount) 28.5 million yen

5.Schedule

(1)	Board resolution date	May 10, 2022
(2)	Contract date	May 10, 2022(planned)
(3)	Execution date of share transfer and capital increase through third-party allotment	July 29, 2022 (planned)

(Acquisition of shares by concluding a capital and business alliance)

The Company entered into a capital and business alliance agreement ("Capital and Business Alliance") with Data Vehicle, Inc., accepting a Third-Party Allotment conducted by Data Vehicle.

1. Reason for capital and business alliance

The Company supports the communications activities of numerous companies through the WEBCAS series products (developed by the Company) focused on e-mail distribution and form creation. The WEBCAS series has been on the market for more than 20 years, adopted by than 7,500 companies and organizations.

In recent years, we have seen the emergence of low-cost, high-speed processing for enormous volumes of data. Professionals knows as data scientists have received greater attention, as these individuals perform work to analyze data from various vectors through statistics, machine learning, AI, and data processing technologies. Data scientists are expected to improve existing operations and develop new strategies in the digital marketing domain. These improvements will include delivering personalized emails tailored to individual customers and optimizing marketing budget allocations. At the same time, training such highly skilled technicians requires time and funds. Therefore, greater emphasis is being seen on data analysis tools and training data scientists without the need for excessive experience in data analysis.

Data Vehicle was established in November 2014 as a company specializing in data analysis tools. Under the slogan of democratizing data science, the company develops and sells Data Diver and Data Ferry data analysis tools that eliminate the need for statistics or programming expertise. The company also develops and sells other DX human resources training services.

By providing the Data Vehicle tools to customers using WEBCAS, we expect to encourage greater use of data and improve operational efficiency in areas such as e-mail distribution. Furthermore, the complementary nature of our respective fields of expertise will make it possible to develop integrated digital marketing tools on a joint basis, and we believe that executing a capital and business alliance with Data Vehicle will contribute to the future development of our business and the interests of our shareholders.

2. Details of capital and business alliance, etc.

(1) Details of capital alliance

We will underwrite the preferred stock newly issued by the data vehicle through a third-party allotment. The company has decided to underwrite 143 preferred shares to be newly issued on May 12, 2022 for 100,100,000 yen.

(2) Details of business alliance

We will enter into a business alliance for the following with Data Vehicle Inc.

i. Improving profits per customer using WEBCAS

We aim to expand our business by selling data vehicle analysis tools, DX human resources training services, and contract analysis services to companies using our "WEBCAS" series.

ii. Collaborative development of integrated digital marketing tools

We aim to expand our business by incorporating data analysis tools for data vehicles into our "WEBCAS" series and selling them. Furthermore, we aim to jointly develop an integrated digital marketing tool based on the Connecty CDP of group companies.

iii. Invited Mr. Hiromu Nishiuchi, Executive Vice President of Data Vehicle Inc., as an advisor to us

We will invite Mr. Nishiuchi as an advisor to our company and aim to realize the above (i) and (ⅱ) by utilizing his abundant knowledge about data analysis.

3. Overview of capital and business alliance partners

(1)	Name	Data Vehicle Inc.
(2)	Address	2-9-1, Higashi-Shimbashi, Minato-ku, Tokyo
(3)	Title and name of the representative	Representative Director Tatsuya Yuno
(4)	Business content	Development and provision of data analysis services, provision of DX human resources training services and data analysis consulting services
(5)	Capital	342,150 thousand yen (As of March 31, 2022)
(6)	Date of establishment	November 11, 2014

4. Number of shares acquired, acquisition price and status of shares owned before and after acquisition

(1)	Number of shares owned before transfer	0 shares (Number of voting rights : 0) (Voting rights ownership ratio : 0.00%)
(2)	Number of shares to be acquired	143 shares
(3)	Acquisition cost	Preferred stock 100,100,000 yen
(4)	Number of shares owned after transfer	143 shares (Number of voting rights : 143) (Voting rights ownership ratio : 9.13%)

5. Schedule

(1)	Contract date	May 10, 2022
(2)	Payment date	May 12, 2022