

TSUBURAYA FIELDS HOLDINGS

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Summary

(Translation)
November 14, 2024

TSUBURAYA FIELDS HOLDINGS INC. Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: TSUBURAYA FIELDS HOLDINGS INC.
(URL: <https://www.tsuburaya-fields.co.jp/e/>)
Listing: Tokyo Stock Exchange
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 semiannual securities report: November 14, 2024
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, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	45,760	(31.7)	4,071	(24.2)	5,330	(9.8)	2,823	(31.5)
September 30, 2023	67,015	58.7	5,370	52.0	5,907	57.4	4,123	62.6

(Note) Comprehensive income For the six months ended September 30, 2024: ¥ 4,009 million [9.7 %]
For the six months ended September 30, 2023: ¥ 3,655 million [9.9 %]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	45.08		44.98	
September 30, 2023	63.03		62.82	

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2024	87,704		48,966		50.2	
March 31, 2024	98,280		55,986		48.6	

(Reference) Equity As of September 30, 2024: ¥ 44,025 million
As of March 31, 2024: ¥ 47,727 million

(Note) "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) and other have been applied from the beginning of the FY2024. Figures for the FY2023 have been retroactively adjusted.

2. Cash dividends

	Annual dividends				
	Q1-end	Q2-end	Q3-end	Fiscal year-end	Total
	Yen				
Fiscal year ended March 31, 2024	-	0.00	-	40.00	40.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	40.00	40.00

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

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	155,000	9.2	15,200	28.5	16,100	24.3	11,600	0.4	177.29	

(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, 2024 (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: Yes
 - (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, 2024	65,429,150 shares
As of March 31, 2024	69,400,000 shares

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

As of September 30, 2024	3,259,900 shares
As of March 31, 2024	3,970,850 shares

- (iii) Average number of shares outstanding during the period (Accumulative)

Six months ended September 30, 2024	62,623,610 shares
Six months ended September 30, 2023	65,419,983 shares

* Review of the accompanying six months consolidated financial statements by a certified public accountant or an auditing firm: None

* 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.

For the assumptions underlying the forecasts, please refer to *1. Qualitative information on the quarterly financial results (1) Financial results* on page two and *(2) Earnings forecasts* on page five.

(How to obtain supplementary materials on financial results)

The Company is planning to hold a financial briefing (online) for analysts and institutional investors on Friday, November 15, 2024. 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 financial results

(1) Financial results

The economic situation in Japan during the H1 of the fiscal year under review is uncertain due to factors such as the prolonged conflict in the Middle East and Ukraine. However, the overall economic situation remained firm, supported by domestic personal consumption and inbound demand. Against this backdrop, we are aggressively advancing toward becoming a global content business enterprise based on our corporate philosophy of “The Greatest Leisure for All People.”

In the contents and digital business, centered on Tsuburaya Productions Co., Ltd., (hereinafter, “TPD”), the Japanese IP is becoming increasingly popular worldwide. In May this year, we formulated and began promoting a five-year medium-term management plan. By creating new imaging products that appeal to a wide range of people and distributing them around the world, we will raise our brand power and awareness, and leverage this to develop a variety of merchandise. In addition, we will continue to build the human and organizational foundations that are indispensable for imaging planning and merchandise development. Ultraman series, the mainstay IP of this business, has been providing excitement and hope to many people for about 60 years. As a character that is loved by three generations, its fan base is expanding to the domestic and Chinese markets as well as to other Asian countries. New imaging titles have expanded fans globally through multilingual and simultaneous distribution, and this has created a virtuous circle that leads to the development of past imaging titles. MD and licensing revenues increased 41.2% YoY in China, where merchandise category continues to expand, supported by this fan base.

Large-scale anime film *Ultraman: Rising*, which was launched in Netflix in June, has been distributed to 190 countries and regions around the world. The viewing ranking for the week of release has won second place globally, and we have entered the weekly ranking TOP10 in 69 countries and regions, and we are penetrating Ultraman contents into new regions and a wide range of fans, including North America.

