

Summary of Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2024
(Six Months Ended September 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/>
 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 Securities Report: November 13, 2023
 Scheduled date of payment of dividend: –
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2023
(April 1, 2023–September 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	%
Six months ended Sep. 30, 2023	2,822	17.0	3	–	47	–	7	–
Six months ended Sep. 30, 2022	2,411	1.0	(217)	–	(155)	–	(183)	–

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 204 (–%)
 Six months ended Sep. 30, 2022: (258) (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	0.41	–
Six months ended Sep. 30, 2022	(10.10)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2023	16,007	10,718	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 Sep. 30, 2023: 10,718 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	–	0.00	–	–	–
Fiscal year ending Mar. 31, 2024 (forecasts)	–	–	–	–	–

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
Full year	6,370	14.7	80	(39.4)	150	(36.0)	1,380	–	75.92

Note: Revisions to the most recently announced consolidated earnings forecasts: Yes

For details, please refer to the “Notice of Differences between Consolidated Earnings Forecasts and Actual Results for the First Half of the Fiscal Year Ending March 31, 2024 and Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024” disclosed today.

*** 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 Sep. 30, 2023:	18,178,173 shares	As of Mar. 31, 2023:	18,178,173 shares
----------------------	-------------------	----------------------	-------------------

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

As of Sep. 30, 2023:	951 shares	As of Mar. 31, 2023:	951 shares
----------------------	------------	----------------------	------------

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023:	18,177,222 shares	Six months ended Sep. 30, 2022:	18,177,222 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.

How to view supplementary materials on financial results

Supplementary materials for financial results will be available on our website at the beginning of December 2023. We decided to cancel the planned financial results meeting for analysts. Alternatively, we will have a conference call or other meeting.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income	
For the Six-month Period	7
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-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
Subsequent Events	12

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the current fiscal year (from April 1, 2023 to September 30, 2023) (hereinafter “the period under review”), the Japanese economy enjoyed solid export and industrial production after supply constraints were resolved amid the environment where overseas economies slowed but remained firm. The domestic employment and income conditions were also mildly improved. The COVID-19 infection that cast a heavy shadow over the world's economy for the long time was downgraded last spring to a Class 5 disease under the Infectious Disease Act, which is the same level as seasonal influenza, although Japan still had concerns about the spread of its new variants. Thus, people's anxiety about economic activity was almost eliminated. With such an upward trend of the economic environment, 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, with the extension of the nationwide travel support serving as a tailwind. However, the effects of global inflation, which has occurred as a result of economic normalization and the emergence of geopolitical risks, spread to Japan as well. The continual rise in prices posed a new cause of concern for people to slow down their consumption activity. In cross-border traveling, the inbound tourism market rapidly recovered as a whole since the historic depreciation of the yen continued mainly due to the difference of the monetary policy stances between Japan and other countries, with the exception of visitors from China where the normalization of traveling abroad was delayed due to the effect of the zero-corona policy. On the other hand, recovery in the outbound tourism market was sluggish.

The Group addressed challenges caused by the prolonged impact of the COVID-19 pandemic. In doing so, we implemented the reorganization of the Group's business portfolio and 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, backed by the recovery of market environment, we turned into profitability by reporting net income for the previous fiscal year for the first time in 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 more 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 411 million yen (17.0%) to 2,822 million yen (compared with 2,411 million yen one year earlier) due to a steady increase in sales in the retail publishing, subscription services, e-books, advertising, and special-order products businesses related to tourism. This was because the traveling demand was higher than a year ago thanks to the downgrade of COVID-19 to a Class 5 disease to be in time for the period of expanding demand for traveling and outings as well as the extension of the nationwide travel support both as stated above. In terms of profitability, operating profit was 3 million yen, an improvement of 220 million yen from operating loss of 217 million yen one year earlier. This improvement was due to limited increases in cost of sales and selling, general and administrative expenses compared with the steady increase in sales. Accordingly, ordinary profit was 47 million yen, an improvement of 203 million yen from ordinary loss of 155 million yen one year earlier. As a result, profit attributable to owners of parent was 7 million yen, an improvement of 191 million yen from loss attributable to owners of parent of 183 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 apps; 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 achieved a year-on-year increase in sales. This is because sales of retail publications including traveling magazine mainly consisting of *MAPPLE Magazines* increased for traveling

