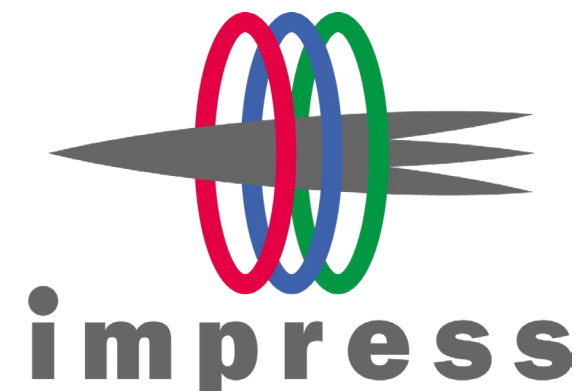


Supplementary Briefing Material on Financial Results for the 3Q of FY2024

Impress Holdings, Inc.

(TSE Standard : 9479)

February 12, 2025



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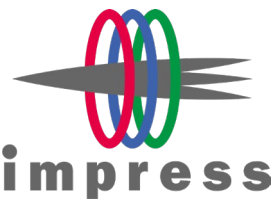
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- 1. Financial Results for the 3Q of FY2024**
- 2. Overview of Financial Results
by Business Category & Segment**
- 3. Consolidated Financial Forecasts for FY2024**

Reference Material: Overview of Impress Group

1. Financial Results for the 3Q of FY2024

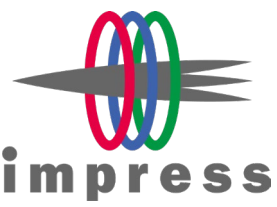
Highlights of Financial Results for the 3Q of FY2024 : Part1



- **Although operating profit was -77 million yen, the loss margin narrowed to +202 million yen y/y, mainly due to improvements in 3Q continuing from 2Q.**
 - 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 the first nine months, although Internet Media business maintained sales growth, Publishing/E-publishing business recorded a decline in sales due to a significant reduction in the number of publications following the business restructuring in the previous year and a reduction in the volume of publications and shipments of New Year Card mooks in consideration of market trends, while the Solution business recorded lower sales due to a reaction to the absence of the large-scale projects in the previous year. As a result, consolidated sales totaled 10,774 million yen (-2.0%/-222 million yen y/y) .
 - Despite the decline in sales, the marginal profit ratio slightly improved compared to the previous fiscal year due to steady growth in the Platform business and improved profitability in Publishing business as a result of the streamlining of unprofitable products and improved inventory valuation. In addition, fixed costs, especially personnel costs, were reduced significantly more than expected due to the implementation of business restructuring and other measures, resulting in an operating profit of -77 million yen (+202 million yen y/y), which offset the impact of the decline in sales and reduced the loss.
 - Looking at the quarterly progress, operating profit in 3Q (3 months) improved significantly to a profit of 193 million yen (+103 million yen y/y) . Although the anticipated adjustment phase for digital advertising in Internet Media became a reality, profits were boosted by the recovery of profitability in Publishing, due to strong performance of magazines and mooks and improved sales of new titles, as well as reductions in fixed costs. Improvements in inventory valuation and other factors continued to have a positive impact, following 2Q.

- **Publishing/E-publishing business returned to revenue growth in 3Q (three months), but were unable to offset the delayed recovery in the first half of the year, resulting in decline in sales.**
 - Publishing/E-publishing turned to sales growth in 3Q, but not enough to offset the delayed improvement in the first half of the year. Sales of magazines and mooks remained stable. Despite weak shipments, sales of backlist titles also increased, continuing the trend of declining returns from 2Q. Sales of new books improved in 3Q, but profits fell sharply due to delays up to 2Q, a decrease in the number of publications (-49 items) as a result of business restructuring, and a reaction to the lack of best-selling titles in the previous year. In addition, sales of seasonal products were affected by the compression of the volume of the New Year Card mooks, although delays in calendar shipments were resolved in the 3Q. As a result, sales totaled 5,826 million yen (-1.6%/-95 million yen y/y).
 - In Internet Media, profits increased due to a strong performance in the first half of the year, although the business entered an adjustment period in 3Q. Despite a decline in digital advertising sales due to a slowdown in network advertisements, especially in IT segment, increased sales of Minecraft content led to sales of 1,421 million yen (+1.8%/+25 million yen y/y).
 - In Target Media, there was no significant change in trend. Sales were 750 million yen (-7.2%/-58 million yen y/y) due to lower sales of targeting advertisements and large-scale events.
 - In Platform business, sales were 1,948 million yen (+0.1%/+1 million yen y/y) due to steady growth of the Digimart, despite a decline in sales of E-comic PF due to a reaction to the absence of the large development project in the previous year.
- **On segment basis, profits improved in all segments except IT and Others.**
- **At present, consolidated financial forecasts for FY2024 remains unchanged from the forecasts revised at the time of the announcement of the 2Q results.**

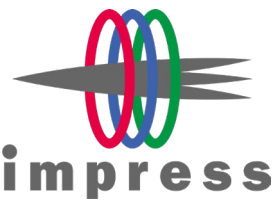
Consolidated Financial Results for FY2024 3Q



(Million yen)

	FY2023 3Q	FY2024 (current) 3Q		
	Result	Result	Y/Y	
Net Sales	10,996	10,774	−2.0%	−222
Operating Profit	−280	−77	−	+202
Ordinary Profit	−213	−0	−	+212
Profit	−423	−54	−	+368

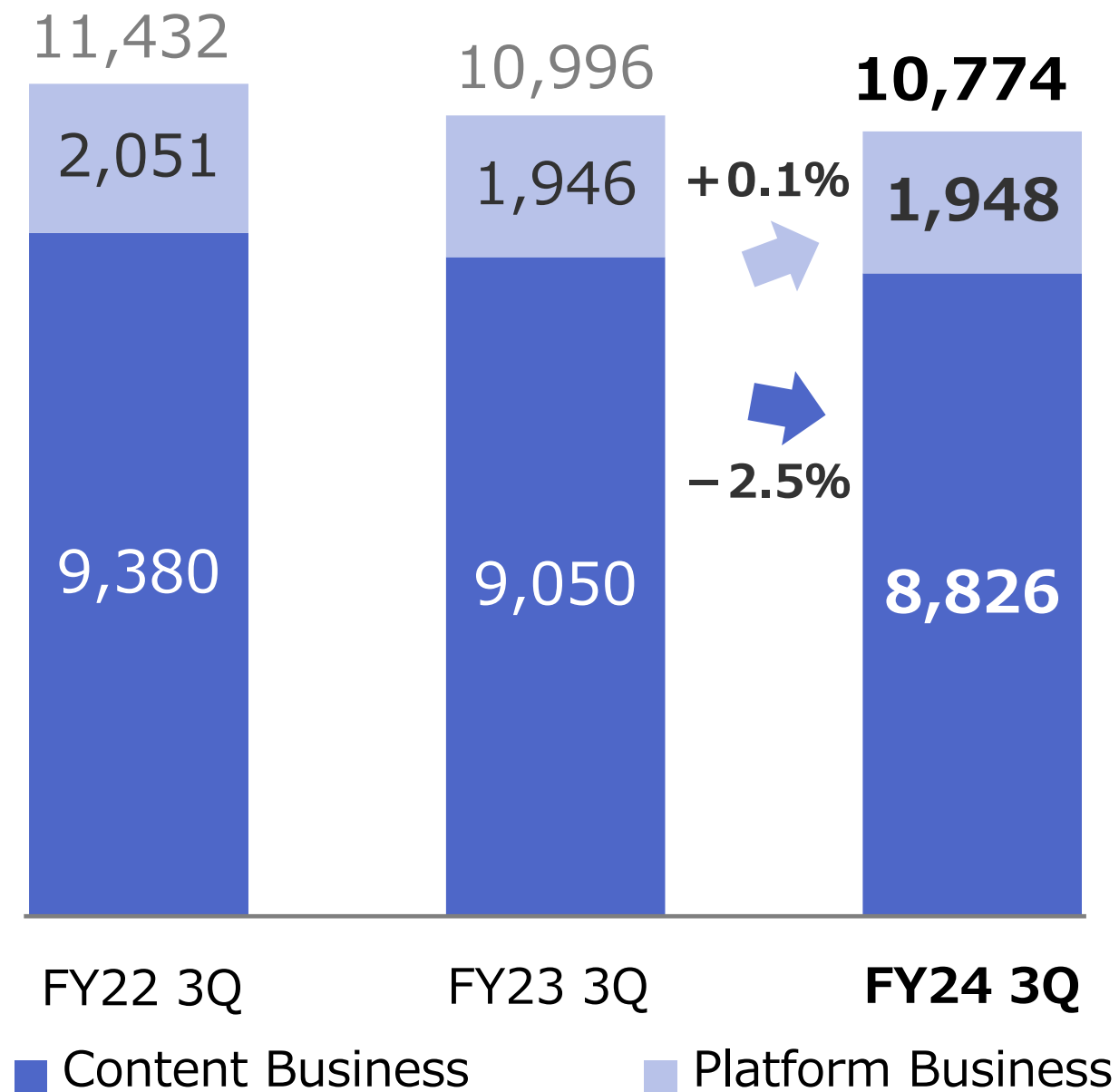
Development of Consolidated Financial Results (3 period comparison)



