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**Summary of Non-Consolidated Financial Results  
for the Six Months Ended February 28, 2022  
(Based on Japanese GAAP)**

April 14, 2022

Company name: and factory, inc  
 Stock exchange listing: Tokyo  
 Stock code: 7035 URL <https://andfactory.co.jp/>  
 Representative: Rinji Aoki, President and Representative Director  
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 Scheduled date to file annual securities report: April 14, 2022  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of annual financial results meeting: No

(Amounts less than one million yen are rounded down.)

1. Non-Consolidated financial results for the six months ended February 28, 2022

(From September 1, 2021 to February 28, 2022)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes.

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2022	1,332	(10.0)	11	—	(95)	—	(94)	—
Six months ended February 28, 2021	1,479	(0.3)	(207)	—	(274)	—	(276)	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 28, 2022	(9.61)		—	
Six months ended February 28, 2021	(28.12)		—	

Notes: Although dilutive shares exist, diluted earnings per share are not stated as earnings per share were negative.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2022	5,005	797	15.9
As of August 31, 2021	5,376	888	16.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Total
Year ended August 31, 2021	—	0.00	—	0.00	0.00
Year ending August 31, 2022	—	0.00			
Year ending August 31, 2022 (Forecast)			—	0.00	0.00

Notice concerning Revision of the Financial Forecasts : No

3. Forecast of non-consolidated financial results for the year ending August 31, 2022

(From September 1, 2021 to August 31, 2022)

Percentages indicate year-on-year changes.

	Net sales		Operating income		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,050	0.2	170	—	(47)	—	(40)	—	(4.06)

Notice concerning Revision of the Financial Forecasts : No

4. Notes

(1) Application of special accounting treatment for quarterly financial reporting: Yes

Note: For details, please refer to “2. Quarterly Non-Consolidated Financial Statements and Notes (4) Notes to the Quarterly Non-Consolidated Financial Statements (Application of Special Accounting Treatment for Quarterly Financial Reporting)” on page 10 of the attachments to this summary.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common stock)

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

As of February 28, 2022	9,853,520 shares	As of August 31, 2021	9,827,120 shares
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Number of treasury shares at the end of the period

As of February 28, 2022	257 shares	As of August 31, 2021	257 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2022	9,848,449 shares	Six months ended February 28, 2021	9,826,863 shares
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Notes: This financial report is exempt from the review.

Explanation about appropriate usage of business forecasts and other special notes:

The forecasts above are based on the judgments made on the basis of currently available information. Forecasts therefore include risks and uncertainties.

Actual results may differ significantly from projections due to a variety of factors. For information regarding the assumptions underlying the Company's earnings forecast and cautionary notes concerning the use of the forecast, please refer to “(3) Operating Performance Forecast” on page 4 of the attachments to this summary.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Analysis of Operating Performance

The e-book market (the Company's main business category) continued to grow, according to the eBook Marketing Report 2021 by Impress Research Institute. According to this report, the e-book market had a value of ¥482.1 billion in fiscal 2020, up 28.6% from the previous year's figure of ¥375 billion. Comics accounted for 83% of the total, or ¥400.2 billion. The same institute's report for the previous year, the eBook Marketing Report 2020, had forecast that the e-book market would reach a value of ¥444.2 billion in fiscal 2020. The actual figure exceeded this forecast. By fiscal 2025, the institute forecasts that the e-publishing market (including e-books) will grow by approximately 1.4 times larger of fiscal 2020, to ¥674.7 billion.

In this business environment, the Company pursues a mission to make people's lives more fulfilling by bringing a little "something extra" to their daily lives. In the Apps business, the Company has focused mainly on expanding earnings from smartphone manga apps developed in collaboration with large publishers.

In the Apps business segment, price per advertisement in the Company's mainstay manga apps business trended upward, and the Company's acquisition of new users slowed down as it cut back on promotional investment. In the entertainment business, fortune-telling performed well, and sales in the Apps business segment were essentially unchanged from the same period of the previous fiscal year. On the other hand, operating income was significantly higher year on year thanks to efficient spending on advertising in the manga apps business.

In the RET business segment, profitability related to the operation of &AND HOSTEL facilities improved significantly as a result of business structure reforms. At the same time, the occupancy rates at these facilities were on the rise thanks to changes in targets and concepts associated with &AND HOSTEL.

In the Other businesses segment, sales decreased year on year because the Company transferred lodging and rental property services during the fiscal year ended August 31, 2021, as part of its efforts to adjust its business portfolio. However, operating income improved due to the Company's withdrawal from unprofitable businesses.

As a result of these activities, in the six months ended February 28, 2022, the Company generated net sales of ¥1,332,199 thousand (down 10.0% year on year), an operating income of ¥11,090 thousand (operating loss of ¥207,519 thousand in the corresponding period of the previous fiscal year), an ordinary loss of ¥95,606 thousand (ordinary profit of ¥274,322 thousand in the corresponding period of the previous fiscal year), and a net loss of ¥94,622 thousand (net income of ¥276,327 thousand in the corresponding period of the previous fiscal year).

