

TSUBURAYA FIELDS HOLDINGS

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Summary

(Translation)
November 13, 2023

TSUBURAYA FIELDS HOLDINGS INC.

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: TSUBURAYA FIELDS HOLDINGS INC.
(URL: <https://www.tsuburaya-fields.co.jp/e/>)
Listing: Tokyo Stock Exchange, Prime Market
Securities code: 2767
URL: <https://www.tsuburaya-fields.co.jp/e/>
Representative: Hidetoshi Yamamoto, President and Group CEO
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Scheduled date to file quarterly securities report: November 14, 2023
Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	67,015	58.7	5,370	52.0	5,907	57.4	4,123	62.6
September 30, 2022	42,230	13.1	3,534	885.9	3,753	528.4	2,536	702.7

(Note) Comprehensive income For the six months ended September 30, 2023: ¥ 3,655 million [9.9%]
For the six months ended September 30, 2022: ¥ 3,326 million [528.7%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	63.03		62.82	
September 30, 2022	39.22		38.91	

(Note) The Company conducted a 2-for-1 stock split of common shares on March 22, 2023. The basic earnings per share, and the diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2023	95,841		43,581		41.9	
March 31, 2023	80,893		41,817		48.4	

(Reference) Equity As of September 30, 2023: ¥ 40,115 million As of March 31, 2023: ¥ 39,120 million

2. Cash dividends

	Annual dividends				
	Q1-end	Q2-end	Q3-end	Fiscal year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 0.00	Yen —	Yen 30.00	Yen 30.00
Fiscal year ending March 31, 2024	—	0.00			
Fiscal year ending March 31, 2024 (Forecast)			—	30.00	30.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate YoY changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full-year	123,000	5.0	12,000	9.6	12,200	8.7	8,500	3.4	129.97	

(Note) Revision of the most recently released performance forecasts: None

The average number of shares outstanding during the period, which is the basis for calculating "basic earnings per share," is the number of issued shares as of March 31, 2023 (excluding treasury shares).

***Notes**

- (1) Changes in significant subsidiaries during the period: None
- (2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons other than (3) (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	69,400,000 shares
As of March 31, 2023	69,400,000 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2023	3,972,849 shares
As of March 31, 2023	4,001,382 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	65,419,983 shares
Six months ended September 30, 2022	64,663,366 shares

(Note) The Company conducted a 2-for-1 stock split of common shares on March 22, 2023. The number of issued shares at the end of the period (including treasury shares), the number of treasury shares at the end of the period, and the average number of shares outstanding during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

- * Quarterly financial results reports are exempt from quarterly review by certified public accountants or an audit corporation.
- * Proper use of earnings forecasts, and other special matters
The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results, etc. may differ materially from the forecasts due to various factors.
Please refer to *1. Qualitative information on the quarterly financial results (1) Analysis of operating results* on page two and *(2) Consolidated earnings forecasts* on page four.

(How to obtain supplementary materials on financial results)

The Company is planning to hold a financial briefing (online) for analysts and institutional investors on Tuesday, November 14, 2023. Materials used at that briefing will be posted on the Company's website after the briefing as soon as possible.

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1. Qualitative information on the quarterly financial results

(1) Analysis of operating results

During the second quarter of the fiscal year under review, the Japanese economy was on a gradual uptrend amid progress toward overcoming the COVID-19 pandemic and normalization of socioeconomic activities. In leisure market, the economy has been underpinned mainly by the service industry, where the flow of people has returned and inbound spending by tourists visiting Japan during the summer holidays has recovered to pre-COVID-19 levels.