(Million yen)

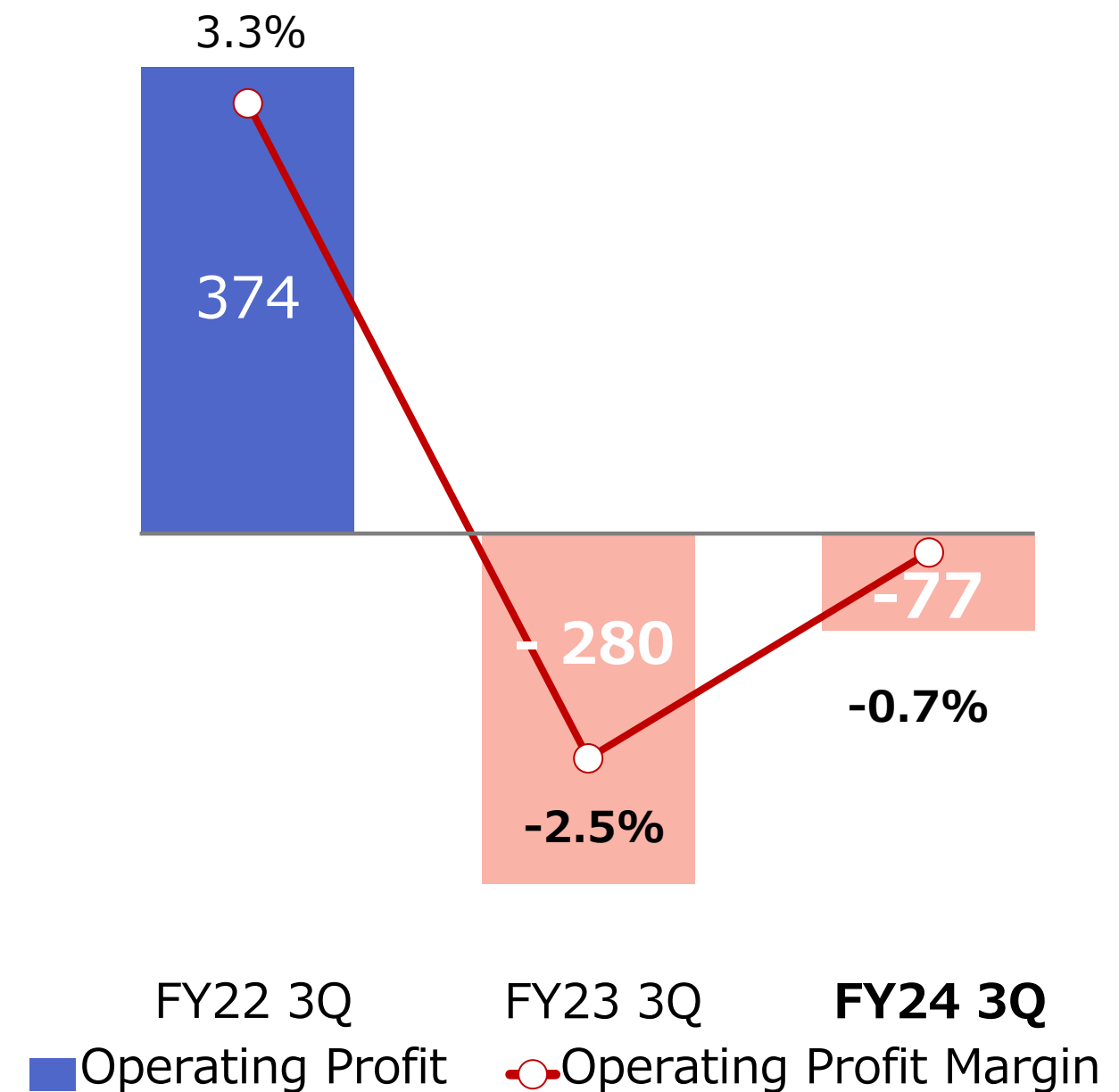
Net Sales

Sales decreased due to a decline in the Publishing/E-Pub business, which was affected by a reduction in the number of publications following the business restructuring, and a decline in the Solutions business, which was a reaction to the lack of large projects in the previous year.

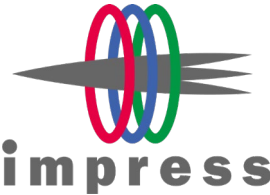


Operating Profit & Operating Profit Margin

Despite the decline in sales, profitability improved and losses narrowed due to the liquidation of unprofitable products as a result of business restructuring, lower labor and other fixed costs, and improved inventory valuation, etc.

