

Supplementary Briefing Material on Financial Results for the 1Q of FY2024

Impress Holdings, Inc.
(TSE Standard : 9479)

August 13, 2024

Disclaimer

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Financial Results for the 1Q of FY2024 (April 1, 2024 to June 30, 2024)

Highlights of Financial Results for the 1Q of FY2024 : Part1

- In the previous consolidated fiscal year, an operating loss was recorded due to the decline in profitability of the Publishing business. In the current consolidated fiscal year, taking into account the situation in the previous fiscal year, we aim to return to profitability in operating income by working to restore profitability through the improvement of product added value, based on the liquidation of unprofitable products and the reduction of fixed costs through business restructuring, particularly in the Publishing business.
- In 1Q, although Internet media and Platform business recorded higher sales, Publishing/E-publishing business recorded lower sales due to a significant reduction in the number of publications following the business restructuring implemented in the previous fiscal year, resulting in consolidated sales of 3,166 million yen (−3.5%/-116 million yen y/y) .
- Despite the decline in sales, the marginal profit ratio improved slightly from the previous year due to the improvement in Internet media, magazines and mooks, which offset the absence of good-selling title (ChatGPT-related book) in the previous year, and fixed costs were reduced as expected due to the implementation of business restructuring, etc. As a result, operating income was -184 million yen (+7 million yen y/y), covering the impact of lower sales and slightly narrowing the loss.

Highlights of Financial Results for the 1Q of FY2024 : Part2

- In Publishing/E-publishing, sales of magazines and books increased due to price raise and improved sales despite the liquidation of unprofitable products, and sales of backlist books increased slightly despite a slower-than-expected decrease in returns and weak shipments, while sales of new publications decreased significantly due to a reduction in the number of publications (-28 titles) as a result of business restructuring and in response to lack of good-selling titles published in the previous fiscal year, resulting in sales of 1,587 million yen (-7.1%/-120 million yen y/y).
- In Internet media, sales were 479 million yen due to steady growth of digital advertising, especially in the IT segment, as well as increased sales of Minecraft content(+12.3%/+52 million yen y/y).
- In Target media, sales were 195 million yen due to lower sales in targeting advertisements. (−6.6%/−13 million yen y/y) .
- In Platform business, sales were 650 million yen due to steady growth of the E-comic PF and Digimart. (+4.9%/+30 million yen y/y) .

Consolidated Financial Results for FY2024 1Q

(Million yen)

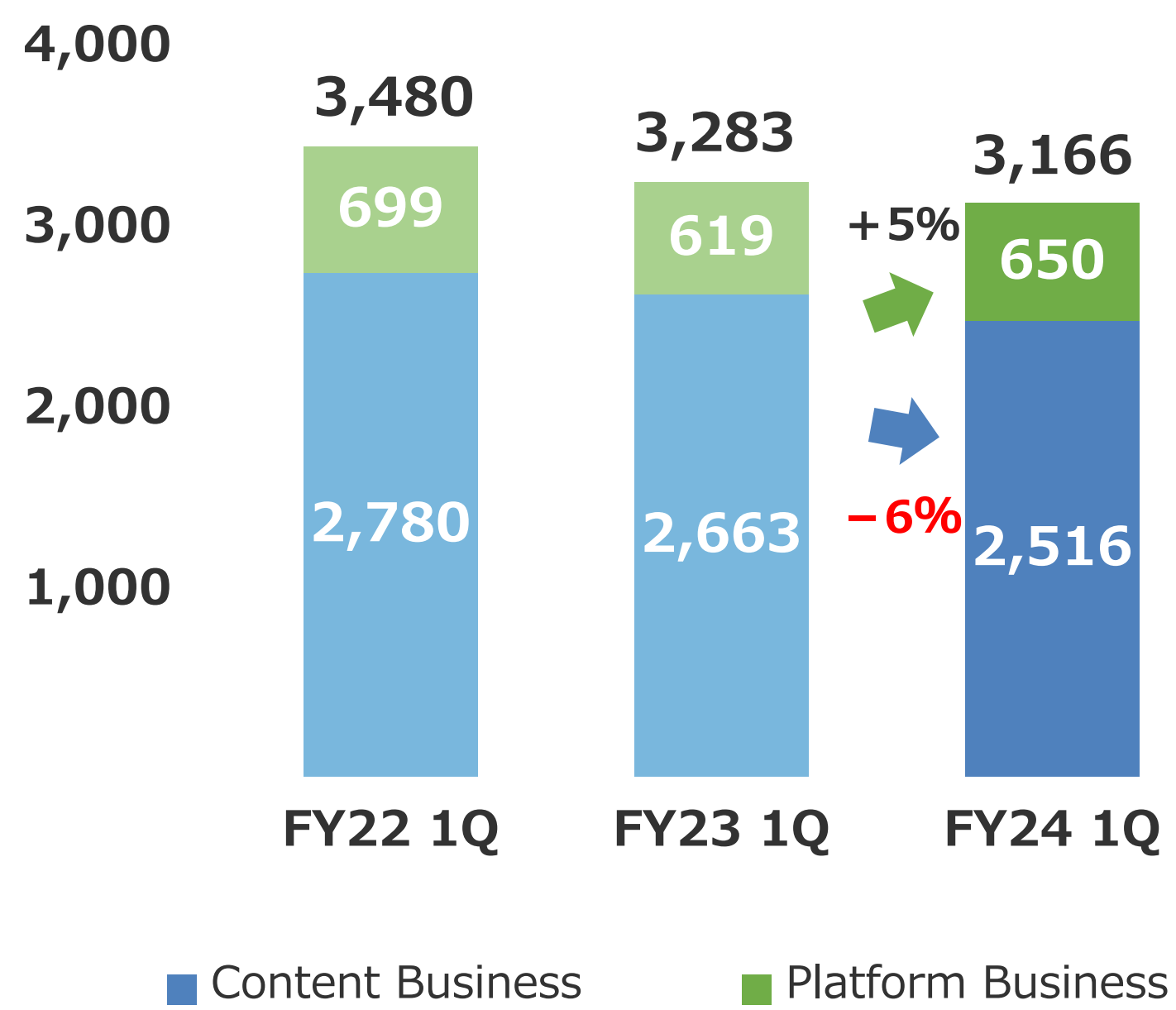
	FY2023 1Q	FY2024 (current) 1Q		
	Result	Result	Y/Y	
Net Sales	3,283	3,166	− 3.5%	− 116
Operating Profit	− 192	− 184	−	+7
Ordinary Profit	− 166	− 161	−	+5
Profit	− 182	− 174	−	+7