Our group launched a three-year medium-term management plan ending March 31, 2026. In order to realize the group's corporate philosophy of *The Greatest Leisure for All People*, we are steadily pushing ahead with initiatives aimed at becoming a global content business company. In the growth area of the content and digital business, the group aims to establish the Tsuburaya brand in the China and ASEAN regions and increase the value of its IP by virtue of a three-pronged cycle of developing visual products, developing theme parks, and developing merchandising. In pachinko/pachislot (hereinafter, PS) business, which serves as our earnings base, in order to "contribute to the sound development of PS sector as a leisure" as the mission of only nationwide distributor, we provide manufacturers with a vast amount of qualitative and quantitative information gathered from fans and halls nationwide, as well as IP that leads to hits that fans want. For pachinko halls, we provide a stable supply of merchandise that is supported by fans, and provide information on the needs of fans gathered from around the country, customized to each region. Through these measures, we ultimately aim to build a system that can provide high-quality PS machine titles at a rate of one title per month.

As a result of business activities in line with the medium-term management plan, both sales and profits increased significantly YoY. By continuing to implement various measures in accordance with the current medium-term management plan, we will establish a solid management foundation and aim for sustainable growth.

Consolidated financial results for the fiscal year under review were net sales ¥67,015 million (up 58.7% YoY), operating income ¥5,370 million (up 52.0% YoY), ordinary income ¥5,907 million (up 57.4% YoY), and profit attributable to owners of parent ¥4,123 million (up 62.6% YoY). Since Daikoku Denki Co., Ltd. became an equity-method affiliate in the second quarter of the fiscal year under review, ¥395 million was recorded as share of profit of entities accounted for using equity method.

The overview of each segment is as follows.

Content and digital business segment

[Table 1: Change in business revenues of Tsuburaya Productions Co., Ltd. (hereinafter, TPC)]

(Unit: Millions of yen)

	Apr.-Sep. 2022 (Previous H1)	Apr.-Sep. 2023 (Current H1)	YoY change
Overseas MD and license revenue	1,294	2,348	+81.4 %
China	1,026	2,103	+104.9 %
Domestic MD and license revenue	1,009	1,085	+7.5 %
Total MD and license revenue	2,304	3,434	+49.0 %
Imaging business revenue	1,299	1,279	(1.5) %

Chinese MD licensing revenue: ¥2.1 billion (up 104.9% YoY)

Trading cards continued to drive earnings, while block toys also performed well, and in the fiscal year under review, Chinese MD licensing revenues doubled YoY.

In particular, as a result of efforts from last year to acquire new licensees in order to expand the non-toy categories, the non-toy categories such as apparel and stationery expanded significantly from the same period of the previous fiscal year.

Domestic MD licensing revenue: ¥1.08 billion (+7.5% YoY)

With the *Ultra Hero's EXPO 2023 Summer Festival*, which attracted more than 70,000 visitors, as well as other events and live shows following the lifting of restriction movement, the number of visitors greatly exceeded the previous year's level, and product sales were strong. The original merchandise was also popular at Seibuen Amusement Park's attraction, which opened in July. Besides Ultraman, merchandise related to the *GRIDMAN UNIVERSE*, which was released in March and had an audience of 520,000 people, performed well.

As a result, the content and digital business segment reported a YoY increase of 22.5% in net sales, to ¥7,409 million, and an increase of 22.1% in operating profit, to ¥1,980 million.

PS business segment

FIELDS CORPORATION recorded strong sales of 85,000 pachinko machines, 40,000 pachislot machines, and 126,000 total machines (+41,000 machines YoY) due to strong sales of titles during the fiscal year under review. The main sales titles are shown in Table 3 below.

[Table 2: PS machine unit sales in PS business segment]

(Unit: machines)

	Apr.-Sep. 2022 (Previous H1)	Apr.-Sep. 2023 (Current H1)	Increase/decrease
Pachinko	56,814	85,748	+28,934
Pachislot	27,544	40,277	+12,733
Total	84,358	126,025	+41,667

[Table 3: Major sales titles up to the Q2 of the fiscal year ending March 31, 2024]

(Unit: machines)

