

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2024
(Three Months Ended June 30, 2023)

[Japanese GAAP]

Company name: Shobunsha Holdings, Inc. Listing: Tokyo Stock Exchange, Standard Market
Stock code: 9475 URL: <https://www.mapple.co.jp/en/>
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Scheduled date of filing of Quarterly Securities Report: August 10, 2023

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, 2023 (April 1, 2023 – June 30, 2023)

(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, 2023	1,348	9.9	(79)	–	(53)	–	(67)	–
Three months ended Jun. 30, 2022	1,226	(1.8)	(142)	–	(96)	–	(127)	–

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2023: 7 (–%)

Three months ended Jun. 30, 2022:(230) (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	(3.74)	–
Three months ended Jun. 30, 2022	(7.02)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2023	15,701	10,520	67.0
As of Mar. 31, 2023	15,579	10,513	67.5

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income) (million yen)

As of Jun. 30, 2023: 10,520

As of Mar. 31, 2023: 10,513

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	–	0.00	–	0.00	0.00
Fiscal year ending Mar. 31, 2024	–	–	–	–	–
Fiscal year ending Mar. 31, 2024 (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, 2024. 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, 2024
(April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	2,750	14.1	(340)	–	(290)	–	(320)	–	(17.60)
Full year	6,250	12.6	30	(77.3)	100	(57.3)	20	(33.6)	1.10

Note: Revisions to the most recently announced consolidated earnings forecasts: None

*** 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, 2023:	18,178,173 shares	As of Mar. 31, 2023:	18,178,173 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	951 shares	As of Mar. 31, 2023:	951 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2023:	18,177,222 shares	Three months ended Jun. 30, 2022:	18,177,222 shares
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* 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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first three months of the current fiscal year (from April 1, 2023 to June 30, 2023) (hereinafter “the period under review”), the Japanese economy enjoyed solid export and industrial production amid easing impacts of supply constraints even with slow recovery of the overseas economy. Corporate earnings as a whole remained strong and capital investment was on a steady upward path. The employment and income conditions were also mildly improved. COVID-19 infection that cast a heavy shadow over the world's economy for the long time was downgraded to a Class 5 disease under the Infectious Disease Act, which is the same level as seasonal influenza, although its variable effect by region still persists in Japan. This downgrading helped restaurants gradually remove acrylic boards, which were used as an infection prevention measure, and left mask wearing to the discretion of each individual. Thus, people obviously recovered their pre-pandemic day-to-day life and their anxiety about economic activity was almost eliminated. Under the circumstances, the tourism market and the market related to accommodation and food/beverage services, in which Shobunsha Holdings, Inc. (hereinafter “the Company”) and its subsidiaries and associates (hereinafter collectively “the Group”) operates its core business, steadily recovered. Entry restrictions on cross-border travelers were increasingly eased and the historic depreciation of the yen continued mainly due to the difference of the monetary policy stances between Japan and other countries. With these factors as a tailwind, the inbound tourism market rapidly recovered. On the other hand, the outbound tourism market saw a slow move toward recovery.

The Group addressed issues caused by the prolonged impact of the COVID-19 pandemic. In doing so, we implemented the Group’s business restructuring including the restructuring of the retail publishing business, which is the Group's core business. We also rationalized and streamlined the operations through digital transformation (DX). Furthermore, we took other measures including effective use of assets owned by the Group. As a result, we restored the market environment and finally managed to achieve profit in the previous fiscal year after an interval of three fiscal years. We are aware that our upcoming key issues are to continuously achieve sustained growth and strengthen our financial base to make it robust. In particular, we re-position the initiatives implemented to promote DX and realize a decarbonized society as part of our sustainability strategy that aligns with the corporate philosophy of “organization that provides support for good living and enjoyable traveling”. We also continue focusing on the efforts to enhance efficiency of the existing businesses, to develop new businesses, and to develop products and services through business alliances with other companies.