Development of Consolidated Financial Results

(3 period comparison)

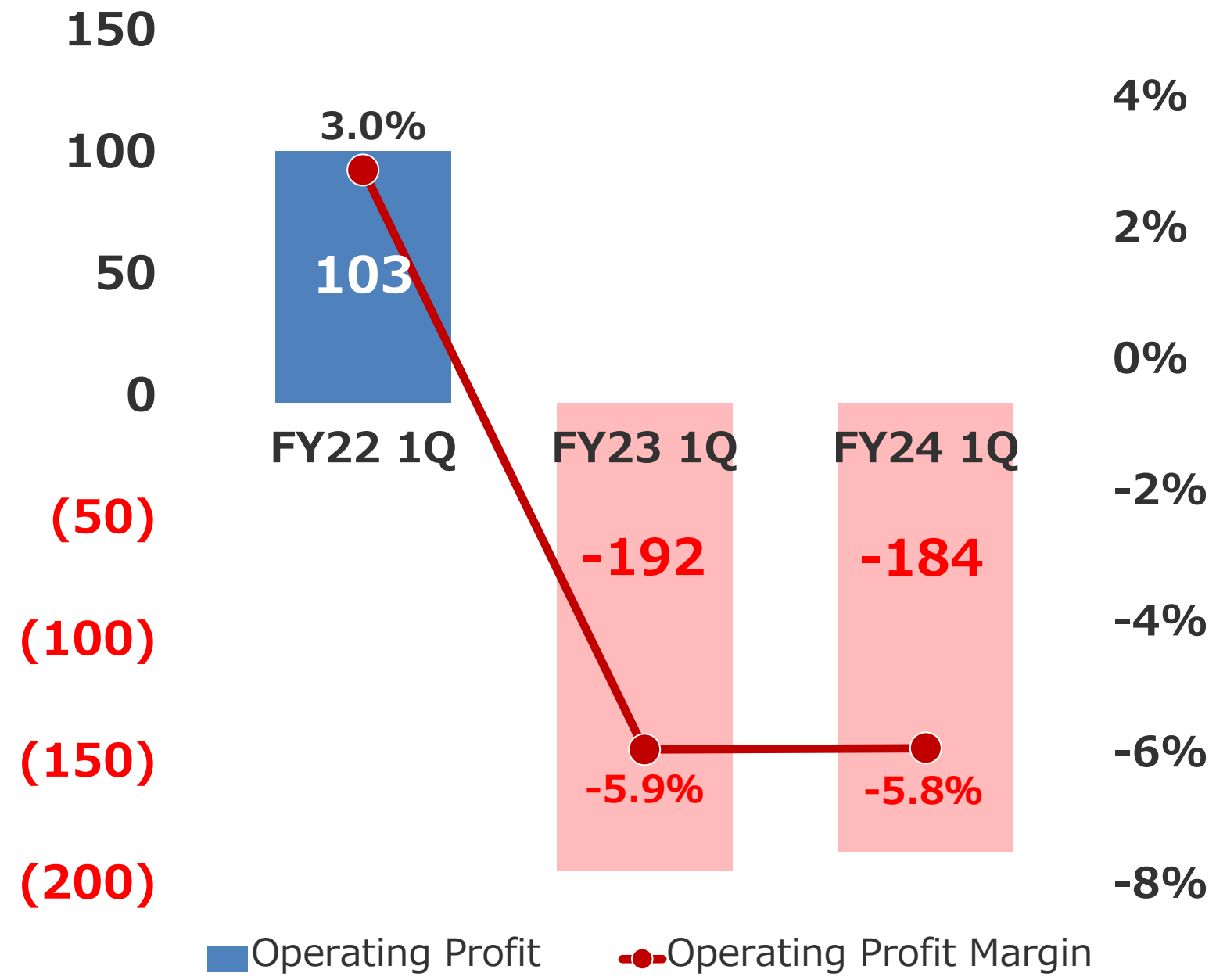
■ Net Sales

Net sales decreased due to a reduction in the number of publications as a result of business restructuring.