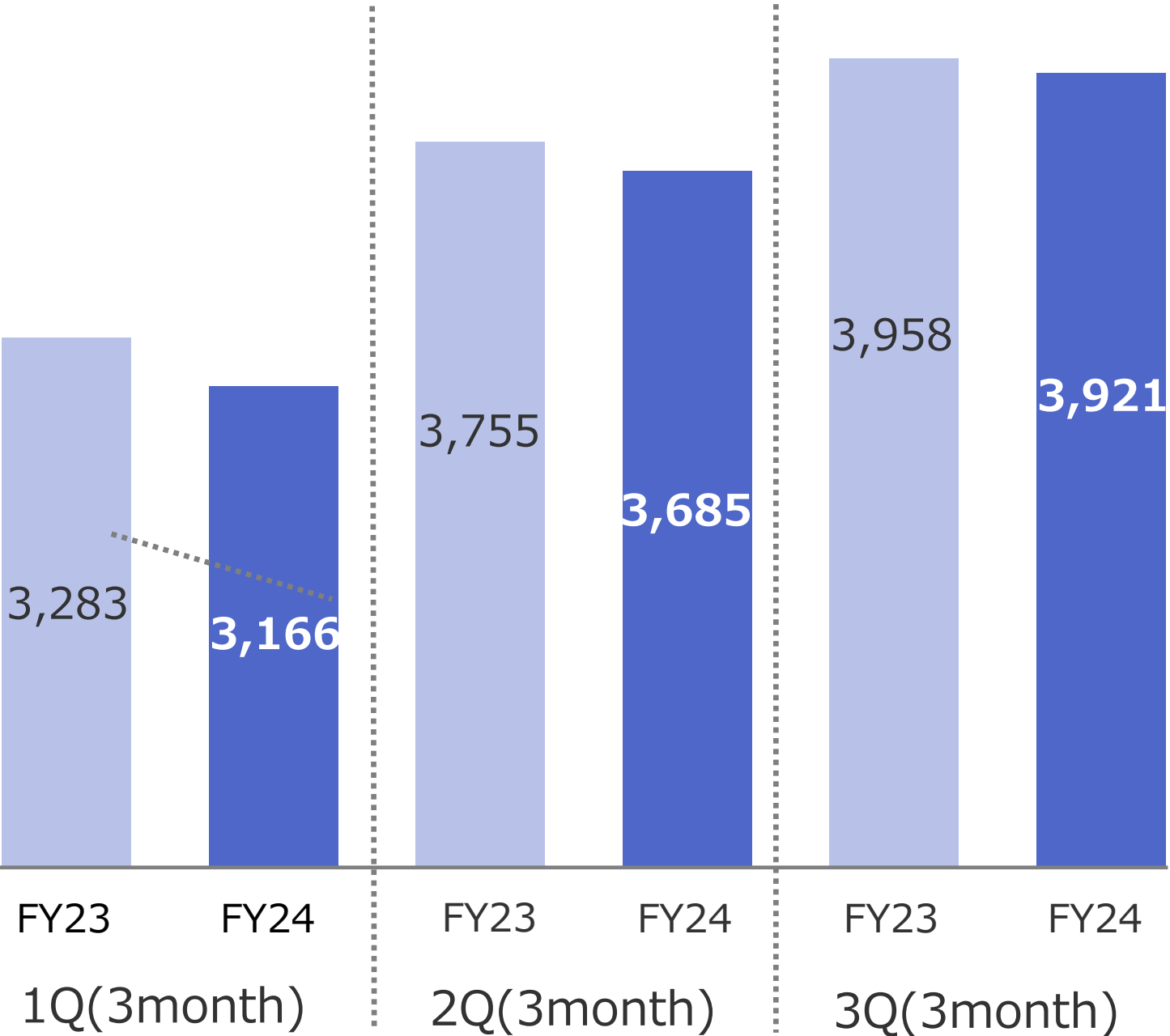


Development of Consolidated Financial Results (Quarter comparison)



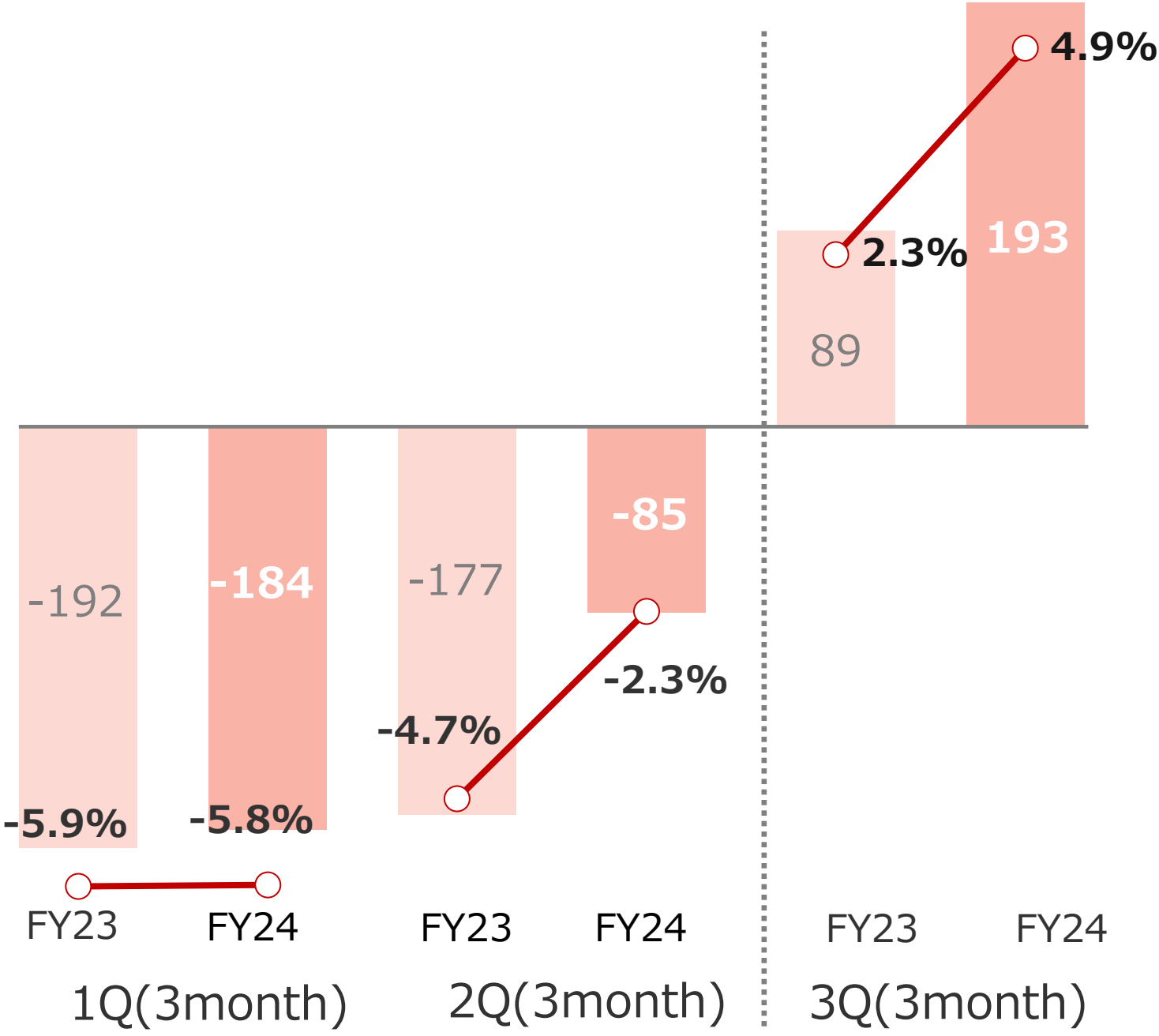
(Million yen)

Net Sales



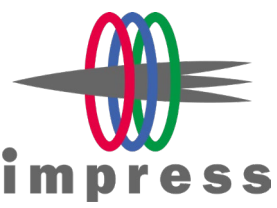
Operating Profit & Operating Profit Margin

Despite lower sales, profitability showed improvement in 3Q, following 2Q, due to improved inventory valuation as well as a recovery in profitability of the Publishing business.