Net sales for the period under review increased 121 million yen (9.9%) to 1,348 million yen (compared with 1,226 million yen one year earlier) mainly due to a steady increase in sales in the retail publishing and advertising businesses related to tourism. This was because COVID-19 was downgraded to a Class 5 disease under the Infectious Disease Act aiming at the high season for traveling and outings, which raised the traveling demand more than the previous year. In terms of profitability, operating loss was 79 million yen, an improvement of 63 million yen from operating loss of 142 million yen one year earlier. This improvement was due to the limited increase in cost of sales compared with the steady increase in sales and other factors. Accordingly, ordinary loss was 53 million yen, an improvement of 43 million yen from ordinary loss of 96 million yen one year earlier. As a result, loss attributable to owners of parent was 67 million yen, an improvement of 59 million yen from loss attributable to owners of parent of 127 million yen one year earlier.

Results by business segment of the Group were as follows.

Media Business

This segment engages in planning, producing, and selling retail publications, e-books, and applications; selling magazine and web ads; planning, producing, and selling customized items; obtaining permission to use brands and trademarks on publications, and others.

During the period under review, the segment had a sales increase from the same period in the previous year mainly because COVID-19 was downgraded to a Class 5 disease under the Infectious Disease Act as stated above. This downgrading eliminated people's concern over their consumption activity, which raised the traveling demand more than the previous year. With this higher demand, sales of retail publications increased, including traveling magazine mainly consisting of *MAPPLE Magazine*. Also, sales of e-books steadily increased, including the subscription

service to provide unlimited access to e-books. Furthermore, profit from the advertising business also increased with the rapid market recovery as a tailwind. In the retail publications business, in addition to expansion of our staple traveling magazine, we published some new books and magazines including *Hokkaido Travel Map Guide*, which is a bible for travelers in Hokkaido to get a complete guide on the 179 Hokkaido municipalities under 17 themes, and *The Finest Sweets - 60 Recommended Shops*, which is a book on sweets written in collaboration with a sweets information SNS account titled The Finest Sweets. We also published *Sekai no Shigen to Soudatsu-sen* (book about the world's resources and the battle for them) as one of the Chizu de *Sutto Atama ni Hairu* (quickly learn with a map) series, which is our well-received book series, in response to the today's international circumstances.

As a result, net sales of the segment were 979 million yen (compared with 896 million yen one year earlier), and operating profit was 28 million yen (compared with operating loss of 48 million yen one year earlier).

Solutions Business

This segment engages in selling the database of maps and guidebooks that are the Group's core competencies, selling system products and solution services using the database, and other activities.

During the period under review, we continued to focus on receiving orders from government agencies and others including police and fire departments that were less susceptible to economic trends. We also continued to focus on renewing contracts with private companies on subscription-based products. In addition, we started to supply Business-use Car Navigation System SDK Ver. 8.0, which is the latest version of our business-use car navigation product. Also to help resolve challenges related to the 2024 logistics crunch in Japan, we released *MAPPLE Route Navigator* specifically for cyclic operations along fixed routes, such as distribution, collection, inspection, and human transportation. This product can compile driving history into fixed driving courses and provide navigation guidance to drivers, achieving more efficient information sharing and transfer. As the supply of semiconductors, which had been suspended for a long time, finally recovered, we worked off back orders from partners for business-use car navigation products, which contributed to the increase in sales during the period under review. In addition, we released *Super MAPPLE Digital 24*, which is the latest version of our digital map software. As part of the initiative to achieve carbon neutral, we concluded Agreement on Promotion of Introduction of Electric Chargers for Electric Vehicles with Chiba Prefecture.

As a result, net sales of the segment were 339 million yen (compared with 300 million yen one year earlier), and operating loss was 143 million yen (compared with operating loss of 133 million yen one year earlier).

Other Businesses

This segment engages in the real estate business that sells or leases the Group's property, such as land and buildings, to external counterparties, and the sales agency business.

During the period under review, other businesses operated as planned.

As a result, net sales of the segment were 29 million yen (compared with 30 million yen one year earlier), and operating profit was 10 million yen (compared with operating loss of 6 million yen one year earlier).