■ Operating Profit & Operating Profit Margin

The impact of lower sales was offset by lower fixed costs due to business restructuring, but profitability remained at the previous year's level.



Consolidated Financial Results for FY2024 1Q

Marginal Profit Comparison

(Million yen)

	FY2023 1Q	FY2024 (current) 1Q		
	Result	Result	Y/Y	
Net Sales	3,283	3,166	− 3.5%	− 116
Variable Costs ※1	1,606	1,538	− 4.3%	− 68
Marginal Profit	1,676	1,628	− 2.8%	− 47
Fixed Costs ※2	1,868	1,813	− 3.0%	− 55
Operating Profit	− 192	− 184	−	+ 7
Marginal Profit Ratio	51.1%	51.4%		+ 0.4pt

※1 Variable costs are aggregated from cost of sales (material costs, subcontracting costs, etc.) and selling expenses, etc.

※2 Fixed costs are aggregated from cost of sales (labor and overhead, etc.) and general and administrative expenses, etc.

Factors Affecting Increase in Operating Profit for FY2024 1Q

(Million yen)

FY2024 1Q
operating profit

- 184

- 184

Decrease in
fixed costs

+ 55

Reduction of personnel and other costs through implementation of business restructuring, etc.

Increase in
marginal profit ratio

+ 11

Marginal profit ratio improved 0.4 pt, absorbing the rebound from lack of good-selling titles in the previous year.

Decrease in sales - 59

Impact of decrease in sales in Publishing/E-publishing, etc.

+ 7

FY2023 1Q
operating profit

- 192

- 192



Overview of Financial Results by Business Category & Segment

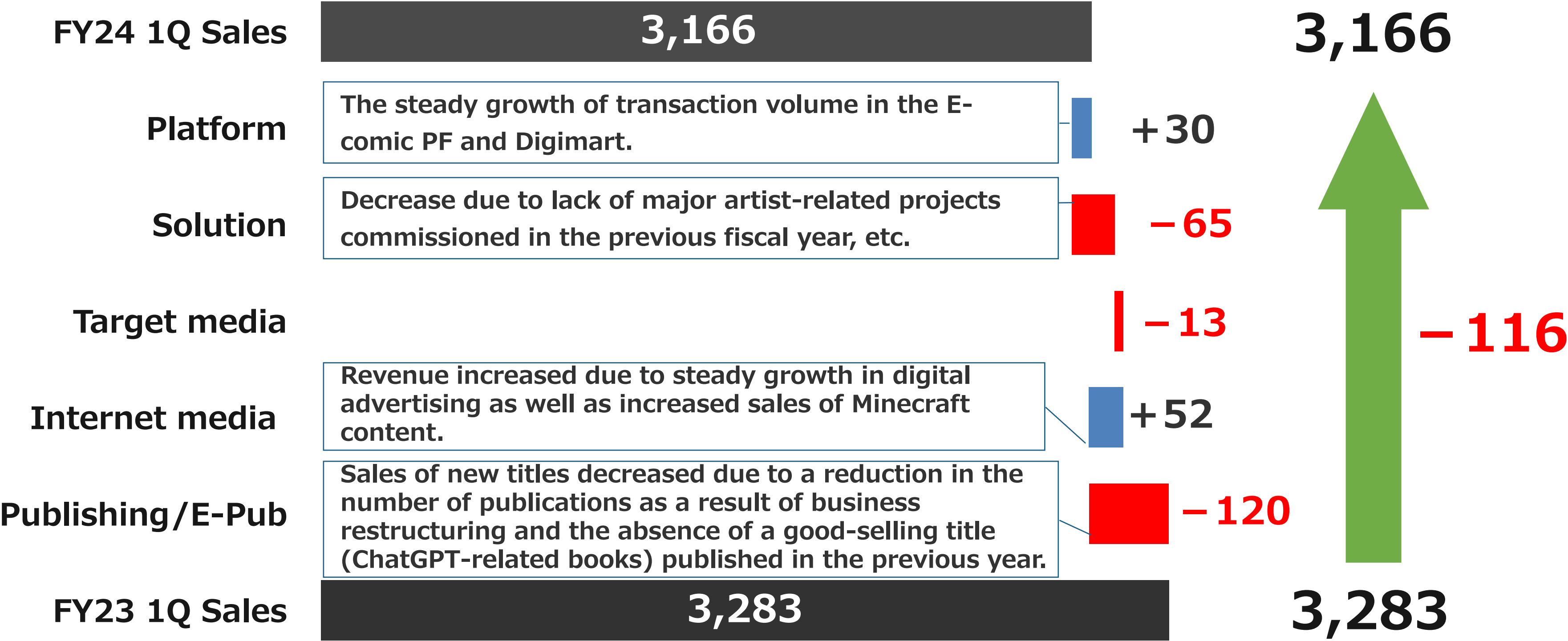
FY2024 Q1 Consolidated Net Sales by Business Category

(Million yen)

Business category	FY23 1Q	FY24 1Q (current)		
	Result	Result	Y/Y	
Content business	2,663	2,516	− 5.5%	− 146
Publishing/Electronic publishing	1,708	1,587	− 7.1%	− 120
Internet media	427	479	+ 12.3%	+ 52
Target media	209	195	− 6.6%	− 13
Solution	318	253	− 20.4%	− 65
Platform business	619	650	+ 4.9%	+ 30
Total	3,283	3,166	− 3.5%	− 116