in nearby Asian countries and regions such as Seoul and Taiwan, let alone for domestic traveling, due to higher traveling demand than the previous year. Furthermore, sales of e-books steadily increased, including the subscription service to provide unlimited access to e-books, and profit from the advertising business and special-order products also increased with the rapid market recovery as a tailwind. In the retail publications business related to traveling and outings, in addition to expansion of our staple traveling magazines, 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 categorized under 17 themes; *Mapple Plant Tour: Social Study Tour in the Metropolitan Tokyo Area/Keihanshin and Nagoya Areas*, which is a guidebook for readers to enjoy learning society; and *Small Day Trips in Saitama/Gunma: Special Edition*, which is a new release two years after the previous release of the series. In the *Chizu de Sutto Atama ni Hairu* (quickly learn with a map) series, which is our well-received book series, we launched *Zukai de Sutto Atama ni Hairu Murasaki Shikibu to Genji Monogatari*, which gives illustrated synopses of the big full-length novel *Genji Monogatari* (the Tale of Genji) and describes the personality and life of the author Murasaki Shikibu, in addition to the *Chizu de Sutto Atamani Hairu Sekai no Shigen to Soudatsu-sen* (the world's resources and the battle for them) in response to today's international circumstances.

As a result, net sales of the segment were 2,042 million yen (compared with 1,720 million yen one year earlier). Operating profit was 156 million yen (compared with operating loss of 61 million yen one year earlier).

Solutions Business

This segment engages in sales of databases of maps and guidebooks that are the Group's core competencies, sales and custom-development of system products and solution services using the databases, and other activities.

During the period under review, we continued to focus on receiving orders from government agencies including police and fire departments that were less susceptible to economic trends. We also focused on renewing contracts with private companies on subscription-based products. In addition to the start of supply of *Business-use Car Navigation System SDK Ver. 8.0*, which is the latest version of our business-use car navigation product, we released *MAPPLE Route Navigator*, which is a car navigation application specifically designed for cyclic operations along fixed routes, such as distribution, collection, inspection, and human transportation. This navigator allows drivers to smoothly share the knowledge on driving routes of experienced drivers, helping resolve challenges related to the 2024 logistics crunch in Japan. Note that the supply of semiconductors, which had been suspended for a long time, finally recovered and the backlog of orders from partners for business-use car navigation products has been eliminated, contributing to an increase in sales during the period under review. Furthermore, due to the impact of the qualified invoice system for consumption tax purposes starting on October 1, 2023, we received an increasing number of inquiries from customers who wanted to smoothly check the list of their business partners against the list of business issuers of qualified invoice published by the National Tax Agency. To respond to this need, we commercialized Address Cleansing Tool specifically designed to serve as an address normalization converter. As part of the initiative to achieve carbon neutrality, we concluded the Agreement on Promotion of Introduction of Electric Chargers for Electric Vehicles with Chiba Prefecture.

As a result, net sales of the segment were 720 million yen (compared with 651 million yen one year earlier). Operating loss was 161 million yen (compared with operating loss of 154 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 60 million yen (compared with 39 million yen one year earlier). Operating profit was 22 million yen (compared with operating loss of 10 million yen one year earlier).

(2) Explanation of Financial Position

Total assets at the end of the second quarter increased 427 million yen (2.7%) from the end of the previous fiscal year to 16,007 million yen. This was mainly due to increases in cash and deposits of 265 million yen, work in process of 86 million yen, and investment securities of 267 million yen, which were partly offset by decreases in

accounts receivable-trade of 137 million yen and merchandise and finished goods of 58 million yen. Total liabilities increased 222 million yen (4.4%) from the end of the previous fiscal year to 5,288 million yen. This was mainly due to increases in income taxes payable of 22 million yen, refund liabilities of 151 million yen, provision for bonuses of 12 million yen, other of current liabilities of 83 million yen, and deferred tax liabilities of 89 million yen, which were partly offset by a decrease in notes and accounts payable-trade of 140 million yen.

