August 3, 2020

# Summary of Consolidated Financial Results
## for the First Quarter of Fiscal Year Ending March 31, 2021
## (Three Months Ended June 30, 2020)

[Japanese GAAP]

Company name: Shobunsha Holdings, Inc. Listing: Tokyo Stock Exchange, First Section
Stock code: 9475 URL: https://www.mapple.co.jp/
Representative: Shigeo Kuroda, President & Representative Director
Contact: Hiroyuki Kato, Director, General Manager, Business Administration Division
Tel: +81-3-3556-8171

Scheduled date of filing of Quarterly Report: August 13, 2020
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: None
Holding of quarterly financial results meeting: None

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

### 1. Consolidated Financial Results for the First Quarter Ended June 30, 2020 (April 1, 2020 – June 30, 2020)

(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 | % |
| Three months ended Jun. 30, 2020 | 2,071 | 4.9 | 217 | - | 235 | - | 113 | - |
| Three months ended Jun. 30, 2019 | 1,975 | (9.5) | (263) | - | (234) | - | (242) | - |

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2020: 275 (- %)
Three months ended Jun. 30, 2019: (212) (- %)

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| Three months ended Jun. 30, 2020 | 6.23 | - |
| Three months ended Jun. 30, 2019 | (13.32) | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| As of Jun. 30, 2020 | 18,902 | 15,488 | 81.9 |
| As of Mar. 31, 2020 | 18,817 | 15,212 | 80.8 |

Reference: Shareholders' equity (million yen) As of Jun. 30, 2020: 15,488 As of Mar. 31, 2020: 15,212

### 2. Dividends

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2020 | - | 0.00 | - | 0.00 | 0.00 |
| Fiscal year ending Mar. 31, 2021 | - | | | | |
| Fiscal year ending Mar. 31, 2021 (forecasts) | | 0.00 | - | - | - |

Note: Revisions to the most recently announced dividend forecast: None

There is currently no forecast for the year-end dividend for the fiscal year ending March 31, 2021. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

There is currently no forecast for the Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 as it is difficult to make a reasonable calculation because of the impact of COVID-19 epidemic. An announcement will be made promptly once it becomes possible to disclose the earnings forecast.

*** Notes**

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

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

| | |
|---|---|
| 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 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 Jun. 30, 2020: | 18,178,173 shares | As of Mar. 31, 2019: | 18,178,173 shares |

2) Number of treasury shares at the end of the period

| | | | |
|---|---|---|---|
| As of Jun. 30, 2020: | 701 shares | As of Mar. 31, 2019: | 701 shares |

3) Average number of shares during the period

| | | | |
|---|---|---|---|
| Three months ended Jun. 30, 2020: | 18,177,472 shares | Three months ended Jun. 30, 2019: | 18,177,755 shares |

* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company’s management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” on page 4 of the attachments for forecast assumptions and notes of caution for usage.

Contents of Attachments


| | |
|---|---|
| 1. Qualitative Information on Quarterly Consolidated Financial Performance | 2 |
| (1) Explanation of Results of Operations | 2 |
| (2) Explanation of Financial Position | 4 |
| (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements | 4 |
| 2. Quarterly Consolidated Financial Statements and Notes | 5 |
| (1) Quarterly Consolidated Balance Sheet | 5 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income | 7 |
| Quarterly Consolidated Statement of Income | |
| For the Three-month Period | 7 |
| Quarterly Consolidated Statement of Comprehensive Income | |
| For the Three-month Period | 8 |
| (3) Quarterly Consolidated Statement of Cash Flows | 9 |
| (4) Notes to Quarterly Consolidated Financial Statements | 10 |
| Going Concern Assumption | 10 |
| Significant Changes in Shareholders’ Equity | 10 |
| Segment and Other Information | 10 |