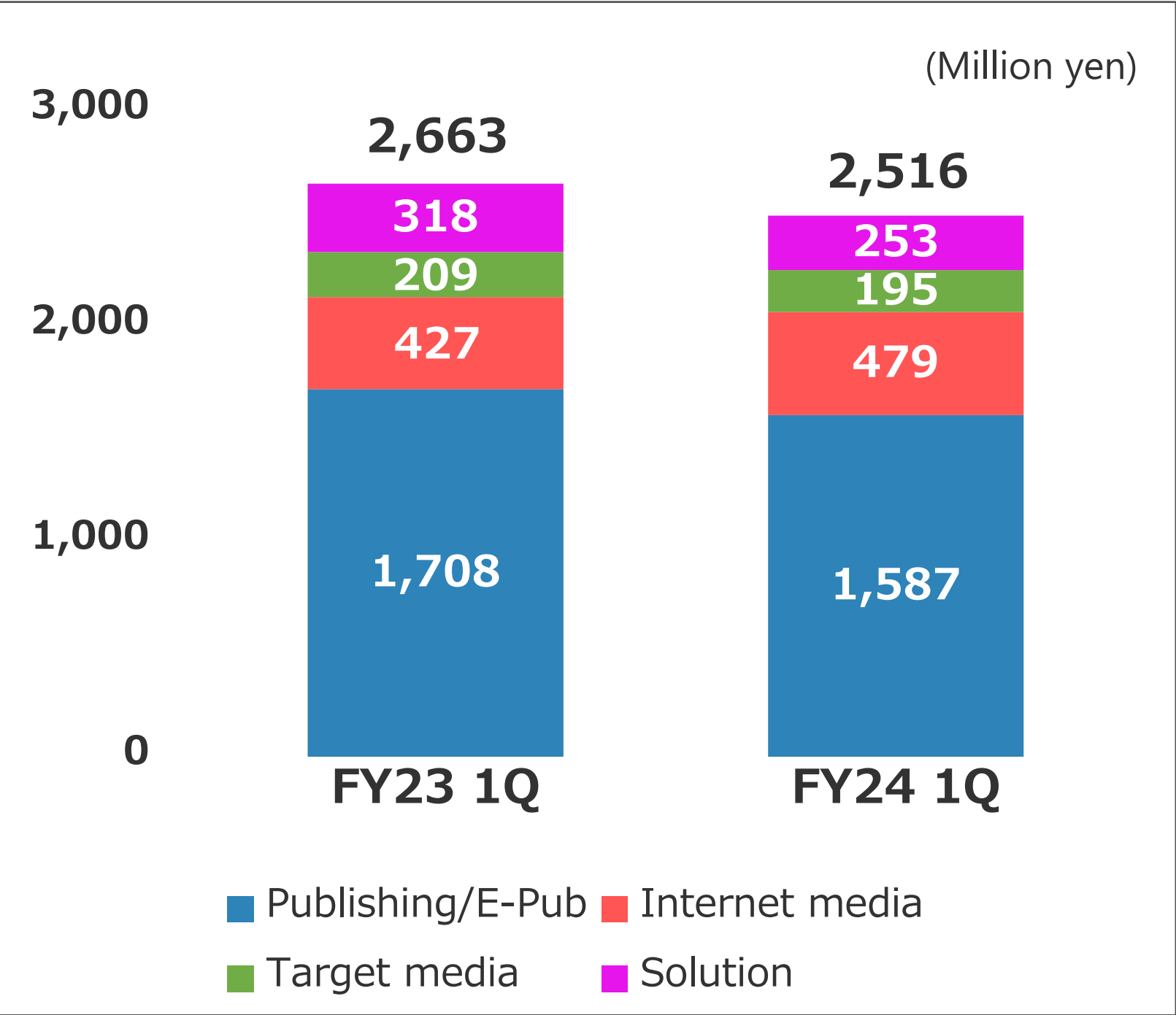
Summary of Net Sales by Business Category for FY2024 1Q

(Million yen)



FY2024 1Q Net Sales by Business Category: Content Business

■ Net Sales of Content Business



Content Business : –5.5% (–146M)

■ **Publishing/E-Publishing : –7.1% (–120M)**

Although magazines and mooks remained firm, sales declined significantly due to a reduction in the number of new publications as a result of business restructuring and the absence of good-selling titles published in the previous fiscal year.