It should be noted that we recategorized our reportable segments effective from the three months ended November 30, 2021. Accordingly, comparisons and analysis for the six months ended February 28, 2022 are based on the revised segmentation..

#### (1) Apps business

The Company has observed strong performance from existing manga apps, such as Manga UP!, Manga Park, and Manga Mee, since their launch. This strong performance continued during the six months ended February 28, 2022, thanks to the extended availability of popular content and the addition of new titles.

Earnings contribution also came from the steady increases in monthly active users (MAUs\*1) at Young Jump, a manga app jointly developed with SHUEISHA Inc. (released April 2020), and Mecha Comic's Mainichi Rensai, a manga app jointly developed with Amutus Corporation (released May 2020).

At the same time, the COVID-19 pandemic's impact on the overall advertising market took a turn for the worse, and advertising revenue declined amid a downward trend in ARPU\*2 from in-app ads.

As a result, in the six months ended February 28, 2022, sales in the Apps business were ¥1,259,092 thousand (down 5.5% year on year). Segment profit came to ¥233,413 thousand (up 61.2% year on year).

\*1 The number of people who use an app at least once in a month

\*2 The average amount of revenue generated per person

Of the smartphone apps the Company operates in the Apps business, the following table outlines average MAUs by quarter for the manga apps.

(Thousands of people)

Date	Average MAUs	Date	Average MAUs
May 31, 2017	310	November 30, 2019	6,410
August 31, 2017	650	February 29, 2020	7,200
November 30, 2017	1,080	May 31, 2020	9,060
February 28, 2018	1,500	August 31, 2020	9,940
May 31, 2018	2,040	November 30, 2020	10,260
August 31, 2018	2,380	February 28, 2021	10,540
November 30, 2018	2,790	May 31, 2021	10,560
February 28, 2019	3,620	August 31, 2021	11,010
May 31, 2019	4,300	November 30, 2021	10,460
August 31, 2019	5,320	February 28, 2022	10,440

Note: the average MAUs shown above are quarterly averages.

## (2) RET business

In the six months ended February 28, 2022, occupancy rates trended toward recovery for &AND HOSTEL, the Company's mainstay brand of smart hostels (lodging facilities offering experiences made possible through IoT). These positive results compared with the fiscal year ended August 31, 2020, when performance was substantially affected by the COVID-19 pandemic, were a result of changing targets and concepts at some stores and promoting the acquisition of new customer bases, the occupancy rate has been on a recovery trend. However, although the average spend per customer is on a recovery trend, it is still at a low level, and the operating revenue of each store remained flat compared to the same period of the previous year.

The Company made adjustments to agreements associated with a portion of the &AND HOSTEL locations during the fiscal year ended August 31, 2021, and these adjustments resulted in a decrease in rents and other fixed costs stemming from loss-generating locations. Accordingly, losses in the &AND HOSTEL business declined year on year.

Meanwhile, the Company generated real estate-related sales, reporting cases of revenue generated through brokerage fees associated with property sales and an ongoing stream of rental revenue from properties.

Consequently, in the six months ended February 28, 2022, sales in the RET business came to ¥67,615 thousand (up 1.5% year on year), with segment losses of ¥34,290 thousand (loss of ¥101,843 thousand in the previous year).

## (3) Other businesses

Sales in the Other businesses segment declined year on year because the Company transferred service operations in the lodging and rental property fields, which were included under the IoT business segment until the fiscal year ended August 31, 2021, to other organizations. However, operating income increased as the Company withdrew from unprofitable businesses.

Meanwhile, the Company continued its ongoing review of plans within the field of entertainment that utilize new technologies not being applied in other business segments.

In the first six months ended February 28, 2022, Other businesses reported sales of ¥5,491 thousand (down 93.2% year on year) and segment losses of ¥13,866 thousand (loss of ¥47,580 thousand in the previous year).

## (2) Analysis of Financial Conditions

### (1) Assets, liabilities, and net assets

#### (Assets)

As of February 28, 2022, total assets amounted to ¥5,005,147 thousand, down ¥371,402 thousand from August 31, 2021.

This was primarily due to decreases of ¥108,072 thousand in cash and deposits, ¥74,342 thousand in accounts receivable–trade, ¥64,999 thousand in investment securities, and ¥43,144 thousand in leasehold and guarantee deposits..

#### (Liabilities)

Total liabilities as of February 28, 2022, amounted to ¥4,207,280 thousand, down ¥280,977 thousand from August 31, 2021.

This was primarily due to a decrease of ¥30,000 thousand in short-term borrowings and a decrease of ¥138,568 thousand in long-term borrowings (including the current portion of long-term borrowings).

#### (Net assets)

As of February 28, 2022, net assets totaled ¥797,867 thousand, down ¥90,424 thousand from August 31, 2021. This was the result of the posting of a net loss, causing retained earnings to fall ¥94,622 thousand.

The equity ratio came to 15.9% (compared with 16.5% as of August 31, 2021).

### (2)Cash flows

As of February 28, 2022, cash and cash equivalents amounted to ¥666,654 thousand, down ¥108,072 thousand from August 31, 2021.