Seven million packs* of the *ULTRAMAN CARD GAME*, a trading card game, which was launched in October, have been shipped globally for the first time, and the sale consumption rate has exceeded expectations, and additional orders are strongly expected (*calculated based on six cards per pack).

In addition, we moved forward with the establishment of overseas bases in Singapore, Seoul and Los Angeles to promote globalization.

Currently, we are working to strengthen merchandise distribution through E-commerce that enable digital marketing as the mainstay of our medium-term management plan. Through these initiatives, we will build a supply chain that will ensure high-margin operations.

In PS business, we have made a series of efforts, centered on FIELDS CORPORATION, to make pachinko/pachislot (hereinafter “PS”) more accessible and easy to enjoy for people living in mature societies in the 21st century. To further promote this, we announced a business alliance with DAIKOKU DENKI Co., Ltd. today. We will contribute to the development of the PS industry by combining the valuable resources of both companies to create new value for everyday leisure and promote measures that contribute to the expansion of fans through PS play.

During this period, in response to the issuance of new banknotes implemented by the Japanese Government in July for the first time in approximately 20 years in order to prevent counterfeiting and improve universal design, pachinko halls nationwide made large-scale capital investments to update balls and medal lending machines for a total of approximately 3.4 million units and checkout machines at approximately 7,000 halls. As a result, total PS sales in the H1 of the fiscal year fell 10.3% YoY. In this environment, we plan a merchandise lineup focused on the second half of the fiscal year.

In the H1 of the fiscal year, we sold four titles in total comprising of approximately 28,000 units of pachislot machines including *Smart slot STREET FIGHTER V The way of the challenger*, and approximately 21,000 units of mainly generic pachinko machines. In the Q3, we sold three titles including *P Uchū Senkan Yamato 2202 Super Wave* and *P Godzilla vs EVANGELION Second impact G* in pachinko, and in pachislot we sold three titles including *Smart pachislot MONSTER HUNTER RISE* and the *L INUYASHA 2*, all of which were sold six titles as planned. In addition, we began sales of e

ULTRAMAN 2400 ★80 pachinko machine from this week and announced sales of pachislot machine *L Tokyo Ghoul* today.

ACE DENKEN Co., Ltd. posted strong results in the Q2, following on from the Q1. The Company is currently in the process of drafting its medium-term management plan.

As a result of the above, the business results for the current interim consolidated accounting period were net sales ¥45,760 million (down 31.7% YoY), operating profit ¥4,071 million (down 24.2% YoY), ordinary profit ¥5,330 million (down 9.8% YoY), and profit attributable to owners of parent ¥2,823 million (down 31.5% YoY).

The overview of each business segment for the current interim term is as follows.

Contents and digital segment

The status of TPD which plays a central role in the contents and digital segment, for the current interim term is as follows. Both sales and income increased from the same period of the previous fiscal year, mainly due to increased revenue from overseas MD and license.

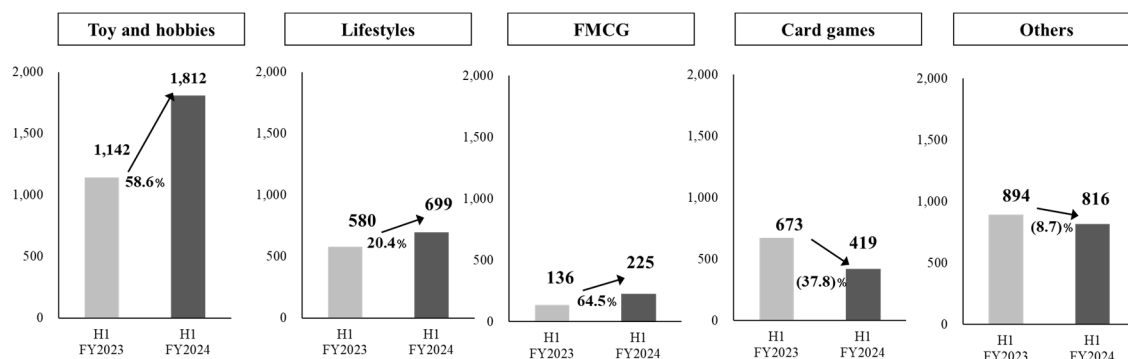
[MD and licensing] ¥3,972 million (+15.9% YoY)