■ **Internet media : +12.3% (+52M)**

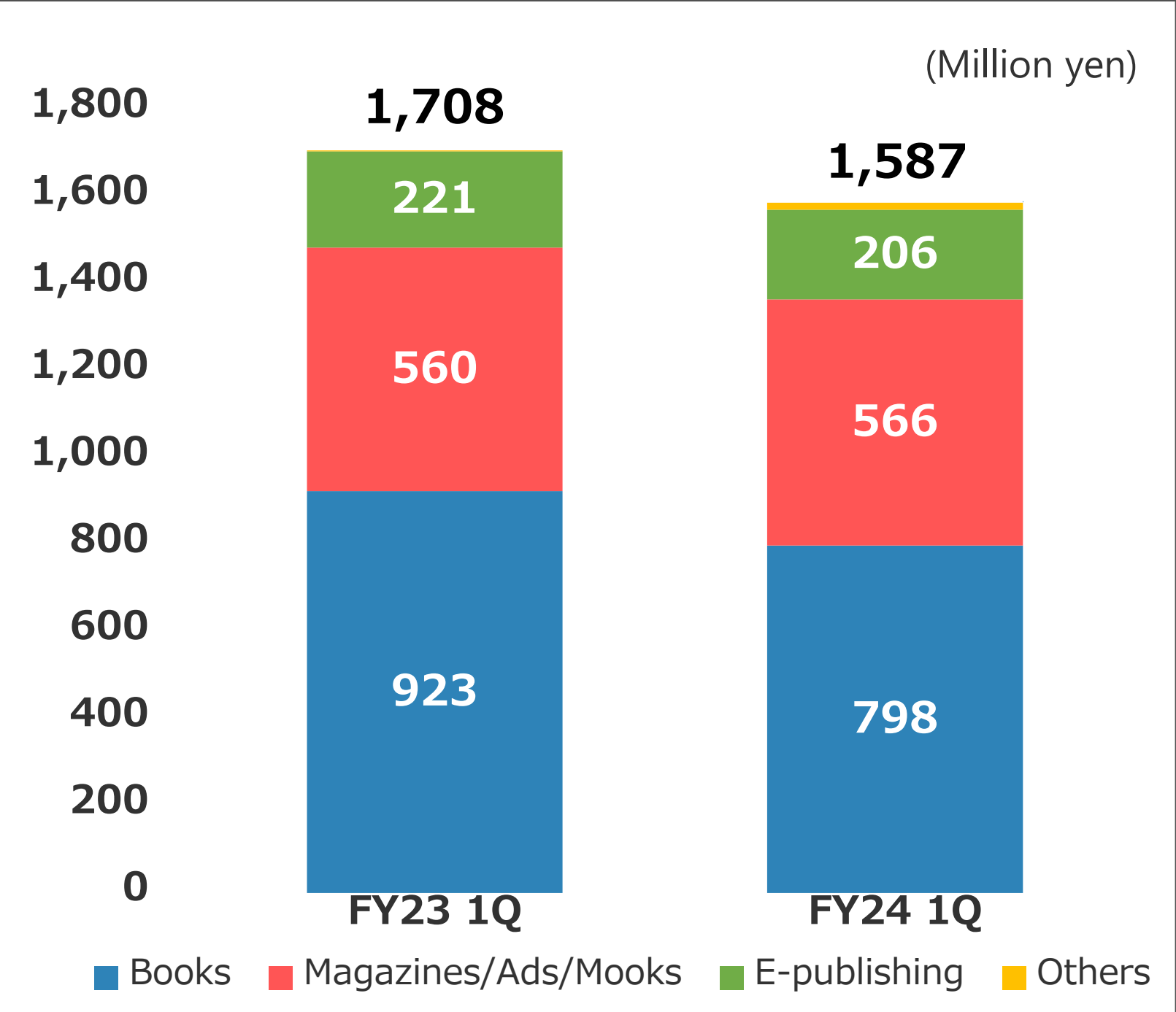
Sales increased due to steady growth in digital advertising, mainly in IT segment, and an increase in Minecraft content sales.

■ **Target media : –20.4% (–65M)**

Decline due to a reaction to lack of major artist-related projects commissioned in the previous fiscal year, etc.

FY2024 1Q Net Sales by Business Category: Content Business – Publishing/E-publishing

■ Content Business: Net Sales of Publishing/Electronic Publishing



Publishing/E-publishing : –7.1% (–120M)

■ **Books : –13.5% (–124M)**

Sales of new publications decreased due to a reduction in the number of publications (-28 titles) as a result of business restructuring and in response to the lack of a good-selling title (ChatGPT-related book) published in the previous fiscal year in IT, while sales of backlist books increased slightly despite a slower-than-expected decrease in returns and weak shipments.