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Looking back at the Japanese economy during the first quarter of the current fiscal year (from April 1, 2020 to June 30, 2020) (hereinafter "the period under review"), the novel coronavirus disease (hereinafter "COVID-19"), first confirmed last winter, spread rapidly, ending up with a global pandemic. This resulted in a rapid slowdown in the world economy, causing export and industrial production to decrease substantially. Corporate earnings also deteriorated significantly with employment and personal income plunging into an extremely severe situation. Personal consumption also decreased substantially centered in the service sector such as food/beverage and accommodation services. In this summer, however, the Go To Travel campaign kicked off, which provides Japanese travelers with subsidies of up to 50 percent on their travel expenses within Japan. This government-promoted campaign is expected to boost the domestic travel spending. Nevertheless, there is a strong concern about the spread of a second wave of COVID-19 centered in the Tokyo metropolitan area. This led the government to make an abrupt decision: excluding trips to and from Tokyo by its residents from the campaign for the time being. It is uncertain how much the use of the campaign benefits helps increase travel spending. Since cross-border travel is still restricted, the outlook for the inbound and outbound tourism industries remains unforeseeable.

Under such circumstances, Shobunsha Holdings, Inc. (hereinafter "the Company") and its subsidiaries and associates (hereinafter collectively "the Group") converted to a holding company structure as planned. In the meantime, the Group has prioritized taking even stricter cost control measures in all business domains and having as much liquidity as possible to brace ourselves for a rapid economic slowdown resulting from the spread of COVID-19. Specific cost control measures include cutting cost by reviewing the planned numbers of titles and copies in the retail publishing business according to market needs; and curbing fixed expenses by limiting the number of staff members and daily operations to a bare minimum in overseas sites, especially in local activity facilities. The Group also proactively introduced a remote work system mainly in its sales activities.

Net sales for the period under review were 2,071 million yen, up 95 million yen from 1,975 million yen one year earlier. The results were attributed to three factors: sales of our core retail publishing business have been greatly affected by significantly reduced travel and other outings after the declaration of the state of emergency effective from April to the end of May triggered by the spread of COVID-19; the Group's activity facilities overseas have suspended their operations; but we recognized transfer of non-current assets as sales revenue from the real estate business for the period under review. The transfer was announced on October 18, 2019 in association with the conversion to a holding company structure. In terms of profitability, operating profit was 217 million yen, up 481 million yen from operating loss of 263 million yen one year earlier. This is a result of implementing thorough cost control in all business domains and recording revenue from the real estate business, whose cost of sales remains almost the same as the carrying amount. Accordingly, ordinary profit was 235 million yen, up 469 million yen from ordinary loss of 234 million yen one year earlier. Consequently, profit attributable to owners of parent was 113 million yen, up 355 million yen from loss attributable to owners of parent of 242 million yen one year earlier.

Taking the opportunity of the conversion to a holding company structure, the Group has decided to disclose segment information on its performance, starting from the current fiscal year. More specifically, the new segment structure consists of three reportable segments: the Media Business, the Solutions Business and the Real Estate Business segments, and the Other Businesses segment that covers businesses other than the above three. (Please note that no year-on-year figures are available because we have started to aggregate and announce figures from the current fiscal year.)

#### Media Business

This segment engages in selling retail publications, e-books, and applications; selling magazine and web ads; obtaining permission to use brands and trademarks on publications, etc. In retail publishing business, given the current situation in which consumers are severely restricted or refrain from traveling and going out, we have focused on plans that allow consumers to satisfy their intellectual curiosity and to enjoy imaginary trips at home. We have also focused on publications that introduce familiar desserts, consumer discretionary products, and other items. In June, we published “Chizu de Sutto Atama ni Hairu Sengoku Jidai” (Quickly learn about the Warring States period with a map), the 4th volume of the “Sutto Atama ni Hairu” (Quickly learn) series well received by readers. The book was supervised by the specialist who engages in the NHK’s annual year-long historical drama series by researching into the period and checking authenticity. The book allows readers to more enjoy drams, movies, and novels about the Warring States period. We also published “Saitama no Torisetsu” (Discover Saitama Prefecture), the latest volume of the popular series that introduces regional characteristics and attractive features by reading a map. We plan to publish more sequels to both series as a map book that readers can enjoy at home.