Overseas MD and license revenues increased 35.0% YoY to ¥3,170 million due to the steady penetration of merchandise in a wide range of categories among Chinese consumers.

Results by merchandise category are as follows:

1. Toy and hobbies: Licensing revenues for block toys grew substantially, and the range of low-end toys licensees expanded, resulting in a 58.6% YoY increase in revenues to ¥1,812 million.
2. Lifestyles: Licensing revenues increased, mainly for stationery, and household sundries also remained firm, rising 20.4% YoY to ¥699 million.
3. FMCG*: Sales increased 64.5% YoY to ¥225 million due to higher sales in the food sector.
*FMCG: Daily consumer goods (food, beverages, etc.)
4. Card games: Licensing revenues from conventional collection-type card games in China declined 37.8% YoY, ahead of the launch of *ULTRAMAN CARD GAME*. However, revenues rose 58.4% from the previous quarter, to ¥419 million.
5. Other: Domestic licensing revenues declined 42.3% to ¥293 million from the previous fiscal year because licensing revenues from *SHIN ULTRAMAN* and *GRIDMAN* series were accounted in previous fiscal year. Overseas, the base of game and corporate advertising licensees in China grew steadily, rising 35.2% YoY to ¥524 million.

(Unit: Millions of yen)



[Imaging and event] ¥1,569 million (+1.2% YoY)

In the imaging business, *ULTRAMAN ARC*, which was launched in July, was broadcast and distributed in China and other major Asian countries at the same time, following on from the previous title, *ULTRAMAN BLAZAR*, and has achieved a high level of popularity and recognition. *Ultraman: Rising*, which is being distributed exclusively in 190 countries/regions worldwide on Netflix, also contributed to revenues from the imaging business.

In the live event business, *Ultra Hero's EXPO Summer Festival*, a large-scale domestic event held every summer, was newly held in Osaka in addition to Tokyo. This event was well received. In addition, *Ultraman The Hero Premiere 2024*, an event held in major Asian nations and regions, contributed to the expansion of the fan base.

[Trends in major business revenues of TPD*]

(Unit: millions of yen)

	Apr.-Sep. 2023 (Previous H1)	Apr.-Sep. 2024 (Current H1)	YoY change (%)
Net sales of TPD	4,897	5,697	+16.3%
MD and license revenues	3,428	3,972	+15.9%
Overseas MD and license revenues	2,348	3,170	+35.0%
Domestic MD and license revenues	1,080	802	(25.7)%
Imaging and events revenues	1,550	1,569	+1.2%

[Breakdown of TPD's revenue by region]

(Unit: millions of yen)

	Apr.-Sep. 2023 (Previous H1)	Apr.-Sep. 2024 (Current H1)	YoY change (%)
Overseas revenues	2,722	3,648	+34.0%
Domestic revenues	2,257	1,893	(16.1)%

*The figures in the above table are extracts of some of the main business revenues that comprise net sales of TPD.

"MD and license revenues" and "Imaging and events revenues" have been partially revised and reflected from the Q1 of the fiscal year under review.

Digital Frontier Inc. is steadily developing large-scale anime movies and game-related projects as well as VFX production for Netflix titles such as *City Hunter*, leveraging its leading-edge CG video production technology.

As a consequence, the contents and digital business segment reported consolidated results of net sales ¥7,996 million (up 7.9% YoY) and operating profit ¥2,117 million (up 6.9% YoY) for the current interim period.