■ **Magazines/Ads /Mooks : +1.1% (+6M)**

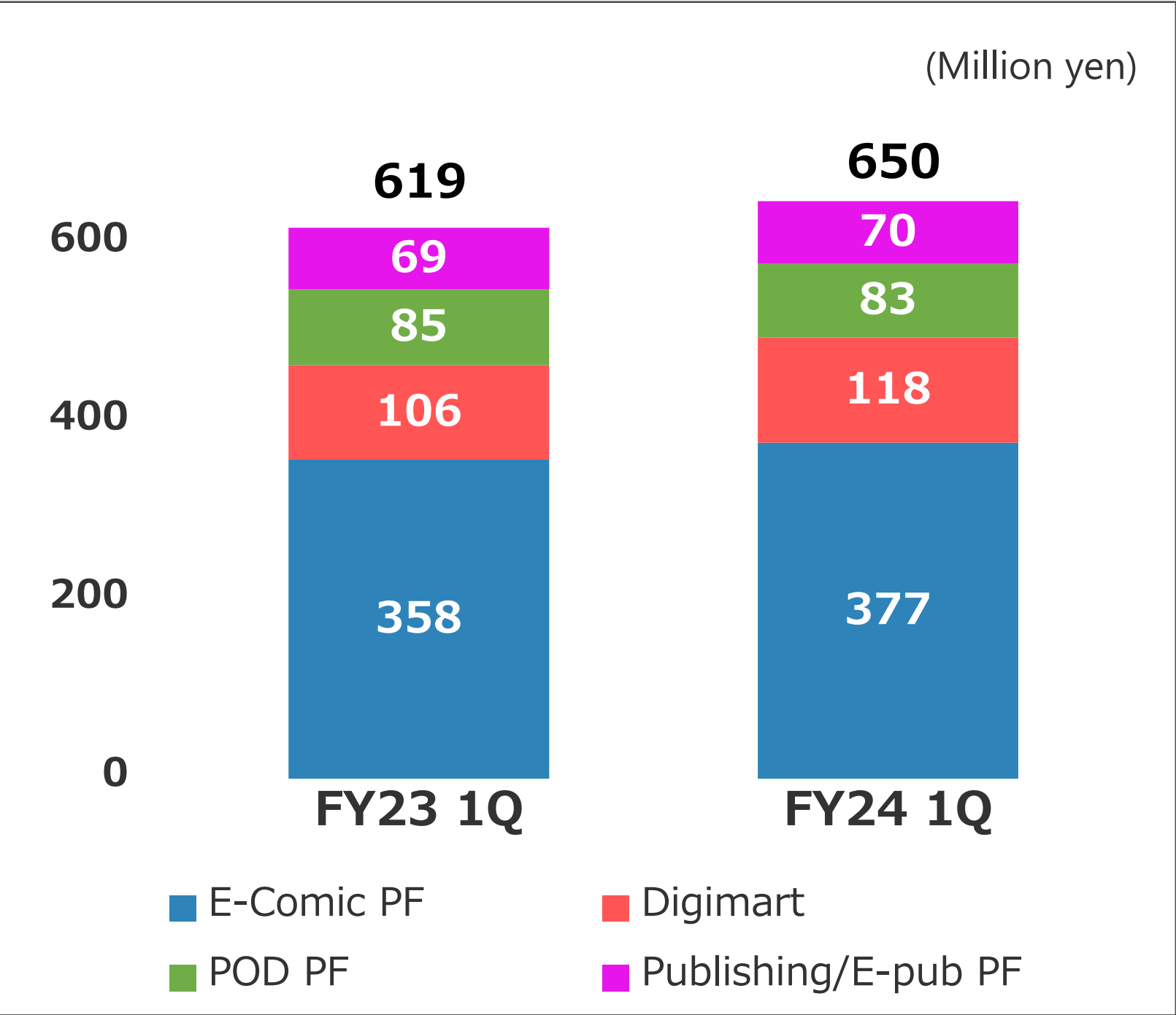
Although the number of publications was reduced (-5 titles) due to the liquidation of unprofitable titles, sales increased due to price raise and sales improvement.

■ **E-publishing : –7.1% (–15M)**

Remained weak overall.

FY2024 1Q Net Sales by Business Category: Platform Business

■ Net Sales of Platform Business



Platform Business : +4.9% (+30M)

- E-Comic PF : +5.3% (+19M)
Remained steady due to sales growth in overseas projects as well as by the newly commissioned project started in the previous year.
- Digimart : +12.0% (+12M)
Transaction volumes remained steady and payment service income from music shops increased.
- POD PF : -2.9% (-2M)
Sales declined due to few good-selling titles in the POD service for individuals.

FY2024 1Q Net Sales and Operating Profit by Segment

(Million yen)

Segment	Net sales		Operating profit	
	Amount	Y/Y	Amount	Y/Y
IT	1,278	−5.9%	68	−16
Music	488	−1.6%	−20	−8
Design	143	−10.7%	−13	+29
Nature	359	+10.1%	−25	+9
Aviation・Railways	265	−18.2%	−59	+3
Mobile services	416	+4.7%	79	−11
Other	385	−1.8%	−61	−15
Intercompany eliminations	−171	—	−153	+16
Total	3,166	−3.5%	−184	+7

Overview by Segment for FY2024 1Q

- Although sales in Design and Aviation • Railways segments declined due to a reduction in the number of publications following the business restructuring implemented in the previous year, losses narrowed due to improved profitability and a reduction in fixed costs. In particular, Design segment improved significantly.
- In Nature, losses were reduced by price raise and better sales of magazines and mooks, as well as an increase in revenue from the publishing business due to an increase in the number of new publications.
- In IT, despite steady growth in digital advertising, profits decreased due to lower sales in publishing and other businesses, mainly due to a decline in the number of publications and the absence of a good-selling title (ChatGPT-related book) published in the previous fiscal year.
- In Music, losses increased due to a decline in sales resulting from lack of major artist-related projects commissioned in the previous year etc., as well as increased investments in new business development.
- In Mobile services, profits declined due to an increase in SG&A expenses, despite strong sales of core services. In Others, profits decreased due to lower sales from fewer contracted projects.

Financial Forecast

Qualitative Information on Forecast of Consolidated Financial Results for FY2024

- In 1Q, the Internet media and Platform business performed better than expected, but the Target media remained weak. In Publishing/E-publishing, the impact of business restructuring caused some delays in the publication of new titles, and the speed of improvement of backlist books, such as a decrease in returns, etc., was slower than expected, resulting in lower-than-expected profit levels.
- As for the outlook for 2Q, although the Internet media and Target media are expected to remain weak, Platform business is expected to remain firm. In Publishing/E-publishing, backlist books are in a changing situation where improvement is expected, and the number of new publications is expected to increase compared to 1Q, so sales trends of new publications and other factors are expected to be a key factor. Fixed costs are expected to be lower than anticipated.
- As for the forecast for the first half of the fiscal year, although the progress in 1Q was lower than expected, the forecast remains unchanged from the beginning of the fiscal year at this point, as we continue to assess the sales performance of new publications and other factors in 2Q. If any impact on business performance becomes clear, it will be announced promptly.