Total net assets increased 204 million yen (1.9%) from the end of the previous fiscal year to 10,718 million yen. This was due to an increase in valuation difference on available-for-sale securities of 184 million yen and the reporting of profit 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 period under review on a consolidated basis increased 265 million yen from the end of the previous fiscal year to 5,006 million yen.

Net cash provided by operating activities was 338 million yen. The main factors were profit before income taxes of 46 million yen, depreciation and amortization of 76 million yen, an increase in refund liabilities of 151 million yen, an increase in provision for bonuses of 12 million yen, a decrease in trade receivables of 137 million yen, and interest and dividends received of 28 million yen, which were partly offset by a decrease in trade payables of 140 million yen.

Net cash used in investing activities was 76 million yen. The main factors include purchase of property, plant and equipment of 17 million yen and purchase of intangible assets of 55 million yen.

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

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

The operating results for the period under review exceeded our initial forecast thanks to the tourism market and the market related to accommodation and food/beverage services in Japan having steadily recovered as stated above. As we expect this improved environment to continue for a while, we have decided to revise the earnings forecast based on the latest business environment. In revising the forecast, we have factored in the upward trend of sales in the second half of this fiscal year particularly in the retail publishing business and the latest information about cost of sales and selling, general and administrative expenses. Also, in revising the forecast, we included in extraordinary income a gain on sale of non-current assets, as announced in “Notice of Transfer of Non-Current Assets, Recording of Extraordinary Income, and Revision to Full-Year Earnings Forecast (Japanese version only)” dated October 20, 2023. In addition, while the tourism market has steadily recovered, prices are rising to levels not seen in several decades in Japan due to the depreciation of the yen attributable to the difference of the monetary policy stances between Japan and other countries and geopolitical risks. It is feared that these circumstances may affect the trend of economic recovery in future. Considering this uncertain business environment, we have incorporated into the earnings forecasts in advance that some business assets will be impaired and recorded as extraordinary losses in the end of the fiscal year ending March 31, 2024 and have revised the tax amounts to reflect the incorporation above. Consequently, we have revised the full-year earnings forecast, which was announced on the same day, as follows:

Net sales:	6,370 million yen	(Previous forecast: 6,250 million yen)
Operating profit:	80 million yen	(Previous forecast: 30 million yen)
Ordinary profit:	150 million yen	(Previous forecast: 100 million yen)
Profit attributable to owners of parent:	1,380 million yen	(Previous forecast: 1,580 million yen)

Note that the earnings forecasts are based on information that is currently available to us and on certain 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)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	4,741,144	5,006,965
Accounts receivable-trade	1,735,774	1,598,381
Merchandise and finished goods	883,329	824,341
Work in process	137,623	224,055
Raw materials and supplies	258	258
Other	90,294	67,692
Allowance for doubtful accounts	(278)	(271)
Total current assets	7,588,145	7,721,423
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,260,806	1,220,814
Land	2,979,124	2,979,124
Other, net	104,688	101,827
Total property, plant and equipment	4,344,619	4,301,766
Intangible assets		
Other	64,673	107,858
Total intangible assets	64,673	107,858
Investments and other assets		
Investment securities	2,101,771	2,368,917
Retirement benefit asset	1,363,592	1,387,419
Other	162,305	165,457
Allowance for doubtful accounts	(45,480)	(45,285)
Total investments and other assets	3,582,188	3,876,509
Total non-current assets	7,991,481	8,286,134
Total assets	15,579,627	16,007,557

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	577,548	436,646
Short-term borrowings	770,000	770,000
Income taxes payable	23,566	46,271
Refund liabilities	2,173,761	2,324,986
Provision for bonuses	169,770	181,802
Other	365,751	448,888
Total current liabilities	4,080,398	4,208,595
Non-current liabilities		
Deferred tax liabilities	653,086	742,109
Retirement benefit liability	94,975	100,746
Other	237,410	237,410
Total non-current liabilities	985,473	1,080,266
Total liabilities	5,065,871	5,288,862
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)	(4,608,743)
Treasury shares	(524)	(524)
Total shareholders' equity	9,692,760	9,700,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	892,980	1,077,158
Remeasurements of defined benefit plans	(71,985)	(58,704)
Total accumulated other comprehensive income	820,995	1,018,454
Total net assets	10,513,755	10,718,695
Total liabilities and net assets	15,579,627	16,007,557