PS business segment

The table below shows the results of PS machine sales for this interim term. In addition, ACE DENKEN Co., Ltd. posted higher earnings in PS business, following on from the Q1. This was mainly due to solid performance in the installation of equipment and other works, as well as supporting compatibility renovations for new banknotes.

[PS unit sales in PS business segment]

	Apr.-Sep. 2023 (Previous H1)	Apr.-Sep. 2024 (Current H1)	YoY change (%)
Pachinko	85,748 units	20,961 units	(75.6) %
Pachislot	40,277 units	27,675 units	(31.3) %
Total	126,025 units	48,636 units	(61.4) %

As a consequence, PS business segment posted consolidated results for the H1 of the fiscal year under review of net sales ¥37,196 million (down 37.0% YoY), and operating profit ¥3,122 million (down 30.7% YoY).

Other business

In other business, results for the current interim consolidated accounting period were net sales ¥835 million and operating profit ¥1 million.

(2) Earnings forecasts

Contents and digital segment

On October 25, we began selling *ULTRAMAN CARD GAME* starter deck merchandise and on November 8, we began selling the booster pack merchandise.

We have deployed this system in 23 countries and regions including Japan, China, Asia, North America, and Europe, and as shown in the table below, we shipped approximately 44 million cards (equivalent to about 7 million packs) for the first time.

As mentioned above, the sale consumption rate is more than expected and additional orders are also strongly expected.

In January 2025, we will launch a new extra deck merchandise and booster pack merchandise globally.

[Shipments of *ULTRAMAN CARD GAME* (preliminary figures)]

	Number of shipments
Domestic	Approx. 22 million
Overseas	Approx. 22 million
China	Approx. 14 million
Asia	Approx. 5 million
North America	Approx. 2 million
Europe	Approx. 0.7 million
Total	Approx. 44 million

In conjunction with the launch of *ULTRAMAN CARD GAME*, we are globally developing promotional activities tailored to the characteristics of each region, such as digital marketing utilizing TVCM and social media, with a focus on China, Japan, and the United States, which are key sales regions. In the second half of the fiscal year, we will actively promote *ULTRAMAN CARD GAME* and expand sales worldwide.

PS business segment

The titles in the table below were sold out in the Q3. Sales of the Q4 delivery titles are also progressing smoothly as mentioned above.

[Major sales titles in the Q3]

Classification	Major sales titles (* PB: private brands)	Smart PS
Pachinko	P Uchū Senkan Yamato 2202 Super Wave	
	Sumapachi SSSS.GRIDMAN (PB)	○
	P Godzilla vs EVANGELION Second impact G	
	e Godzilla vs EVANGELION Second impact G Awakening of destroyer	○
Pachislot	L SHIN IKKITOUSEN	○
	Smart pachislot MONSTER HUNTER RISE	○
	L INUYASHA 2 (PB)	○

*Presentation of currently announced sales titles

As described above, the business performance of each segment has been steady, and the consolidated earnings forecast for the year ending March 31, 2025 is unchanged from the content announced on May 14.

(Note 1) All figures in this report are based on published figures for each company and organization or our estimates.

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

(3) Overview of financial position

(Assets)

Current assets decreased by ¥11,855 million from the end of the previous fiscal year to ¥52,993 million. This was mainly due to a decrease in cash and deposits.

Property, plant and equipment increased by ¥116 million from the end of the previous fiscal year to ¥9,556 million. This was mainly due to an increase in tools, furniture and fixtures included in other.

Intangible assets decreased by ¥122 million from the end of the previous fiscal year to ¥2,279 million. This was mainly due to a decrease in goodwill.

Investments and other assets increased by ¥1,285 million from the end of the previous fiscal year to ¥22,874 million. This was mainly due to an increase in investment securities.

Consequently, assets decreased by ¥10,575 million from the end of the previous fiscal year to ¥87,704 million.