Consolidated Financial Results for FY2024 3Q

Marginal Profit Comparison



(Million yen)

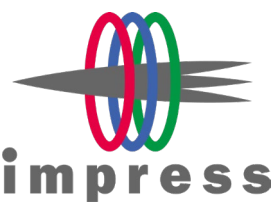
	FY2023 3Q	FY2024 (current) 3Q		
	Result	Result	Y/Y	
Net Sales	10,996	10,774	− 2.0%	− 222
Variable Costs ※1	5,700	5,475	− 4.1%	− 224
Marginal Profit	5,296	5,298	+ 0%	+ 2
Fixed Costs ※2	5,576	5,375	− 3.7%	− 200
Operating Profit	− 280	− 77	−	+ 202
Marginal Profit Ratio	48.2%	49.2%		+ 1.0pt

※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.

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Factors Affecting Increase in Operating Profit for FY2024 3Q



(Million yen)

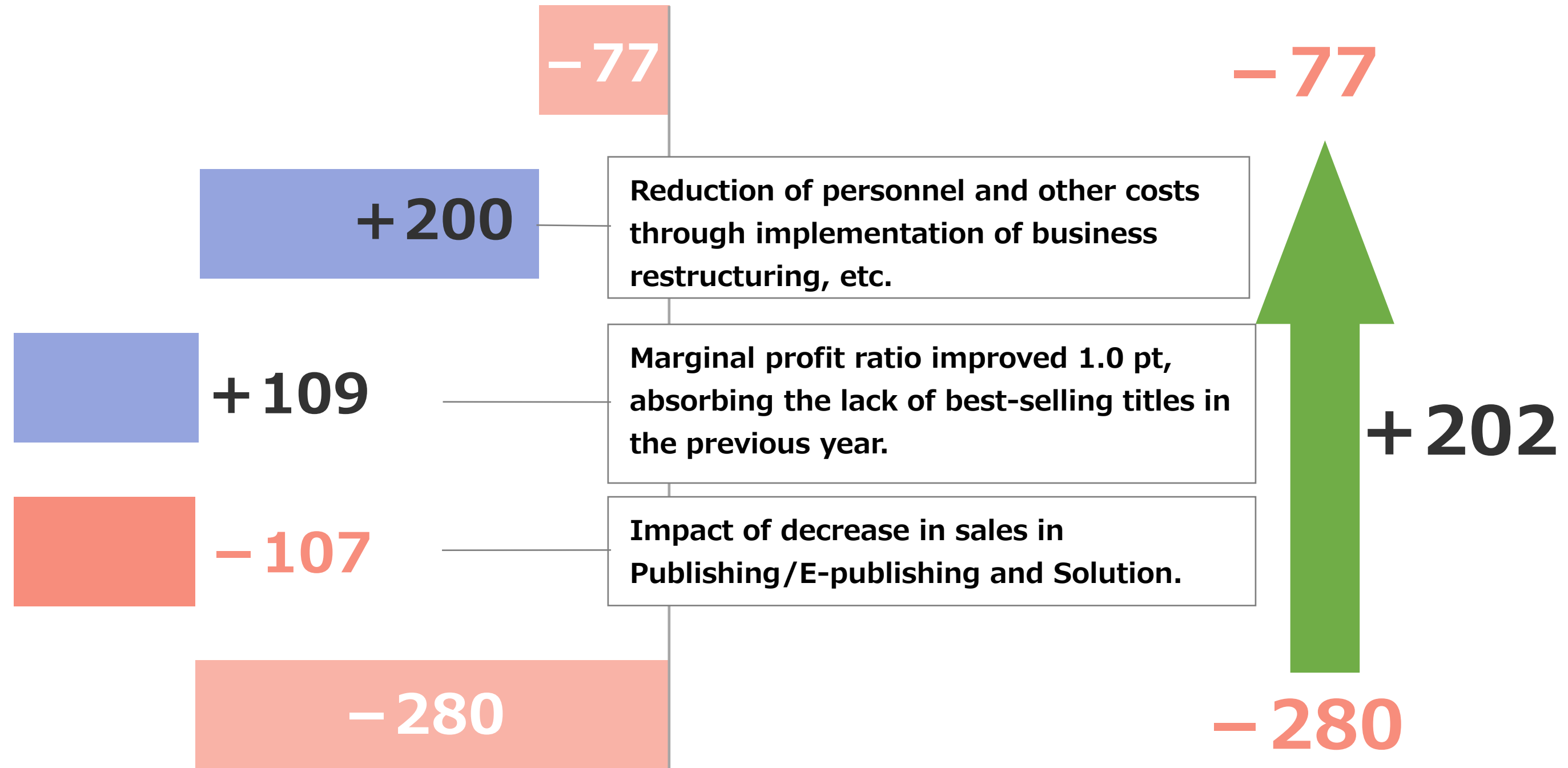
**FY2024 3Q
operating profit**

**Decrease in
fixed costs**

**Increase in
marginal profit ratio**

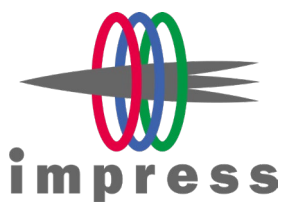
Decrease in sales

**FY2023 3Q
operating profit**



2. Overview of Financial Results by Business Category & Segment

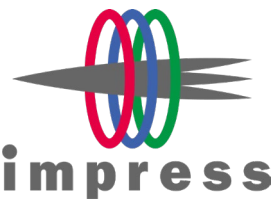
FY2024 3Q Consolidated Net Sales by Business Category



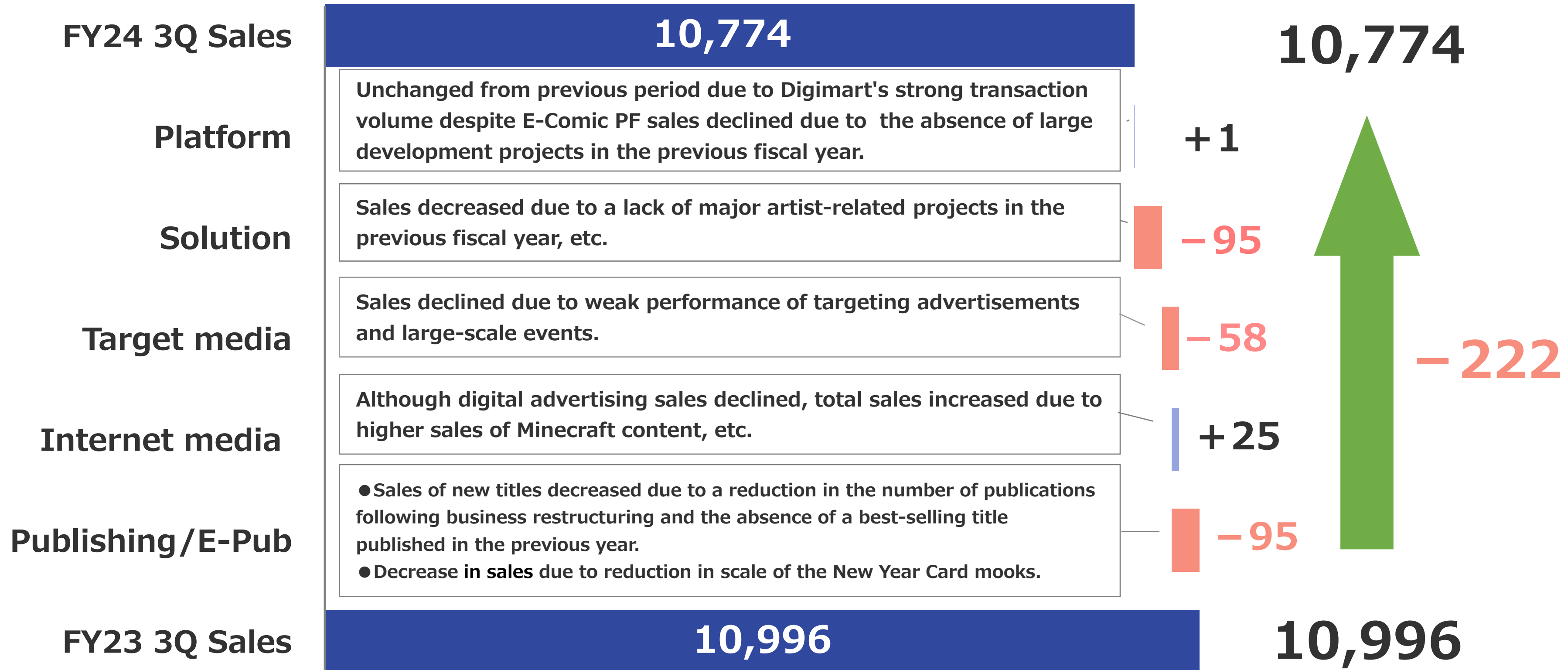
(Million yen)