Classification	Major sales titles	Month of delivery	Number of units posted	
Pachinko	P CODE GEASS Lelouch of the Rebellion -Rebellion to Re; surrection-	May	20,000	85,000
	P Hyakka-Ryoran	Sep.	10,000	
	Other, series machines, resale, etc.	-	55,000	
Pachislot	L BERSERK Musou	Jun.	14,000	40,000
	S The Ambition of Oda Nobuna -countywide edition-	Jul.	6,000	
	L Evangelion -Genesis of Destiny-	Oct.	16,000	
	Others	-	3,000	
Total				126,000

In addition to the above, we also resold 24,000 units of pachinko machine, NEON GENESIS EVANGELION -Roar for tomorrow-, which have earned strong support from fans as the hall's core title, and 10,000 units of light specs that make the title easier to play.

We are making steady progress in various initiatives aimed at achieving the goals of our medium-term management plan. These include acquiring other and new IP, and developing and strengthening our PS machine manufacturing system.

As a result, PS business segment reported a YoY increase of 67.0% in net sales to ¥59,022 million and a YoY increase of 133.1% in operating profit to ¥4,506 million.

Other business

Other business posted a net sales of ¥805 million and an operating profit of ¥20 million.

(2) Consolidated earnings forecasts

Content and digital business segment

In order to achieve the goals of the medium-term management plan, we are working to solidify our footing in the current fiscal year in line with our plan, which looks ahead to three years from now, as described below.

Netflix and TPC jointly produced a CG animated feature film, which will be released in 2024 that was titled *ULTRAMAN: RISING*. The CG animation production is handled by Industrial Light & Magic (established by George Lucas with three Emmy Awards and 15 Academy Award for Visual Effects), which has a proven track record in Star Wars, etc. With this video product, we can expect to acquire new fans in North America, where Ultraman is still less recognized. In May, we established a subsidiary in Los Angeles in preparation for merchandise expansion in North America in conjunction with this video product, and are preparing with partner companies.

In October, Ultraman area opened in the newly established *Zhengzhou Ocean Park* in Zhengzhou. Ultraman area will be the first in China to have a number of attractions under the theme of Ultraman and KAIJU, and by the beginning of next year, Ultraman town will have a hotel, restaurants, shops, and other facilities located in this theme park. In December, Tokyo Dome City plans to open an interactive VR attraction called “ULTRASEVEN THE ATTRACTION”

In October of this year, we announced the business of a new Ultraman card game with an eye to global expansion in order to make a full-scale entry into the card game market, which continues to expand globally. Beginning with AFA (Anime Festival Asia) to be held in Singapore on November 24 and 25, it will be gradually unveiled in countries around the world. Card games, which are currently popular in China, have differing merchandise designs and target users, so we will continue to aggressively develop them.

In the digital service area, we are currently planning and developing various games utilizing the contents of Ultraman series and KAIJU, and we plan to release some game apps worldwide during the next fiscal year.

In addition, as a measure to expand sales channels to meet diverse consumer needs, we have begun considering the development of EC in foreign countries.

Digital Frontier Inc.

Digital Frontier Inc., which boasts cutting-edge video production technology, has received steady orders for Netflix, large-scale anime movies and gaming projects, and is also aggressively developing web services using digital assets.

PS business segment

In PS machine industry, hit machines appeared in 6.5 regulation machine and smart pachislot, which were introduced last year, and pachislot is leading the market as a whole. Against this backdrop, in pachinko, pachinko halls and fans are expecting titles to be launched in the H2 of the fiscal year, which is a hot topic, in order to revitalize the market.

FIELDS CORPORATION are currently selling two pachinko titles and two pachislot titles for the Q3. The latest series *Pachinko EVANGELION:3.0+1.0* has already sold out, with orders greatly exceeding the sales plan of 60,000 units. We also sold 18,000 units of our first private-brand smart pachislot *L Ring ni kakero! V*, which exceeded our forecast. Other sales of titles and Q4 sales preparations are progressing as planned.

At this time, we were able to achieve our consolidated results forecast for the year ending March 31, 2024, without any changes from the content published on May 15.

(Note 1) All figures in this report are based on our estimates.