(Liabilities)

Current liabilities decreased by ¥1,977 million from the end of the previous fiscal year to ¥28,632 million. This was mainly due to a decrease in trade payables, an increase in short-term borrowings and a decrease in income taxes payable.

Non-current liabilities decreased by ¥1,577 million from the end of the previous fiscal year to ¥10,105 million. This was mainly due to a decrease in long-term borrowings.

Consequently, liabilities decreased by ¥3,555 million from the end of the previous fiscal year to ¥38,737 million.

(Net assets)

Net assets decreased by ¥7,019 million from the end of the previous fiscal year to ¥48,966 million. This was mainly due to a decrease in purchase of treasury shares, a decrease in retained earnings due to dividends paid, and a decrease in non-controlling interests.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the Q2 of the current fiscal year decreased by ¥13,555 million from the end of the previous fiscal year to ¥21,258 million.

(Cash flows from operating activities)

Net cash used in operating activities was ¥1,269 million, compared with net cash used of ¥2,448 million in the same period of the previous fiscal year. This was mainly due to ¥5,362 million in profit before income taxes, ¥4,528 million increase in inventories, and ¥2,370 million decrease in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥1,334 million, compared with net cash used of ¥4,675 million in the same period of the previous fiscal year. This was mainly due to purchase of non-current assets of ¥556 million, purchase of shares of subsidiaries and associates of ¥337 million and expenses from loans of ¥162 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥10,953 million, compared with net cash used of ¥1,443 million in the same period of the previous fiscal year. This was mainly due to purchase of treasury shares of ¥6,310 million and purchase of shares of subsidiaries not resulting in change in scope of consolidation of ¥3,037 million and dividends paid of ¥2,613 million.

2. Consolidated financial statements and important notes

(1) Consolidated balance sheets

	(Unit: millions of yen)	
	FY2023 (as of March 31, 2024)	Q2 of FY2024 (as of September 30, 2024)
Assets		
Current assets		
Cash and deposits	34,914	21,358
Notes and accounts receivable - trade, and contract assets	10,391	9,282
Electronically recorded monetary claims - operating	2,744	1,963
Merchandise and finished goods	142	549
Work in process	6,296	9,345
Raw materials and supplies	3,816	4,486
Merchandise rights	2,123	2,525
Other	4,451	3,517
Allowance for doubtful accounts	(31)	(36)
Total current assets	64,848	52,993
Non-current assets		
Property, plant and equipment		
Land	5,360	5,360
Other	4,079	4,196
Total property, plant and equipment	9,440	9,556
Intangible assets		
Goodwill	1,395	1,255
Other	1,007	1,024
Total intangible assets	2,402	2,279
Investments and other assets		
Investment securities	13,131	13,736
Long-term loans borrowings	1,802	1,819
Other	8,033	8,661
Allowance for doubtful accounts	(1,379)	(1,343)
Total investments and other assets	21,588	22,874
Total non-current assets	33,431	34,711
Total assets	98,280	87,704
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,961	8,015
Electronically recorded obligations - operating	1,460	2,017
Short-term borrowings	6,000	8,000
Current portion of long-term borrowings	2,400	1,661
Income taxes payable	2,414	1,321
Provision for bonuses	758	554
Provision for bonuses for directors (and other officers)	216	-
Other	6,400	7,062
Total current liabilities	30,610	28,632
Non-current liabilities		
Long-term borrowings	5,503	3,956
Provision for retirement benefits for directors (and other officers)	169	32
Retirement benefit liability	1,447	1,485
Asset retirement obligations	1,331	1,333
Other	3,230	3,297
Total non-current liabilities	11,682	10,105
Total liabilities	42,293	38,737

(Unit: millions of yen)