Consolidated Financial Forecasts for FY2024

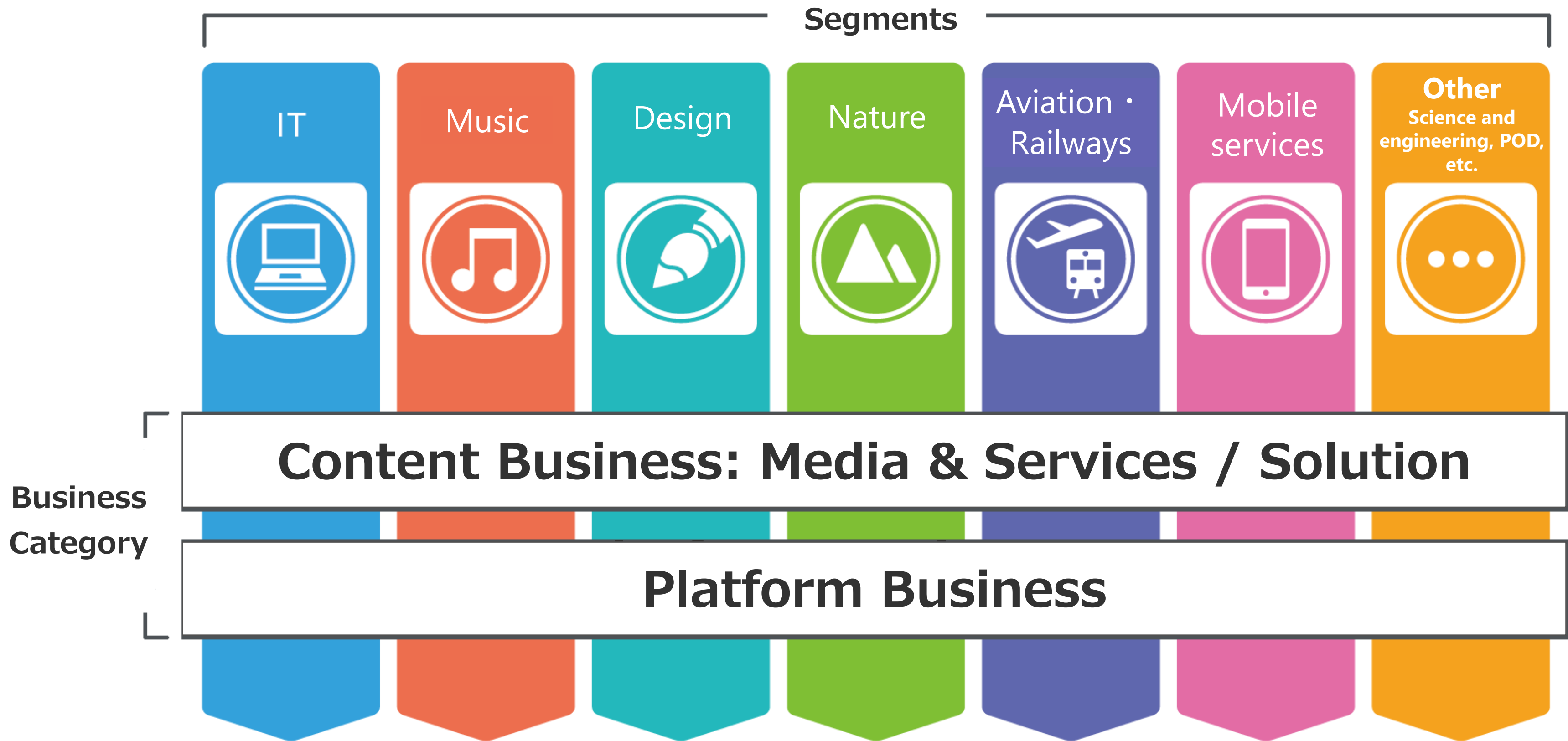
(Million yen)

	First half of FY2024 (Total)			Full year of FY2024		
	Forecast	Y/Y		Forecast	Y/Y	
Net sales	7,200	+2.3%	+ 161	14,900	+3.0%	+ 433
Operating profit	0	—	+ 370	250	—	+ 733
Ordinary profit	50	—	+ 383	350	—	+ 716
Profit	0	—	+ 371	200	—	+ 1,236