(Note 2) Product names in this report are trademarks or registered trademarks of each company.

(3) Overview of financial position

(Assets)

Current assets increased by ¥12,367 million from the end of the previous fiscal year to ¥71,236 million. This was mainly due to an increase in trade receivable.

Property, plant and equipment increased by ¥265 million from the end of the previous fiscal year to ¥5,560 million. This was mainly due to an increase in buildings and structures.

Intangible assets decreased by ¥170 million from the end of the previous fiscal year to ¥2,717 million. This was mainly due to a decrease in goodwill.

Investments and other assets increased by ¥2,485 million from the end of the previous fiscal year to ¥16,326 million. This was mainly due to an increase in investment securities.

Consequently, assets increased by ¥14,948 million from the end of the previous fiscal year to ¥95,841 million.

(Liabilities)

Current liabilities increased by ¥12,120 million from the end of the previous fiscal year to ¥42,609 million. This was mainly due to an increase in trade payable.

Non-current liabilities increased ¥1,064 million from the end of the previous fiscal year to ¥9,650 million. This was mainly due to an increase in long-term borrowings.

Consequently, liabilities increased by ¥13,184 million from the end of the previous fiscal year to ¥52,260 million.

(Net assets)

Net assets increased by ¥1,764 million from the end of the previous fiscal year to ¥43,581 million. This was mainly due to an increase in retained earnings, a decrease in valuation difference on available-for-sale securities, and an increase in non-controlling interests.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) at the H1 of the fiscal year under review decreased by ¥8,567 million from the end of the previous fiscal year to ¥27,929 million.

(Cash flows from operating activities)

Net cash used in operating activities was ¥2,448 million (¥2,083 million used in the same period of the previous fiscal year). This was mainly attributable to profit before income taxes of ¥5,886 million, an increase in trade receivables of ¥15,522 million, an increase in trade payables of ¥14,985 million, an increase in inventories of ¥4,078 million, an increase in accounts receivable -other of ¥2,098 million and income tax paid of ¥1,587 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥4,675 million (¥1,462 million used in the same period of the previous fiscal year). This was mainly due to purchase of shares of entities accounted for using the equity method of ¥3,167 million, purchase of non-current assets of ¥744 million, purchase of investment securities of ¥411 million and loan advances of ¥320 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,443 million (¥4,291 million used in the same period of the previous fiscal year). This was mainly due to dividends paid of ¥1,959 million, repayments of long-term borrowings of ¥1,877 million, proceeds from long-term borrowings of ¥2,950 million and net decrease in short-term borrowings of ¥549 million.

2. Quarterly consolidated financial statements and important notes

(1) Quarterly consolidated balance sheets

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (as of March 31, 2023)	Q2 of current consolidated fiscal year (as of September 30, 2023)
Assets		
Current assets		
Cash and deposits	36,597	28,029
Notes and accounts receivable - trade, and contract assets	10,936	27,891
Electronically recorded monetary claims - operating	1,957	523
Merchandise and finished goods	339	546
Work in process	1,902	4,408
Raw materials and supplies	1,997	2,695
Merchandise rights	1,734	2,312
Other	3,441	4,850
Allowance for doubtful accounts	(37)	(22)
Total current assets	58,868	71,236
Non-current assets		
Property, plant and equipment		
Land	1,929	1,929
Other	3,365	3,630
Total property, plant and equipment	5,295	5,560
Intangible assets		
Goodwill	1,677	1,535
Other	1,210	1,182
Total intangible assets	2,888	2,717
Investments and other assets		
Investment securities	7,959	10,499
Long-term loans receivable	681	998
Other	5,407	5,028
Allowance for doubtful accounts	(207)	(199)
Total investments and other assets	13,841	16,326
Total non-current assets	22,024	24,605
Total assets	80,893	95,841
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,402	27,388
Short-term borrowings	6,549	6,000
Current portion of long-term borrowings	2,794	2,767
Income taxes payable	1,358	280
Provision for bonuses	273	281
Provision for bonuses for directors (and other officers)	159	-
Other	6,952	5,891
Total current liabilities	30,489	42,609
Non-current liabilities		
Long-term borrowings	3,994	5,093
Retirement benefit liability	862	893
Asset retirement obligations	1,213	1,146
Other	2,515	2,517
Total non-current liabilities	8,585	9,650
Total liabilities	39,075	52,260