	FY2023 (as of March 31, 2024)	Q2 of FY2024 (as of September 30, 2024)
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,390	9,059
Retained earnings	33,942	30,410
Treasury shares	(1,631)	(3,465)
Total shareholders' equity	47,649	43,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38	38
Foreign currency translation adjustment	2	0
Remeasurements of defined benefit plans	37	34
Total accumulated other comprehensive income	78	73
Share acquisition rights	203	289
Non-controlling interests	8,055	4,651
Total net assets	55,986	48,966
Total liabilities and net assets	98,280	87,704

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

Consolidated statements of income

(Unit: millions of yen)

	FY2023 six-month (April 1, 2023 to September 30, 2023)	FY2024 six-month (April 1, 2024 to September 30, 2024)
Net sales	67,015	45,760
Cost of sales	54,666	33,267
Gross profit	12,348	12,492
Selling, general and administrative expenses	6,977	8,421
Operating profit	5,370	4,071
Non-operating income		
Interest income	6	10
Dividend income	128	8
Purchase discounts	11	19
Share of profit of entities accounted for using equity method	400	1,178
Distributions from investments	8	6
Other	46	111
Total non-operating income	602	1,333
Non-operating expenses		
Interest expenses	28	41
Financing expenses	2	1
Depreciation	11	13
Other	23	18
Total non-operating expenses	65	74
Ordinary profit	5,907	5,330
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	-	34
Total extraordinary income	0	34
Extraordinary losses		
Loss on retirement of non-current assets	7	3
Impairment	13	-
Total extraordinary losses	21	3
Profit before income taxes	5,886	5,362
Income taxes	1,061	1,348
Profit	4,825	4,013
Profit attributable to non-controlling interests	701	1,190
Profit attributable to owners of parent	4,123	2,823

Consolidated statements of comprehensive income

(Unit: millions of yen)

	FY2023 six-month (April 1, 2023 to September 30, 2023)	FY2024 six-month (April 1, 2024 to September 30, 2024)
Profit	4,825	4,013
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,167)	0
Foreign currency translation adjustment	0	(2)
Remeasurements of defined benefit plans, net of tax	(2)	(2)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(1,169)	(3)
Comprehensive income	3,655	4,009
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,952	2,818
Comprehensive income related to non-controlling interests	702	1,191

(3) Consolidated statements of cash flows

(Unit: millions of yen)

	FY2023 six-month (April 1, 2023 to September 30, 2023)	FY2024 six-month (April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	5,886	5,362
Depreciation	426	505
Amortization of goodwill	142	140
Investments in capital depreciation	338	245
Increase (decrease) in allowance for doubtful accounts	(22)	(30)
Increase (decrease) in provision for bonuses	8	(203)
Increase (decrease) in provision for bonuses for directors (and other officers)	(159)	(216)
Increase (decrease) in retirement benefit liability	26	35
Interest and dividend income	(134)	(18)
Interest expenses	28	41
Share of loss (profit) of entities accounted for using equity method	(400)	(1,178)
Decrease (increase) in trade receivables	(15,522)	1,889
Decrease (increase) in inventories	(4,078)	(4,528)
Decrease (increase) in accounts receivable - other	(2,098)	829
Increase (decrease) in trade payables	14,985	(2,370)
Increase (decrease) in liabilities related to payable transactions	453	903
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(1,222)	51
Other, net	376	(263)
Subtotal	(966)	1,191
Interest and dividends received	134	314
Interest paid	(28)	(41)
Income taxes refund (paid)	(1,587)	(2,734)
Net cash provided by (used in) operating activities	(2,448)	(1,269)
Cash flows from investing activities		
Purchase of property, plant and equipment	(596)	(434)
Proceeds from sale of property, plant and equipment	0	1
Purchase of intangible assets	(147)	(121)
Purchase of investment securities	(411)	(23)
Proceeds from sale of investment securities	37	149
Purchase of shares of subsidiaries and associates	(141)	(337)
Purchase of shares of acquisition of equity method affiliates	(3,167)	(8)
Loan advances	(320)	(162)
Proceeds from collection of loans receivable	4	46
Other, net	66	(443)
Net cash provided by (used in) investing activities	(4,675)	(1,334)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(549)	2,000
Proceeds from long-term borrowings	2,950	-
Repayments of long-term borrowings	(1,877)	(1,204)
Purchase of treasury shares	(0)	(6,310)
Dividends paid	(1,959)	(2,613)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(3,037)
Other, net	(7)	212
(1,443)	(1,443)	(10,953)
Effect of exchange rate change on cash and cash equivalents	(0)	1
Net increase (decrease) in cash and cash equivalents	(8,567)	(13,555)
Cash and cash equivalents at beginning of period	36,497	34,814
Cash and cash equivalents at end of period	27,929	21,258