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

(Thousands of yen)

	First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)
Net sales	2,411,698	2,822,711
Cost of sales	1,654,729	1,769,999
Gross profit	756,968	1,052,712
Selling, general and administrative expenses	973,992	1,049,263
Operating profit (loss)	(217,024)	3,448
Non-operating income		
Interest income	68	73
Dividend income	25,711	28,705
Rental income	1,520	1,320
Share of profit of entities accounted for using equity method	270	3,296
Foreign exchange gains	–	10,559
Subsidy income	27,525	2,957
Other	13,087	3,866
Total non-operating income	68,183	50,779
Non-operating expenses		
Interest expenses	5,694	5,694
Loss on investments in investment partnerships	–	1,362
Other	1,343	0
Total non-operating expenses	7,037	7,057
Ordinary profit (loss)	(155,878)	47,171
Extraordinary income		
Gain on sale of non-current assets	62	585
Gain on sale of membership	713	–
Total extraordinary income	776	585
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Loss on valuation of investment securities	–	1,129
Impairment losses	20,734	–
Total extraordinary losses	20,734	1,129
Profit (loss) before income taxes	(175,836)	46,626
Income taxes-current	9,360	37,595
Income taxes-deferred	(1,634)	1,550
Total income taxes	7,725	39,146
Profit (loss)	(183,562)	7,480
Profit (loss) attributable to owners of parent	(183,562)	7,480

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

	(Thousands of yen)	
	First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)
Profit (loss)	(183,562)	7,480
Other comprehensive income		
Valuation difference on available-for-sale securities	(78,399)	184,177
Remeasurements of defined benefit plans, net of tax	3,610	13,281
Total other comprehensive income	(74,789)	197,459
Comprehensive income	(258,351)	204,939
Comprehensive income attributable to:		
Owners of parent	(258,351)	204,939
Non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(175,836)	46,626
Depreciation and amortization	73,861	76,190
Loss (gain) on valuation of short-term and long-term investment securities	–	1,129
Share of loss (profit) of entities accounted for using equity method	(270)	(3,296)
Gain on sale of non-current assets	(62)	(585)
Loss (gain) on sale of membership	(713)	–
Impairment losses	20,734	–
Increase (decrease) in allowance for doubtful accounts	(12,587)	(202)
Increase (decrease) in retirement benefit liability	5,416	5,770
Decrease (increase) in retirement benefit asset	(17,048)	(4,684)
Increase (decrease) in refund liabilities	154,130	151,224
Increase (decrease) in provision for bonuses	(17,878)	12,031
Interest and dividend income	(25,780)	(28,779)
Rental income	(1,520)	(1,320)
Subsidy income	(27,525)	(2,957)
Interest expenses	5,694	5,694
Decrease (increase) in trade receivables	228,228	137,393
Decrease (increase) in inventories	116,626	(27,444)
Increase (decrease) in trade payables	(80,627)	(140,901)
Other, net	91,285	85,936
Subtotal	336,126	311,826
Interest and dividends received	25,784	28,780
Proceeds from rental income	1,320	1,320
Subsidies received	27,525	2,957
Interest paid	(5,787)	(5,787)
Extra retirement payments	(40,970)	–
Income taxes paid	(15,654)	(17,935)
Income taxes refund	4,475	17,245
Net cash provided by (used in) operating activities	332,820	338,406
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,652)	(17,654)
Proceeds from sale of property, plant and equipment	62	585
Purchase of intangible assets	(77,044)	(55,611)
Purchase of investment securities	(1,821)	(2,994)
Long-term loan advances to employees	–	(5,000)
Proceeds from collection of loans receivable	970	700
Other, net	15,852	3,802
Net cash provided by (used in) investing activities	(78,632)	(76,172)
Cash flows from financing activities		
Net cash provided by (used in) financing activities	–	–
Effect of exchange rate changes on cash and cash equivalents	–	3,587
Net increase (decrease) in cash and cash equivalents	254,188	265,821
Cash and cash equivalents at beginning of period	3,970,226	4,741,144
Cash and cash equivalents at end of period	4,224,414	5,006,965