(2) Explanation of Financial Position

Total assets at the end of the first quarter increased 122 million yen (0.8%) from the end of the previous fiscal year to 15,701 million yen. This was mainly due to increases in cash and deposits of 65 million yen, other of current assets of 160 million yen, other of intangible assets of 29 million yen, and investment securities of 98 million yen, which were partly offset by a decrease in accounts receivable-trade of 222 million yen. Total liabilities increased 115 million yen (2.3%) from the end of the previous fiscal year to 5,181 million yen. This was mainly due to increases in refund liabilities of 42 million yen, other of current liabilities of 116 million yen, and deferred tax liabilities of 33 million yen, which were partly offset by decreases in notes and accounts payable-trade of 36 million yen and provision for bonuses of 40 million yen. Total net assets increased 7 million yen (0.1%) from the end of the previous fiscal year to 10,520 million yen. This was due to an increase in valuation difference on available-for-sale securities of 68 million yen, which was partly offset by the reporting of loss attributable to owners of parent.

Consequently, the equity ratio decreased 0.5 percentage points to 67.0%.

Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the first quarter on a consolidated basis increased 65 million yen from the end of the previous fiscal year to 4,806 million yen.

Net cash provided by operating activities was 105 million yen. The main factors were an increase in refund liabilities of 42 million yen, and a decrease in trade receivables of 221 million yen, which were partially offset by loss before income taxes of 53 million yen, decrease in provision for bonuses of 40 million yen, interest and dividends income of 18 million yen, and a decrease in trade payables of 36 million yen.

Net cash used in investing activities was 39 million yen. The main factor was purchase of intangible assets of 34 million yen.

There was no net cash used in or provided by financing activities.

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

We consider the operating results as a whole for the period under review progressed within the range of our expectations. The traveling and outings market where the Group operates its core business has steadily recovered as stated above, which has been incorporated into the consolidated earnings forecasts to some extent. Based on this outlook, we have decided not to revise the first half and full-year forecast figures for the fiscal year ending March 31, 2024 that were announced on May 15, 2023.

It is noted that these forecasts are based on information that is currently available and on assumptions that we believe reasonable. However, actual results may differ significantly from these forecasts for a number of factors. For information about business risks, which constitute the factors, please refer to the business risk section of our Annual Securities Report (*Yukashoken Hokokusho*) for the fiscal year ended March 31, 2023, which was filed on June 29, 2023.

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

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	4,741,144	4,806,485
Notes receivable - trade	-	1,351
Accounts receivable-trade	1,735,774	1,513,261
Merchandise and finished goods	883,329	855,823
Work in process	137,623	165,192
Raw materials and supplies	258	258
Other	90,294	250,376
Allowance for doubtful accounts	(278)	(257)
Total current assets	7,588,145	7,592,493
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,260,806	1,241,031
Land	2,979,124	2,979,124
Other, net	104,688	103,914
Total property, plant and equipment	4,344,619	4,324,071
Intangible assets		
Other	64,673	94,242
Total intangible assets	64,673	94,242
Investments and other assets		
Investment securities	2,101,771	2,199,975
Retirement benefit asset	1,363,592	1,375,554
Other	162,305	160,986
Allowance for doubtful accounts	(45,480)	(45,480)
Total investments and other assets	3,582,188	3,691,035
Total non-current assets	7,991,481	8,109,348
Total assets	15,579,627	15,701,841

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	577,548	541,316
Short-term borrowings	770,000	770,000
Income taxes payable	23,566	17,341
Refund liabilities	2,173,761	2,216,644
Provision for bonuses	169,770	129,569
Other	365,751	482,389
Total current liabilities	4,080,398	4,157,262
Non-current liabilities		
Deferred tax liabilities	653,086	686,869
Retirement benefit liability	94,975	99,508
Other	237,410	237,410
Total non-current liabilities	985,473	1,023,789
Total liabilities	5,065,871	5,181,051
Net assets		
Shareholders' equity		
Share capital	10,141,136	10,141,136
Capital surplus	4,168,372	4,168,372
Retained earnings	(4,616,223)	(4,684,121)
Treasury shares	(524)	(524)
Total shareholders' equity	9,692,760	9,624,862
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	892,980	961,273
Remeasurements of defined benefit plans	(71,985)	(65,345)
Total accumulated other comprehensive income	820,995	895,928
Total net assets	10,513,755	10,520,790
Total liabilities and net assets	15,579,627	15,701,841