(4) Notes regarding the six months 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)

(Purchase of treasury shares)

At board of directors meeting held on May 14, 2024, we passed a resolution regarding matters related to purchase of treasury shares in accordance with the provisions of Article 156 of the Companies Act as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and made a purchase of treasury shares of 3,500,000 shares as of May 15, 2024. Consequently, treasury shares increased by ¥6,310 million in the H1 of the current fiscal year.

(Cancellation of treasury shares)

At board of directors meeting held on May 14, 2024, we resolved to conduct cancellation of treasury shares in accordance with Article 178 of the Companies Act, and on May 31, 2024, we cancelled 3,970,850 shares. Consequently, retained earnings and treasury shares decreased by ¥4,221 million in the H1 of the current fiscal year.

Consequently, treasury shares at the end of second quarter under review were 3,465 million.

(Application of the accounting method specific to H1 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 H1 under review, and multiplying the quarterly profit or loss before income taxes by this estimated effective tax rate.

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The "Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard, 2022") and others have been applied from the beginning of the current fiscal year.

Revisions to the classification of income taxes for recording (other comprehensive income taxation) are made in accordance with the transitional treatment stipulated in Article 20-3 of the Revised Accounting Standard 2022 and the transitional treatment stipulated in Article 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting policy had no impact on the H1 consolidated financial statements.

In addition, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the current fiscal year with respect to revisions related to the treatment in the consolidated financial statements for deferring gains and losses on sales of shares of subsidiaries, etc. arising from sales of subsidiaries, etc. among consolidated companies for tax purposes. These changes in accounting policies are applied retrospectively, and the H1 consolidated financial statements and consolidated financial statements for the previous fiscal year and for the previous fiscal year have been applied retrospectively. As a consequence, compared with before the retroactive application, "Other" in investments and other assets for the previous fiscal year increased by 140 million yen and "Retained earnings" increased by 140 million yen.

There was no impact on ordinary profit, profit before income taxes, quarterly profit and quarterly profit attributable to owners of the parent in the consolidated statement of income for the previous quarter and the H1 of the current fiscal year.

(Segment information, etc.)

[Segment information]

I. Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

Information on net sales and profit (loss) by reporting segment

(Unit: millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (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 (loss)	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 reporting segments and includes fitness business, etc.

2. The ¥(1,136) million of adjustment to segment profit includes the elimination of inter-segment transactions of ¥53 million and corporate expenses of ¥(1,190) million not allocated to each reporting segment.

3. Segment profit (loss) is adjusted with operating profit in the H1 consolidated statements of income.

II. Six months ended September 30, 2024 (April 1, 2024 - September 30, 2024)

Information on net sales and profit (loss) by reporting segment

(Unit: millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	7,833	37,092	44,925	834	45,760	—	45,760
Intersegment net sales or transfers	163	103	267	0	268	(268)	—
Total	7,996	37,196	45,192	835	46,028	(268)	45,760
Segment profit (loss)	2,117	3,122	5,239	1	5,241	(1,170)	4,071

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

2. The ¥(1,170) million of adjustment to segment profit includes the elimination of inter-segment transactions of ¥(5) million and corporate expenses of ¥(1,164) million not allocated to each reporting segment.

3. Segment income is adjusted with operating profit in the H1 consolidated statements of income.