Business category	FY23 3Q	FY24 3Q (current)		
	Result	Result	Y/Y	
Content business	9,050	8,826	− 2.5%	− 224
Publishing/E-publishing	5,922	5,826	− 1.6%	− 95
Internet media	1,395	1,421	+ 1.8%	+ 25
Target media	808	750	− 7.2%	− 58
Solution	923	827	− 10.3%	− 95
Platform business	1,946	1,948	+ 0.1%	+ 1
Total	10,996	10,774	− 2.0%	− 222

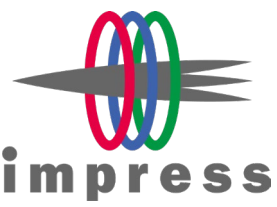
Summary of Net Sales by Business Category for FY2024 3Q



(Million yen)

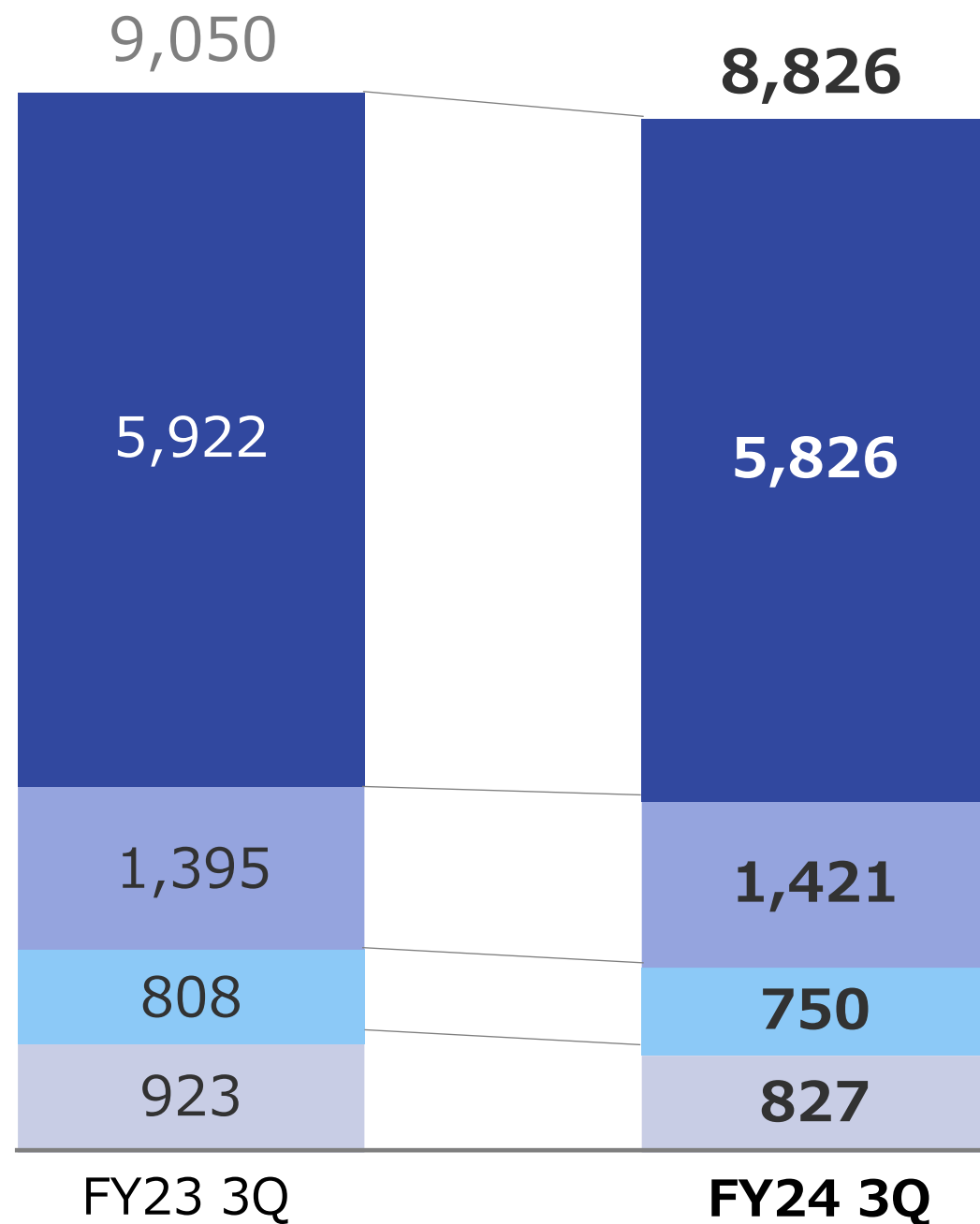


FY2024 3Q Net Sales by Business Category: Content Business



Net Sales of Content Business

(Million yen)



Content Business : -2.5% (-224M)

Publishing/E-Publishing : -1.6% (-95M)

- Sales of magazines and mooks remained strong, and sales of backlist titles continued to increase as the trend of declining returns from the 2Q continued. On the other hand, sales of new titles improved in 3Q, but overall sales declined due to a reduction in the number of publications following business restructuring and the absence of best-selling titles in the previous fiscal year, as well as a reduction in the publication volume of the New Year Card mooks.

Internet media : +1.8% (+25M)

- Digital advertising revenue declined due to a slowdown in network advertisements, particularly in the IT segment, but overall sales increased due to higher content sales in Minecraft.

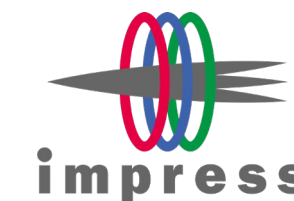
Target media : -7.2% (-58M)

- Sales declined due to weak performance in targeting advertisement and large-scale events.