※ No change from the beginning of the fiscal year

Reference Material: Overview of Impress Group

Segment and Business of Impress Group



Content Business: Media & Services

Publishing/
Electronic Publishing



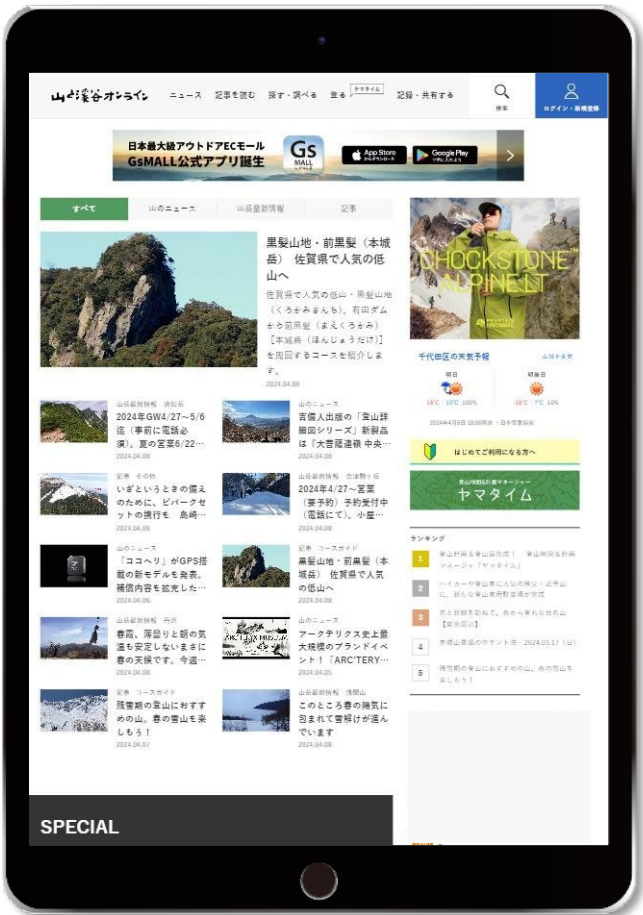
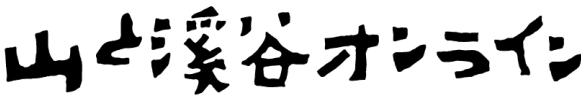
Specialized books,
magazines



E-Books



New Year Card mooks,
calendar



Content Business: Media & Services

Target Media



Business media

Survey report

Events, seminars

Content Business: Solution



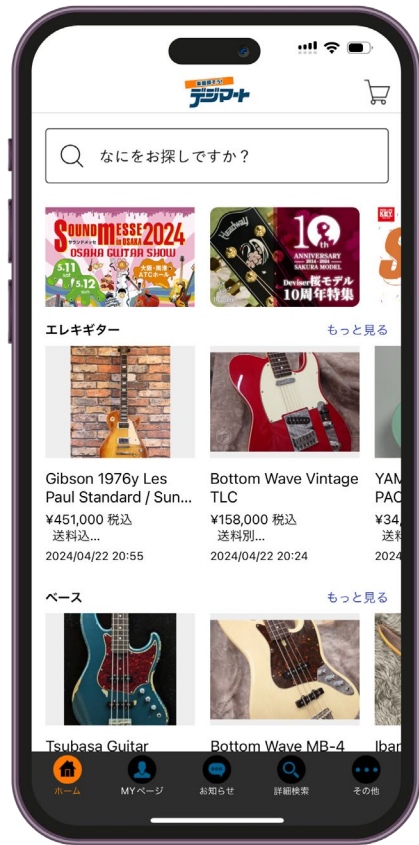
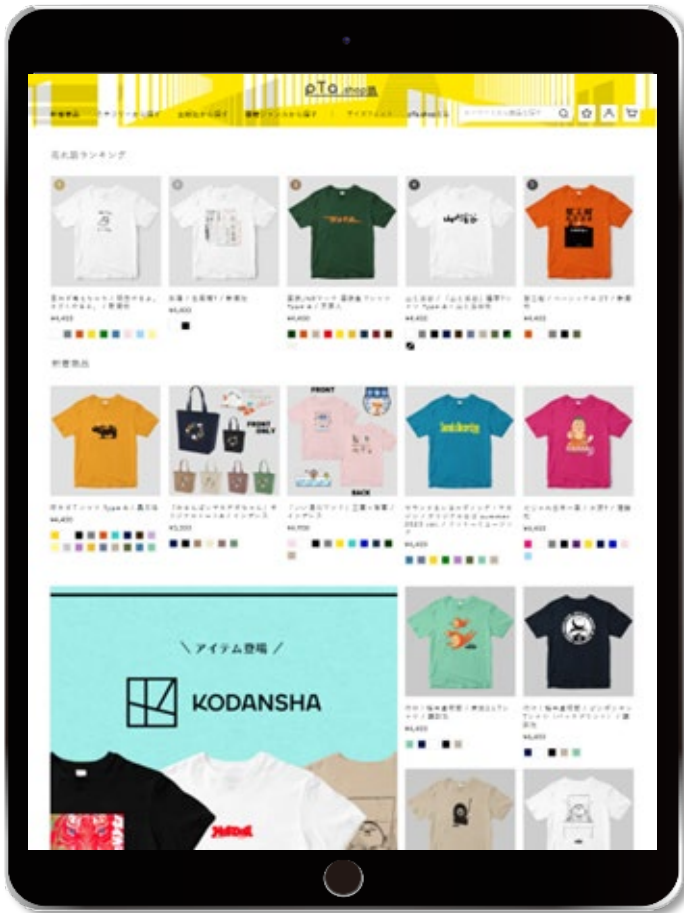
※Fukui City Tourism Association

Outsourced creation of sales promotion and public relations tools and websites for companies and local authorities

Platform Business

pTa.shop

楽器探そう!
デジポ+



E-Commerce
platforms



E-Comic
platforms

PUBFUN



POD
platforms