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

(Thousands of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Net sales	1,226,871	1,348,585
Cost of sales	919,982	923,413
Gross profit	306,889	425,171
Selling, general and administrative expenses	449,388	504,359
Operating loss	(142,498)	(79,188)
Non-operating income		
Interest income	31	27
Dividend income	17,752	18,249
Rental income	1,260	660
Foreign exchange gains	–	2,375
Share of profit of entities accounted for using equity method	1,501	2,973
Subsidy income	26,880	2,957
Other	2,050	1,771
Total non-operating income	49,475	29,016
Non-operating expenses		
Interest expenses	2,831	2,831
Other	232	0
Total non-operating expenses	3,064	2,831
Ordinary loss	(96,087)	(53,003)
Extraordinary income		
Gain on sale of non-current assets	42	450
Total extraordinary income	42	450
Extraordinary losses		
Loss on valuation of investment securities	–	1,129
Impairment losses	19,506	–
Total extraordinary losses	19,506	1,129
Loss before income taxes	(115,551)	(53,683)
Income taxes-current	9,162	13,423
Income taxes-deferred	2,897	790
Total income taxes	12,060	14,214
Loss	(127,611)	(67,898)
Loss attributable to owners of parent	(127,611)	(67,898)

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

(Thousands of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Loss	(127,611)	(67,898)
Other comprehensive income		
Valuation difference on available-for-sale securities	(104,240)	68,292
Remeasurements of defined benefit plans, net of tax	1,805	6,640
Total other comprehensive income	(102,435)	74,932
Comprehensive income	(230,047)	7,034
Comprehensive income attributable to:		
Owners of parent	(230,047)	7,034
Non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Cash flows from operating activities		
Loss before income taxes	(115,551)	(53,683)
Depreciation and amortization	35,762	36,240
Loss (gain) on valuation of short-term and long-term investment securities	–	1,129
Gain on sale of non-current assets	(42)	(450)
Share of loss (profit) of entities accounted for using equity method	(1,501)	(2,973)
Impairment losses	19,506	–
Increase (decrease) in allowance for doubtful accounts	(892)	(21)
Increase (decrease) in retirement benefit liability	4,301	4,533
Decrease (increase) in retirement benefit asset	(8,660)	(2,390)
Increase (decrease) in refund liabilities	52,747	42,883
Increase (decrease) in provision for bonuses	(65,774)	(40,201)
Interest and dividend income	(17,784)	(18,277)
Rental income	(1,260)	(660)
Subsidy income	(26,880)	(2,957)
Interest expenses	2,831	2,831
Decrease (increase) in trade receivables	151,038	221,161
Decrease (increase) in inventories	96,498	(63)
Increase (decrease) in trade payables	(26,130)	(36,231)
Other, net	110,362	(48,026)
Subtotal	208,571	102,841
Interest and dividends received	17,760	18,258
Proceeds from rental income	1,060	660
Subsidies received	23,940	2,957
Interest paid	(2,862)	(2,924)
Extra retirement payments	(40,970)	–
Income taxes paid	(35,243)	(16,460)
Net cash provided by (used in) operating activities	172,255	105,332
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,838)	(8,526)
Proceeds from sale of property, plant and equipment	42	450
Purchase of intangible assets	(44,634)	(34,208)
Purchase of investment securities	(412)	(445)
Proceeds from collection of loans receivable	420	300
Other, net	8,920	2,440
Net cash provided by (used in) investing activities	(49,504)	(39,990)
Cash flows from financing activities		
Net cash provided by (used in) financing activities	–	–
Net increase (decrease) in cash and cash equivalents	122,751	65,341
Cash and cash equivalents at beginning of period	3,970,226	4,741,144
Cash and cash equivalents at end of period	4,092,978	4,806,485