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (as of March 31, 2023)	Q2 of current consolidated fiscal year (as of September 30, 2023)
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,390	7,390
Retained earnings	24,217	26,373
Treasury shares	(1,644)	(1,632)
Total shareholders' equity	37,912	40,079
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,194	26
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	12	8
Total accumulated other comprehensive income	1,208	36
Share acquisition rights	45	115
Non-controlling interests	2,651	3,350
Total net assets	41,817	43,581
Total liabilities and net assets	80,893	95,841

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

H1 of the year ending March 31, 2024

	(Unit: Millions of yen)	
	H1 of previous consolidated fiscal year (April 1, 2022 to September 30, 2022)	H1 of current consolidated fiscal year (April 1, 2023 to September 30, 2023)
Net sales	42,230	67,015
Cost of sales	32,542	54,666
Gross profit	9,687	12,348
Selling, general and administrative expenses	6,153	6,977
Operating profit (loss)	3,534	5,370
Non-operating income		
Interest income	1	6
Dividend income	2	128
Purchase discounts	58	11
Share of profit of entities accounted for using equity method	114	400
Distributions from investments	10	8
Other	105	46
Total non-operating income	292	602
Non-operating expenses		
Interest expenses	44	28
Provision of allowance for doubtful accounts	6	-
Financing expenses	2	2
Other	20	35
Total non-operating expenses	72	65
Ordinary profit (loss)	3,753	5,907
Extraordinary income		
Gain on sale of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on retirement of non-current assets	0	7
Impairment losses	-	13
Loss on sale of membership	7	-
Total extraordinary losses	7	21
Profit (loss) before income taxes	3,747	5,886
Income taxes	435	1,061
Profit (loss)	3,311	4,825
Profit (loss) attributable to non-controlling interests	775	701
Profit (loss) attributable to owners of parent	2,536	4,123

Quarterly consolidated statements of comprehensive income

H1 of the year ending March 31, 2024

(Unit: Millions of yen)

	H1 of previous consolidated fiscal year (April 1, 2022 to September 30, 2022)	H1 of current consolidated fiscal year (April 1, 2023 to September 30, 2023)
Profit (loss)	3,311	4,825
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(1,167)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	(1)	(2)
Share of other comprehensive income of entities accounted for using equity method	-	0
Total other comprehensive income	14	(1,169)
Comprehensive income	3,326	3,655
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,550	2,952
Comprehensive income attributable to non-controlling interests	775	702