During the period under review, sales activities in the retail publishing business have been restricted substantially for the following reasons: travel and outing spending activities have shrunk significantly as the state of emergency declaration was effective from April to the end of May; and sales of the Group’s core retail publishing business have declined accordingly, causing many book stores to suspend their operations.

As a result, net sales of the segment were 446 million yen, and operating loss was 549 million yen.

**Solutions Business**

This segment engages in selling the database of maps and guidebooks that are the Group’s core competencies, selling system products and solutions using the database, etc.

During the period under review, the inbound business has been in a severe situation due to the impact of COVID-19, and our sales activities to receive new orders have been restricted. However, we have focused on receiving orders from government agencies and municipalities including police and fire departments that are unlikely to be influenced by economic trends. We have also focused on steadily renewing contracts with private companies on subscription-based products. In addition, we have increased the numbers of new solutions for business-use navigation systems to compensate for decreases in sales of portable navigation devices (PND) and commercial navigation systems. In the meantime, we have started to develop and offer new products and services that respond to needs in this world of coexisting with COVID-19, such as “School Zone Safety Support System” that helps schools let their students stagger their commute times. Furthermore, we have made preparations for strengthening our business by increasing sales channels and uses of our early detection support service “OKAERI (Welcome back) QR” that helps detect lost people and children, pets, lost items, and others. The service has already been offered through face-to-face selling at post offices across the Tokyo metropolitan area.

As a result, net sales of the segment were 306 million yen, and operating loss was 144 million yen.

**Real Estate Business**

From the current fiscal year we have established the real estate business as a new business segment, and disclosed its performance as segment information. This segment aims to more effectively utilize the Group’s property such as land and buildings in conjunction with the conversion to a holding company structure.

The segment engages in sale or leasing of the Group’s property to external parties.

In the period under review, we recorded revenue from sale of property mentioned above and leasing of other properties owned by the Company.

As a result, net sales of the segment were 1,154 million yen, and operating profit was 906 million yen.

**Other Businesses**

This segment engages in the following three businesses: the Tabinaka (during traveling) business, the tourism business, and the call center business. The Tabinaka business sends customers to a variety of activities including good restaurants and optional tours mainly in overseas travel destinations via the Group’s own website. The tourism business operates the overseas activity facilities owned by the Group and offers relevant customer services. The call center business offers call center services to external counterparties and the Group’s companies.

In the tourism business during the period under review, we have curbed fixed expenses by limiting daily operations to a bare minimum because in fact, our business activities had to halt due to cross-border travel restrictions. In the meanwhile, we have made efforts to prepare for resuming operations, such as improving systems, cooperating with more online travel agencies, and strengthening our marketing activities. The call center business operates as scheduled.

As a result, net sales of the segment were 164 million yen, and operating loss was 63 million yen.

**(2) Explanation of Financial Position**

Total assets at the end of the first quarter on a consolidated basis increased 85 million yen (0.5%) from the end of the previous fiscal year to 18,902 million yen. This was mainly due to increases in cash and deposits of 700 million yen, merchandise and finished goods of 299 million yen, and investment securities of 191 million yen, which were partially offset by decreases in notes and accounts receivable-trade of 865 million yen and real estate for sale of 208 million yen. Total liabilities decreased 190 million yen (5.3%) from the end of the previous fiscal year to 3,414 million yen. This was mainly due to decreases of notes and accounts payable-trade of 184 million yen, provision for bonuses of 56 million yen, and provision for sales returns of 106 million yen, which were partially offset by increases in accrued expenses of 86 million yen and deferred tax liabilities of 76 million yen. Net assets increased 275 million yen (1.8%) from the end of the previous fiscal year to 15,488 million yen. This was mainly due to reporting of profit attributable to owners of parent as well as an increase in valuation difference on available-for-sale securities of 157 million yen from the end of the previous fiscal year.

Consequently, the equity ratio improved 1.1 percentage point to 81.9%.

**Cash flows**

Cash and cash equivalents (hereinafter “net cash”) at the end of the first quarter on a consolidated basis increased 700 million yen from the end of the previous fiscal year to 5,670 million yen.