(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 FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

1. Information pertaining to net sales and profit/loss in reportable segments and on revenue breakdown

(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	Subtotal				
Net sales							
Retail publishing	741,485	–	741,485	–	741,485	–	741,485
Special-order products	29,284	–	29,284	–	29,284	–	29,284
Advertising	60,044	–	60,044	–	60,044	–	60,044
e-business sales	64,197	298,668	362,866	–	362,866	–	362,866
Other	1,121	1,394	2,516	23,404	25,920	–	25,920
Revenue from contracts with customers	896,134	300,063	1,196,198	23,404	1,219,602	–	1,219,602
Other income	–	–	–	7,269	7,269	–	7,269
Sales to external customers	896,134	300,063	1,196,198	30,673	1,226,871	–	1,226,871
Inter-segment sales and transfers	8,432	32,087	40,519	–	40,519	(40,519)	–
Total	904,566	332,150	1,236,717	30,673	1,267,391	(40,519)	1,226,871
Segment profit (loss)	(48,008)	(133,493)	(181,502)	(6,424)	(187,927)	45,428	(142,498)

Notes: 1. "Other" represents the businesses not included in any reportable segment and mainly consists of the real estate and other businesses.

2. The 45,428 thousand yen adjustment to segment profit (loss) consists of 11,137 thousand yen of inter-segment elimination and 34,290 thousand yen of corporate revenues, net of expenses, which are not allocated to any reportable segment.

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

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

The COVID-19 infection has significantly impacted the Group's operating results. Although the pandemic itself is expected to gradually have less impact on the economic environment thanks to booster shots and spread of treatment drugs, concerns remain about the coming wave-like spread of COVID-19 due to emergence of its new variants still remain. Amid the situation that some countries and regions have still been adversely affected by the pandemic, it is still unknown when countries around the world will return their entry restrictions on cross-border travelers to the level before the pandemic. Inflation started rising around the world as economies started to recover under supply constraints. The western world has imposed economic sanctions on Russia over the Ukraine invasion. Such various negative factors may cast a shadow over the post-covid economic recovery.

Considering the Group will be under such uncertain business environment going forward, and as a result of examining future recoverability of the non-current assets held by the Group in accordance with the Accounting Standard for Impairment of Non-current Assets, their carrying amounts have been written down to the recoverable amounts and the amount of reduction was recognized as an impairment loss in both the Media Business segment and the Solutions Business segment.

The amount of impairment loss in the first three months of FY3/23 was 5,741 thousand yen in the Media Business segment and 13,765 thousand yen in the Solutions Business segment.

II. First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

1. Information pertaining to net sales and profit/loss in reportable segments and on revenue breakdown

(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	Subtotal				
Net sales							
Retail publishing	795,848	–	795,848	–	795,848	–	795,848
Special-order products	30,245	–	30,245	–	30,245	–	30,245
Advertising	61,145	–	61,145	–	61,145	–	61,145
e-business sales	90,919	338,733	429,653	–	429,653	–	429,653
Other	1,560	1,091	2,651	12,155	14,807	–	14,807
Revenue from contracts with customers	979,720	339,824	1,319,544	12,155	1,331,700	–	1,331,700
Other income	–	–	–	16,884	16,884	–	16,884
Sales to external customers	979,720	339,824	1,319,544	29,040	1,348,585	–	1,348,585
Inter-segment sales and transfers	8,067	34,370	42,437	–	42,437	(42,437)	–
Total	987,787	374,194	1,361,982	29,040	1,391,022	(42,437)	1,348,585
Segment profit (loss)	28,648	(143,807)	(115,158)	10,432	(104,726)	25,537	(79,188)

Notes: 1. “Other” represents the businesses not included in any reportable segment and consists of the real estate business and the sales agency business.

2. The 25,537 thousand yen adjustment to segment profit (loss) consists of 177 thousand yen of inter-segment elimination and 25,360 thousand yen of corporate revenues, net of expenses, which are not allocated to any reportable segment.

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

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Subsequent Events

Not applicable.

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