(3) Quarterly consolidated statements of cash flows

	(Unit: Millions of yen)	
	H1 of previous consolidated fiscal year (April 1, 2022 to September 30, 2022)	H1 of current consolidated fiscal year (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	3,747	5,886
Depreciation	363	426
Amortization of goodwill	126	142
Increase (decrease) in allowance for doubtful accounts	3	(22)
Increase (decrease) in provision for bonuses	11	8
Increase (decrease) in provision for bonuses for directors (and other officers)	(46)	(159)
Increase (decrease) in retirement benefit liability	28	26
Interest and dividend income	(3)	(134)
Share of loss (profit) of entities accounted for using equity method	(114)	(400)
Interest expenses	44	28
Depreciation of investments in capital	289	338
Decrease (increase) in trade receivables	(5,377)	(15,522)
Decrease (increase) in inventories	158	(4,078)
Decrease (increase) in accounts receivable - other	(850)	(2,098)
Increase (decrease) in trade payables	2,721	14,985
Increase (decrease) in liabilities related to payable transactions	(697)	453
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	46	(1,222)
Other, net	(1,912)	376
Subtotal	(1,460)	(966)
Interest and dividends received	3	134
Interest paid	(44)	(28)
Income taxes refund (paid)	(581)	(1,587)
Net cash provided by (used in) operating activities	(2,083)	(2,448)
Cash flows from investing activities		
Purchase of property, plant and equipment	(439)	(596)
Proceeds from sale of property, plant and equipment	4	0
Purchase of intangible assets	(115)	(147)
Purchase of investment securities	(380)	(411)
Proceeds from sale of investment securities	23	37
Purchase of shares of subsidiaries and associates	-	(141)
Purchase of shares of entities accounted for using equity method	-	(3,167)
Payments for investments in capital	(528)	-
Loan advances	(33)	(320)
Proceeds from collection of loans receivable	13	4
Other, net	(7)	66
Net cash provided by (used in) investing activities	(1,462)	(4,675)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(818)	(549)
Proceeds from long-term borrowings	-	2,950
Repayments of long-term borrowings	(2,508)	(1,877)
Purchase of treasury shares	(0)	(0)
Dividends paid	(645)	(1,959)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(306)	-
Other, net	(12)	(7)
Net cash provided by (used in) financing activities	(4,291)	(1,443)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(7,836)	(8,567)
Cash and cash equivalents at beginning of year	32,304	36,497
Cash and cash equivalents at end of period	24,467	27,929

(4) Notes regarding the quarterly consolidated financial statements

(Notes regarding the operation of the company as a going concern)

Not applicable.

(Notes regarding occurrence of significant change in amount of shareholders' equity)

Not applicable.

(Application of the accounting method specific to quarterly consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to profit before income taxes for the consolidated fiscal year including the Q2 under review, and multiplying before income taxes by this estimated effective tax rate.

(Segment Information)

[Segment Information]

I. Previous H1 of the fiscal year (from April 1, 2022 to September 30, 2022)

Net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable Segments			Other (Note) 1	Total	Adjusted amount (Note) 2	Quarterly consolidated statement of income Amount recorded (Note) 3
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	5,770	35,332	41,103	1,127	42,230	-	42,230
Intersegment net sales or transfers	276	1	277	0	278	(278)	-
Total	6,046	35,334	41,380	1,127	42,508	(278)	42,230
Segment profit	1,623	1,933	3,556	33	3,589	(55)	3,534

(Note) 1. "Other" is a business segment that is not included in reportable segments and includes fitness business, etc.

2. ¥(55) million in adjustments to segment profit includes an elimination of ¥(55) million for intersegment transactions.

3. Segment profit has been adjusted with the operating profit of the quarterly consolidated statement of income.

II. Current H1 of the fiscal year (from April 1, 2023 to September 30, 2023)

1. Net sales and profit (loss) by reportable segment

(Unit: Millions of yen)

	Reportable Segments			Other (Note) 1	Total	Adjusted amount (Note) 2	Quarterly consolidated statement of income Amount recorded (Note) 3
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	7,336	58,878	66,214	800	67,015	-	67,015
Intersegment net sales or transfers	72	144	216	5	221	(221)	-
Total	7,409	59,022	66,431	805	67,236	(221)	67,015
Segment profit	1,980	4,506	6,486	20	6,507	(1,136)	5,370

(Note) 1. "Other" is a business segment that is not included in reportable segments and includes fitness business, etc.

2. ¥(1,136) million in adjustments to segment profit includes an elimination of inter-segment transactions of ¥53 million and a ¥(1,190) million in corporate expenses that are not allocated to the respective reportable segments.

3. Segment profit has been adjusted with the operating profit of the quarterly consolidated statement of income.

2. Changes in reportable segments

As a result of the transition to a holding company structure implemented on October 3, 2022, we have changed from the previous a single segment to the two reportable segments of the content and digital business and PS business from the Q3 of the previous fiscal year.

Segment information for the second quarter of the previous fiscal year has been prepared based on the classification of reportable segments after the change.