(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 six months of FY3/23 (Apr. 1, 2022–Sep. 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	1,409,231	–	1,409,231	–	1,409,231	–	1,409,231
Special-order products	68,319	–	68,319	–	68,319	–	68,319
Advertising	95,565	–	95,565	–	95,565	–	95,565
e-business sales	144,318	649,353	793,671	–	793,671	–	793,671
Other	3,485	1,690	5,176	25,212	30,389	–	30,389
Revenue from contracts with customers	1,720,920	651,044	2,371,965	25,212	2,397,177	–	2,397,177
Other income	–	–	–	14,520	14,520	–	14,520
Sales to external customers	1,720,920	651,044	2,371,965	39,733	2,411,698	–	2,411,698
Inter-segment sales and transfers	60,672	64,598	125,271	–	125,271	(125,271)	–
Total	1,781,593	715,643	2,497,236	39,733	2,536,970	(125,271)	2,411,698
Segment profit (loss)	(61,243)	(154,815)	(216,059)	(10,996)	(227,055)	10,030	(217,024)

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

2. The 10,030 thousand yen adjustment to segment profit (loss) consists of 17,275 thousand yen of inter-segment elimination and minus 7,245 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. Furthermore, 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 impairment losses in both the Media Business segment and the Solutions Business segment.

The amount of impairment losses in the first six months of FY3/23 was 5,741 thousand yen in the Media Business segment and 14,993 thousand yen in the Solutions Business segment.

II. First six months of FY3/24 (Apr. 1, 2023–Sep. 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	1,628,007	–	1,628,007	–	1,628,007	–	1,628,007
Special-order products	89,237	–	89,237	–	89,237	–	89,237
Advertising	123,764	–	123,764	–	123,764	–	123,764
e-business sales	199,265	717,630	916,895	–	916,895	–	916,895
Other	2,200	2,553	4,753	23,530	28,284	–	28,284
Revenue from contracts with customers	2,042,475	720,183	2,762,659	23,530	2,786,189	–	2,786,189
Other income	–	–	–	36,522	36,522	–	36,522
Sales to external customers	2,042,475	720,183	2,762,659	60,052	2,822,711	–	2,822,711
Inter-segment sales and transfers	68,892	70,679	139,571	–	139,571	(139,571)	–
Total	2,111,368	790,862	2,902,230	60,052	2,962,283	(139,571)	2,822,711
Segment profit (loss)	156,442	(161,426)	(4,983)	22,834	17,851	(14,402)	3,448

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 minus 14,402 thousand yen adjustment to segment profit (loss) consists of 207 thousand yen of inter-segment elimination and minus 14,610 thousand yen of corporate revenues, net of expenses, which are not allocated to any reportable segment.

3. Segment profit (loss) is adjusted with operating profit 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

Transfer of non-current assets

At the Board of Directors meeting held on October 20, 2023, the Company resolved to transfer the following non-current assets and entered into the transfer agreement on October 31, 2023.

1. Reason for the transfer

In order to make effective use of the assets and improve its financial soundness, the Company has decided to sell the land and building of the Production Headquarters.

2. Details of the assets to be sold

(1) Name of the assets	Land and building of the Production Headquarters
(2) Location	1-18-2 Tokiwa, Koto-ku, Tokyo
(3) Land area	1,205.52 m ²
(4) Total floor space of building	4,084.8 m ²
(5) Current status	Office and parking lot

Note: The transfer price will not be disclosed due to the request of the transferee.

3. Overview of the transferee

The transferee is a domestic corporation, but we refrain from disclosing this information in accordance with the request of the transferee.

There are no particular matters to be described regarding capital, personnel or business relationship, and related party between the Company and its consolidated subsidiaries and the transferee.

4. Schedule of the transfer

(1) Date of resolution by the Board of Directors	October 20, 2023
(2) Date of execution of the agreement	October 31, 2023
(3) Date of delivery	December 1, 2023 (planned)

5. Impact on earnings

As a result of the above transfer, the Company plans to record a gain on sale of non-current assets of 1,562 million yen as extraordinary income in the third quarter of the fiscal year ending March 31, 2024.

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.