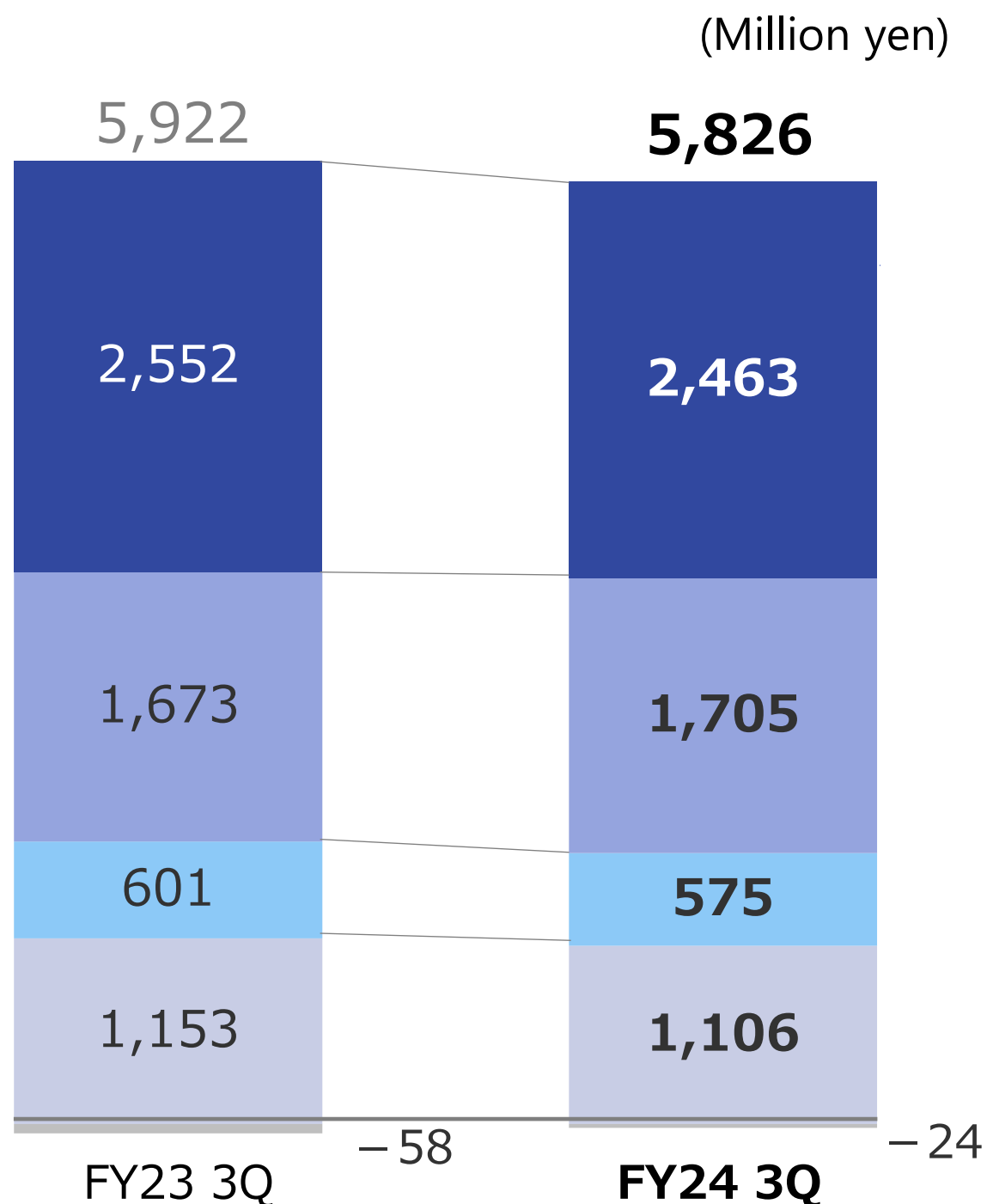
Solution : -10.3% (-95M)

- Decrease due to lack of major artist-related projects in the previous fiscal year, etc.

FY2024 3Q Net Sales by Business Category: Content Business – Publishing/E-publishing



Content Business: Net Sales of Publishing/Electronic Publishing



Publishing/E-publishing : –1.6% (–95M)

Books : –3.5% (–89M)

- Sales of new titles improved in 3Q, but declined due to a reduction in the number of publications (-49 titles) as a result of business restructuring and the lack of a blockbuster title (ChatGPT-related book) published in the previous fiscal year in IT.
- Sales of backlist titles maintained an increase, despite weak shipments, as the downward trend in returns from the 2Q continued.

Magazines/Ads /Mooks : +1.9% (+31M)

- Mooks sales increased due to an increase in the number of publications (+11 titles), as well as a blockbuster title related to figure skating in Nature.
- Sales of magazines remained stable while prices were raised, but was not enough to cover the decrease in the number of publications (-13 items) due to the liquidation of unprofitable products, etc. However, profitability improved as expected.

E-publishing : –4.3% (–26M)

- Limited results from original comics in development, with an overall weak trend.

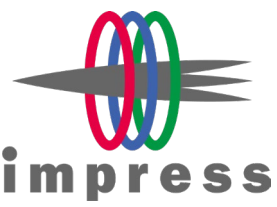
Seasonal products : –4.0% (–46M)

- Calendars: Despite an increase in the number of publications (+17 titles), shipments remained weak and sales unchanged from the previous period.
- New Year Card mooks: sales declined due to a reduction in the number of publications (-3 titles) and a reduction in the scale of publication and shipments.

Others : +34M

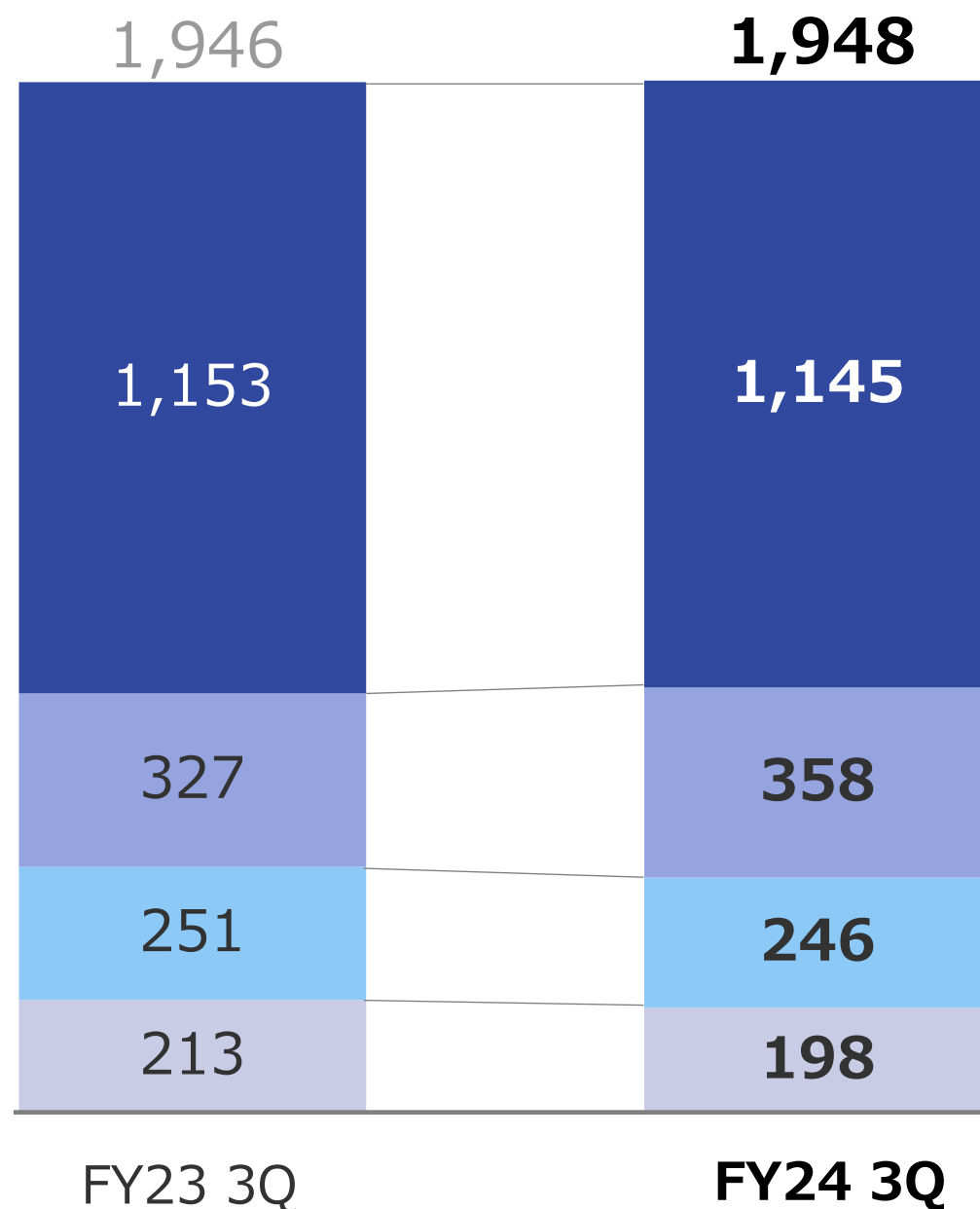
- Increased income from events, product sales and editorial support in Nature.