Net cash provided by operating activities was 808 million yen. The main factors were depreciation and amortization of 53 million yen, an 865 million yen decrease in trade receivables, as well as reporting of profit before income taxes of 235 million yen, which were partially offset by a 56 million yen decrease in provision for bonuses, a 106 million yen decrease of provision for sales returns, and a 183 million yen decrease in trade payables.

Net cash used in investing activities was 109 million yen. The main factors include purchase of property, plant and equipment of 32 million yen and purchase of intangible assets of 78 million yen.

Net cash used in financing activities was 0 million yen.

**(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements**

After the government’s declaration of the state of emergency was lifted, there was a sign of the COVID-19 pandemic subsiding temporarily. Since then, however, there has been a strong concern about a second wave of the spread of COVID-19 because July marked the largest number of newly infected patients per day. Although the government advanced the launch of the Go To Travel campaign, it suddenly excluded trips to and from Tokyo by its residents from the campaign for the time being. Therefore, the effects of the economic stimulus measure mainly in the tourism industry remain unknown.

Since our core business belongs to the industries related to travel and other outings, such circumstances made us extremely difficult to reasonably estimate the consolidated earnings forecast for the current fiscal year. We regret that we continue to leave the forecast undecided at this moment. The forecast will be announced as soon as it becomes possible when the COVID-19 pandemic subsides or specific measures against COVID-19, such as effective drugs or vaccines, are made available.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

| | FY3/20 (As of Mar. 31, 2020) | First quarter of FY3/21 (As of Jun. 30, 2020) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,970,584 | 5,670,970 |
| Notes and accounts receivable-trade | 2,473,112 | 1,607,252 |
| Merchandise and finished goods | 1,585,853 | 1,885,798 |
| Work in process | 409,899 | 255,436 |
| Raw materials and supplies | 261 | 258 |
| Real estate for sale | 208,472 | - |
| Other | 118,001 | 222,171 |
| Allowance for doubtful accounts | (29,703) | (18,957) |
| Total current assets | 9,736,481 | 9,622,930 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 1,890,956 | 1,886,757 |
| Land | 3,488,222 | 3,488,222 |
| Other, net | 104,148 | 98,739 |
| Total property, plant and equipment | 5,483,327 | 5,473,718 |
| Intangible assets | | |
| Goodwill | 254,478 | 246,964 |
| Other | 254,106 | 287,294 |
| Total intangible assets | 508,584 | 534,258 |
| Investments and other assets | | |
| Investment securities | 1,589,851 | 1,781,749 |
| Retirement benefit asset | 1,308,359 | 1,301,002 |
| Other | 348,363 | 347,139 |
| Allowance for doubtful accounts | (157,040) | (157,870) |
| Total investments and other assets | 3,089,533 | 3,272,019 |
| Total non-current assets | 9,081,445 | 9,279,997 |
| Total assets | 18,817,926 | 18,902,928 |

(Thousands of yen)

| | FY3/20 (As of Mar. 31, 2020) | First quarter of FY3/21 (As of Jun. 30, 2020) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 723,308 | 539,201 |
| Short-term borrowings | 770,000 | 770,000 |
| Income taxes payable | 81,400 | 114,972 |
| Provision for bonuses | 247,699 | 190,701 |
| Provision for sales returns | 577,897 | 471,850 |
| Other | 482,070 | 525,282 |
| Total current liabilities | 2,882,375 | 2,612,009 |
| Non-current liabilities | | |
| Deferred tax liabilities | 466,272 | 542,416 |
| Retirement benefit liability | 72,137 | 75,902 |
| Other | 184,300 | 184,300 |
| Total non-current liabilities | 722,710 | 802,619 |
| Total liabilities | 3,605,085 | 3,414,628 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,141,136 | 10,141,136 |
| Capital surplus | 4,168,372 | 4,168,372 |
| Retained earnings | 470,249 | 583,568 |
| Treasury shares | (405) | (405) |
| Total shareholders' equity | 14,779,352 | 14,892,671 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 502,519 | 659,535 |
| Foreign currency translation adjustment | (7,591) | (8,135) |
| Remeasurements of defined benefit plans | (61,438) | (55,771) |
| Total accumulated other comprehensive income | 433,488 | 595,628 |
| Total net assets | 15,212,840 | 15,488,300 |
| Total liabilities and net assets | 18,817,926 | 18,902,928 |