FY2024 2Q Net Sales by Business Category: Platform Business



Net Sales of Platform Business

(Million yen)



Platform Business : +0.1% (+1M)

E-Comic PF : -0.7% (-7M)

- Sales decreased. Increased sales from overseas projects and the solid performance of the new commissioning projects started in the previous year could not offset the absence of sales from the large development projects in the previous year.

Digimart : +9.3% (+30M)

- Steady growth of transaction volumes, with the formal launch of the DtoC business development model, payment service revenues from music stores increased.

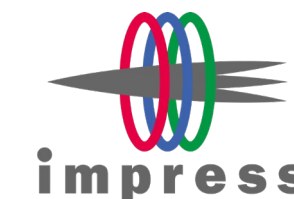
POD PF : -2.1% (-5M)

- Sales declined due to few good-selling titles in the POD service for individuals.

Publishing/E-publishing PF : -7.4% (-15M)

- Sales declined due to few good-selling titles in the E-pub PF in IT.

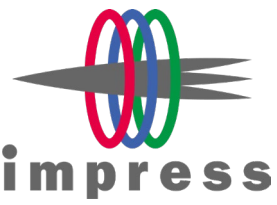
FY2024 3Q Net Sales and Operating Profit by Segment



(Million yen)

Segment	Net sales		Operating profit	
	Amount	Y/Y	Amount	Y/Y
IT	4,453	-4.6%	231	-158
Music	1,476	+2.4%	-26	+70
Design	519	-9.8%	-2	+106
Nature	1,479	+8.2%	42	+48
Aviation · Railways	923	-9.0%	-79	+99
Mobile services	1,268	-0.4%	291	+12
Other	1,187	-0.9%	-129	-1
Intercompany eliminations	-533	—	-404	+25
Total	10,774	-2.0%	-77	+202

Overview by Segment for FY2024 3Q



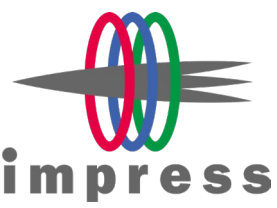
- **Profits improved in all segments except IT and others.**

- 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, Aviation • Railways segment improved significantly in 3Q.
- In Music, an increase in the number of publications and the strong performance of Digimart offset the absence of large artist-related commissions in the previous fiscal year. Improved profitability due to lower cost of sales and other factors also contributed to a smaller loss.
- In Nature, the business returned to profitability due to a significant increase in book sales: strong magazine sales despite weak magazine advertising, the publication of good-selling mooks related to figure skating, and an increase in the number of publications.
- In Mobile services, although sales declined due to the absence of large-scale development projects in the previous fiscal year, profitability improved due to a decrease in the cost of sales and other factors, resulting in a turnaround to profitable growth in 3Q.
- In IT, sales declined in all other categories except Internet Media. Publishing performed weak due to a decrease in the number of publications and the absence of a blockbuster title (ChatGPT-related book) published in the previous fiscal year, as well as a decrease in sales in the targeting business due to difficulties in targeting advertisements, and other factors, and an increase in cost of sales in Internet Media. These factors led to a widening of the profit decline.

3. Consolidated Financial Forecasts for FY2024

- **At present, consolidated financial forecasts for FY2024 remains unchanged from the forecasts revised at the time of the announcement of the 2Q results.**
 - In 3Q (3 months), shipments of backlist titles and publications of new books were below expectations, but Internet Media and Target Media sales exceeded expectations, albeit weakly, and sales were generally on schedule. Profits were higher than expected due to better than expected cost reductions mainly on fixed costs and improved inventory valuation.
 - In 4Q (three months), cost reductions mainly in fixed costs, are expected to be steadily realized at a higher than expected level, but Publishing is anticipated to face higher than expected return risks due to weak in-store sales of the New Year Card books and calendars, which are key seasonal products.
 - In addition, there are significant uncertainties in forecasting trends in shipments of backlist titles and corporate advertising demands toward the end of the fiscal year, etc. Therefore, the consolidated financial forecasts remain unchanged at present.

Consolidated Financial Forecasts for FY2024 : Fluctuation from previous year



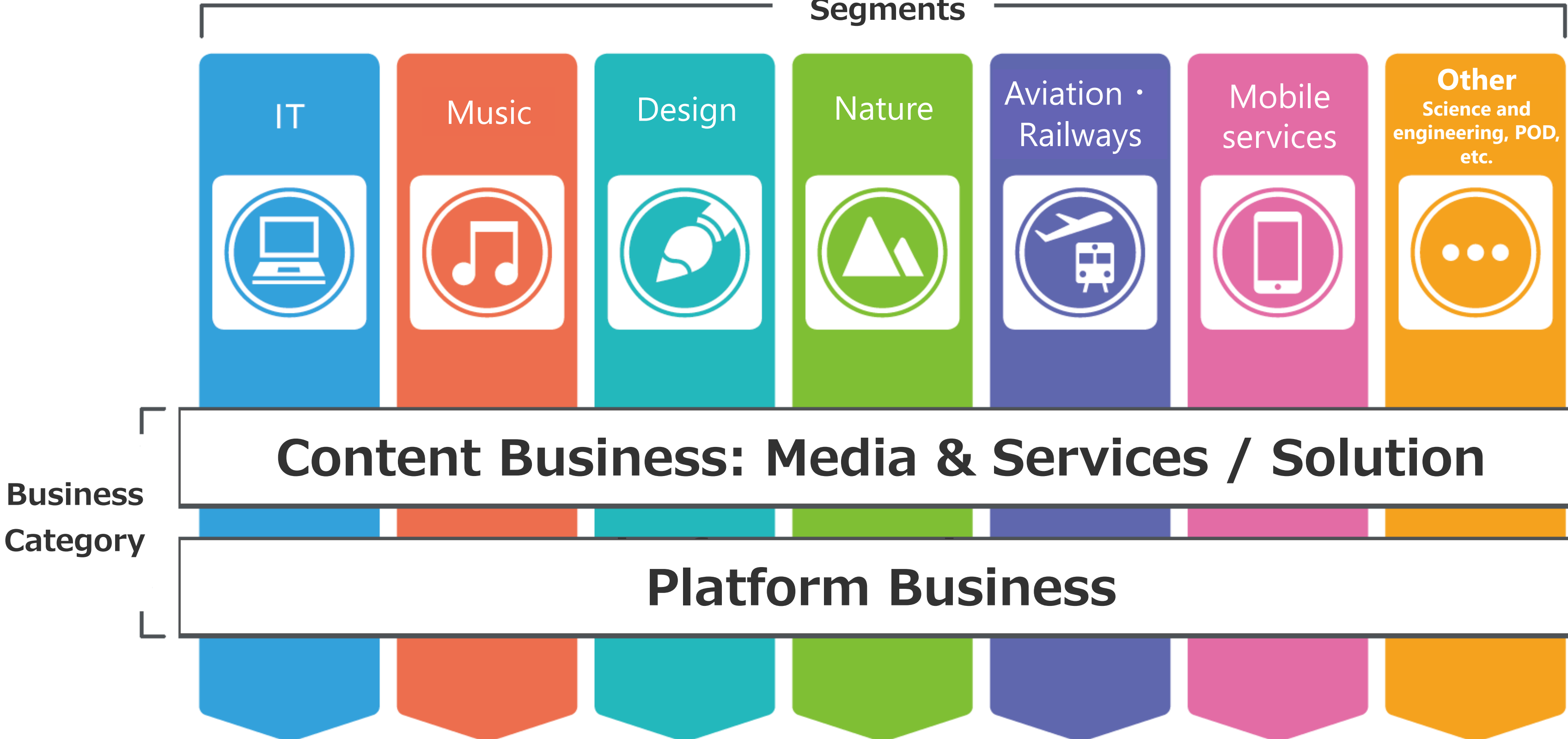
At present, there is no change from the consolidated financial forecasts for FY2024 announced on November 7, 2024.

(Million yen)

	First half of the year (2Q)			Second half of FY2024			Full year		
	Previous period	Current period	Fluctuation	Previous period	Current forecast	Fluctuation	Previous period	Current forecast	Fluctuation
Net sales	7,038	6,852	-185	7,427	7,706	+278	14,466	14,560	+93
Operating profit	-370	-270	+99	-113	320	+434	-483	50	+534
Ordinary profit	-333	-243	+90	-33	403	+436	-366	160	+527
Profit	-371	-266	+104	-664	306	+971	-1,036	40	+1,077

Reference Material: Overview of Impress Group

Segment and Business of Impress Group



Content Business: Media & Services

Publishing/
Electronic Publishing



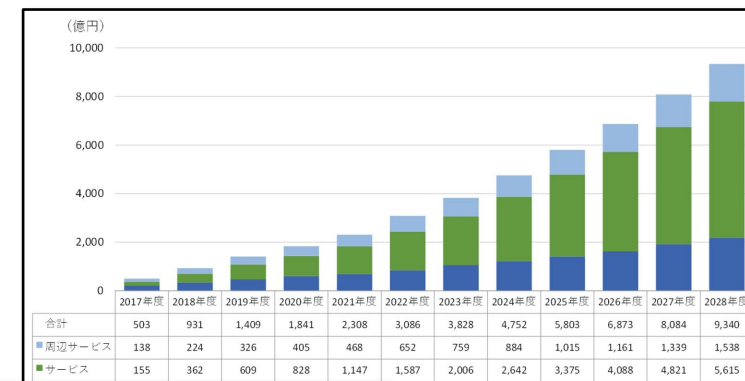
Specialized books,
magazines



E-Books



New Year Card mooks,
calendar



サービスの3つで構成される。ポット型、潜水艦型の完成品機体の国内での販売金額、業務の提供企業の売上額。ただし、ソリューションの一部を推計。企業や公共団体が自社保有のドローンを活用するサービス市場は、バッテリー等の消耗品の販売額、定期メン

出所：インプレス総合研究所作成



Business media

Survey report

Events, seminars

Content Business: Solution



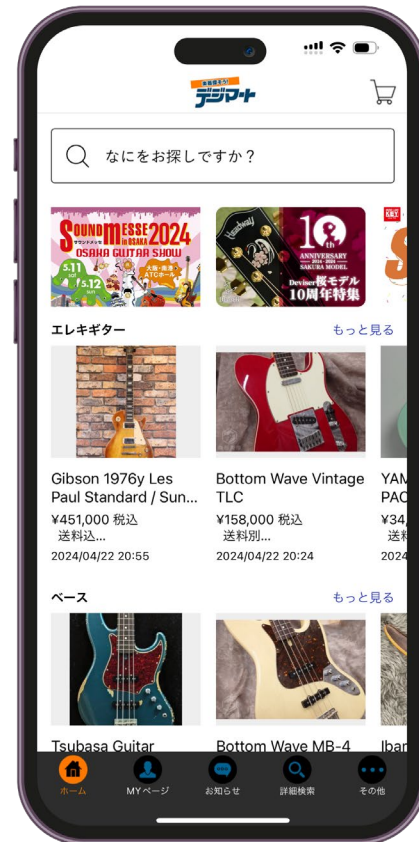
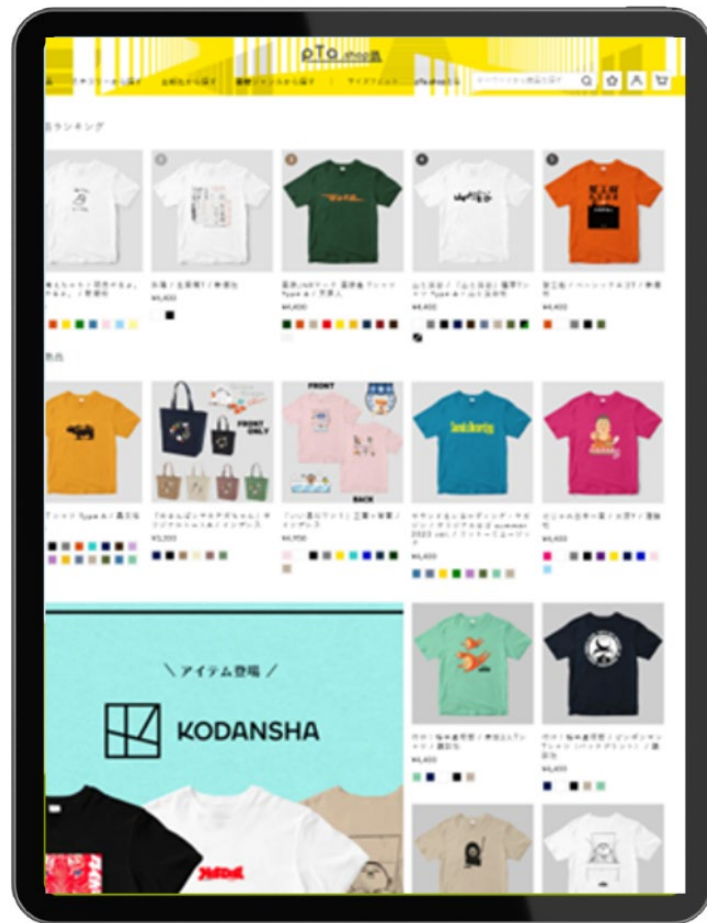
※Fukui City Tourism Association

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

Platform Business

pTa.shop

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デジポト



E-Commerce platforms



E-Comic platforms

PUBFUN



POD platforms