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**

**Quarterly Consolidated Statement of Income**

**(For the Three-month Period)**

(Thousands of yen)

| | First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019) | First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020) |
|---|---|---|
| Net sales | 1,975,768 | 2,071,634 |
| Cost of sales | 1,375,595 | 1,218,983 |
| Gross profit | 600,172 | 852,651 |
| Provision for sales returns-net | 98,853 | (106,047) |
| Gross profit-net | 501,319 | 958,698 |
| Selling, general and administrative expenses | 764,482 | 740,802 |
| Operating profit (loss) | (263,162) | 217,895 |
| Non-operating income | | |
| Interest income | 127 | 96 |
| Dividend income | 14,396 | 14,851 |
| Rental income | 9,563 | 2,034 |
| Share of profit of entities accounted for using equity method | 113 | - |
| Other | 11,480 | 13,323 |
| Total non-operating income | 35,681 | 30,305 |
| Non-operating expenses | | |
| Interest expenses | 2,676 | 2,822 |
| Rental costs | 4,275 | 1,278 |
| Share of loss of entities accounted for using equity method | - | 2,770 |
| Other | 483 | 6,280 |
| Total non-operating expenses | 7,435 | 13,152 |
| Ordinary profit (loss) | (234,917) | 235,049 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,202 | 143 |
| Total extraordinary income | 1,202 | 143 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 68 | - |
| Loss on retirement of non-current assets | - | 39 |
| Loss on valuation of investment securities | 799 | - |
| Loss on valuation of membership | 105 | - |
| Total extraordinary losses | 972 | 39 |
| Profit (loss) before income taxes | (234,688) | 235,153 |
| Income taxes-current | 4,268 | 88,377 |
| Income taxes-deferred | 3,218 | 33,457 |
| Total income taxes | 7,487 | 121,834 |
| Profit (loss) | (242,175) | 113,319 |
| Profit (loss) attributable to owners of parent | (242,175) | 113,319 |

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

(Thousands of yen)

| | First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019) | First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020) |
|---|---|---|
| Profit (loss) | (242,175) | 113,319 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 29,255 | 157,015 |
| Foreign currency translation adjustment | (259) | (543) |
| Remeasurements of defined benefit plans, net of tax | 696 | 5,667 |
| Total other comprehensive income | 29,693 | 162,140 |
| Comprehensive income | (212,482) | 275,459 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (212,482) | 275,459 |
| Comprehensive income attributable to non-controlling interests | - | - |

### (3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

| | First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019) | First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (234,688) | 235,153 |
| Depreciation and amortization | 35,145 | 53,812 |
| Loss (gain) on valuation of short-term and long-term investment securities | 799 | - |
| Share of loss (profit) of entities accounted for using equity method | (113) | 2,770 |
| Loss on valuation of membership | 105 | - |
| Increase (decrease) in allowance for doubtful accounts | (1,885) | (9,916) |
| Increase (decrease) in retirement benefit liability | 3,476 | 3,765 |
| Decrease (increase) in retirement benefit asset | (10,511) | 15,526 |
| Increase (decrease) in provision for bonuses | (57,786) | (56,996) |
| Increase (decrease) in provision for sales returns | 98,853 | (106,047) |
| Interest and dividend income | (14,523) | (14,947) |
| Rental income | (9,563) | (2,034) |
| Interest expenses | 2,676 | 2,822 |
| Decrease (increase) in trade receivables | 210,853 | 865,728 |
| Decrease (increase) in inventories | 73,185 | 62,987 |
| Increase (decrease) in trade payables | (268,637) | (183,973) |
| Other, net | (26,882) | (43,096) |
| Subtotal | (199,498) | 825,555 |
| Interest and dividends received | 14,501 | 14,899 |
| Proceeds from rental income | 8,831 | 2,234 |
| Interest paid | (2,831) | (2,853) |
| Extra retirement payments | (413,246) | - |
| Income taxes paid | (28,241) | (31,153) |
| Net cash provided by (used in) operating activities | (620,485) | 808,681 |
| Cash flows from investing activities | | |
| Payments into time deposits | (1,648) | - |
| Proceeds from withdrawal of time deposits | 1,629 | - |
| Purchase of property, plant and equipment | (94,416) | (32,868) |
| Proceeds from sales of property, plant and equipment | 1,119 | 148 |
| Purchase of intangible assets | (107,677) | (78,977) |
| Purchase of investment securities | (378) | (395) |
| Collection of loans receivable | 7,093 | 540 |
| Other, net | - | 2,510 |
| Net cash provided by (used in) investing activities | (194,278) | (109,042) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (35) | - |
| Dividends paid | (247) | (367) |
| Net cash provided by (used in) financing activities | (283) | (367) |
| Effect of exchange rate change on cash and cash equivalents | (338) | 1,114 |
| Net increase (decrease) in cash and cash equivalents | (815,386) | 700,385 |
| Cash and cash equivalents at beginning of period | 5,845,914 | 4,970,584 |
| Cash and cash equivalents at end of period | 5,030,528 | 5,670,970 |

## (4) Notes to Quarterly Consolidated Financial Statements

### Going Concern Assumption

Not applicable.

### Significant Changes in Shareholders' Equity

Not applicable.

### Segment and Other Information

Segment information

I. First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

Omitted since the Group has only a single business segment.

II. First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

1. Information pertaining to net sales and profit/loss in reportable segments (Thousands of yen)

| | Reportable Segment | | | | Other (Note 1) | Total | Adjustment (Note 2) | Amount in the quarterly consolidated statement of income (Note 3) |
|---|---|---|---|---|---|---|---|---|
| | Media Business | Solutions Business | Real Estate Business | Subtotal | | | | |
| Net sales | | | | | | | | |
| Sales to external customers | 446,604 | 306,117 | 1,154,036 | 1,906,758 | 164,875 | 2,071,634 | - | 2,071,634 |
| Inter-segment sales and transfers | 11,513 | 67,014 | - | 78,528 | 8,896 | 87,424 | (87,424) | - |
| Total | 458,117 | 373,132 | 1,154,036 | 1,985,286 | 173,772 | 2,159,059 | (87,424) | 2,071,634 |
| Segment profit (loss) | (549,724) | (144,309) | 906,358 | 212,323 | (63,207) | 149,116 | 68,779 | 217,895 |

Notes: 1. "Other" represents the businesses not included in any reportable segment and mainly consists of the tourism and call center businesses.

2. The 68,779 thousand yen adjustment to segment profit (loss) consists of corporate revenues, net of expenses, which are not allocated to any reportable segment.

3. Segment profit (loss) is adjusted with operating profit (loss) shown on the quarterly consolidated statement of income.

2. Matters related to changes in reportable segment

The Group has been striving to create the types of value that match what people want and build a broader foundation for earnings through its global operations. Specifically, we have transformed our publishing business model by starting to offer e-books and introducing a membership system for readers who are attracted to our successfully branded publication series. We have also evolved our e-business operations from the provision of content to the provision of solutions. Furthermore, we have launched new businesses involving travel and activities at travel destinations.

Until the end of the previous fiscal year, we had performed management control and information disclosure with a single business segment, providing comprehensive services not restricted to a single medium such as those linked to both publications and smartphones and e-books. Effective from the current fiscal year ending March 31, 2021, we have decided to divide our operations into three reportable segments: Media Business, Solutions Business and Real Estate Business and disclose the segment-by-segment performance. With this three-segment structure, we believe that we can perform management control and information disclosure that reflect our business development more adequately so as to realize more growth and earnings in existing businesses and to assure the success of new businesses fast.

Having started management control with a multiple segment structure from the current fiscal year, we have found it impracticable to accurately reclassify figures for the previous fiscal year into those under the new segment structure, therefore we have omitted disclosure of comparable information by segment for the previous fiscal year.