#### (Cash flows from operating activities)

Net cash used in operating activities totaled ¥49,941 thousand. This was primarily due to a loss before income taxes of ¥92,733 thousand, a decrease in accrued consumption taxes of ¥63,391 thousand, and rent payments of ¥93,642 thousand. Meanwhile, the Company recorded depreciation of ¥33,544 thousand and a decrease in trade receivables of ¥74,342 thousand.

#### (Cash flows from investing activities)

Net cash provided by investing activities was ¥106,239 thousand. This was primarily due to ¥42,570 thousand in proceeds from refund of leasehold and guarantee deposits and ¥70,020 thousand in proceeds from sale of investment securities.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥164,370 thousand. This was primarily due to repayments of long-term borrowings of ¥138,568 thousand.

### (3) Operating Performance Forecast

At present, the Company maintains its forecast for the fiscal year ending August 31, 2022, as announced on October 15, 2021.

The forecast is based on information available to management as of the date of this announcement. Actual performance may vary substantially from the forecast for a variety of reasons.

## 2. Quarterly Non-Consolidated Financial Statements

### (1) Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2021	As of February 28, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	774,726	666,654
Accounts receivable - trade	542,419	468,077
Work in process	19	34
Real estate for sale	3,148,397	3,133,669
Advances paid	228,061	193,725
Other	49,547	35,585
Allowance for doubtful accounts	(9,830)	(12,906)
<b>Total current assets</b>	<b>4,733,342</b>	<b>4,484,840</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	11,599	11,675
Machinery and equipment	1,088	-
Tools, furniture and fixtures	58,788	56,777
Accumulated depreciation	(37,356)	(37,529)
<b>Total property, plant and equipment</b>	<b>34,118</b>	<b>30,923</b>
<b>Intangible assets</b>		
Software	68,836	57,787
<b>Total intangible assets</b>	<b>68,836</b>	<b>57,787</b>
<b>Investments and other assets</b>		
Investment securities	257,295	192,296
Leasehold and guarantee deposits	281,658	238,513
Other	1,298	786
<b>Total investments and other assets</b>	<b>540,252</b>	<b>431,596</b>
<b>Total non-current assets</b>	<b>643,207</b>	<b>520,307</b>
<b>Total assets</b>	<b>5,376,550</b>	<b>5,005,147</b>

(Thousands of yen)

	As of August 31, 2021	As of February 28, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable–trade	121,095	104,153
Short-term borrowings	325,000	295,000
Current portion of long-term borrowings	277,136	277,136
Accounts payable–other	468,268	467,403
Income taxes payable	8,354	9,312
Provision for shareholder benefit program	35,783	5,895
Other	89,289	26,059
<b>Total current liabilities</b>	<b>1,324,928</b>	<b>1,184,960</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,154,342	3,015,774
Other	8,987	6,545
<b>Total non-current liabilities</b>	<b>3,163,329</b>	<b>3,022,319</b>
<b>Total liabilities</b>	<b>4,488,258</b>	<b>4,207,280</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	549,720	551,819
Capital surplus	548,361	550,460
Retained earnings	(210,331)	(304,953)
Treasury shares	(572)	(572)
<b>Total shareholders' equity</b>	<b>887,177</b>	<b>796,752</b>
Share acquisition rights	1,114	1,114
<b>Total net assets</b>	<b>888,292</b>	<b>797,867</b>
<b>Total liabilities and net assets</b>	<b>5,376,550</b>	<b>5,005,147</b>



## (2) Quarterly Non-Consolidated Statements of Income

(Thousands of yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Net sales	1,479,660	1,332,199
Cost of sales	699,091	600,644
Gross profit	780,569	731,554
Selling, general and administrative expenses	988,088	720,463
Operating profit (loss)	(207,519)	11,090
Non-operating income		
Interest income	4	4
Subsidy income	19,834	893
Surrender value of insurance policies	2,411	-
Other	1,446	238
Total non-operating income	23,697	1,136
Non-operating expenses		
Interest expenses	14,748	15,160
Rent	72,145	86,581
Other	3,606	6,091
Total non-operating expenses	90,499	107,833
Ordinary loss	(274,322)	(95,606)
Extraordinary income		
Gain on sale of businesses	-	0
Gain on sale of investment securities	-	10,020
Total extraordinary income	-	10,020
Extraordinary losses		
Impairment losses	-	964
Loss on retirement of non-current assets	116	1,183
Loss on valuation of investment securities	-	4,999
Total extraordinary losses	116	7,146
Loss before income taxes	(274,438)	(92,733)
Income taxes	1,888	1,889
Loss	(276,327)	(94,622)

## (3) Quarterly Non-Consolidated Statements of Cash Flows

	(Thousands of yen)	
	Six months ended February 28, 2021	Six months ended February 28, 2022
<b>Cash flows from operating activities</b>		
Loss before income taxes	(274,438)	(92,733)
Depreciation	40,269	33,544
Impairment losses	-	964
Loss on retirement of non-current assets	116	1,183
Loss (gain) on sale of businesses	-	(0)
Loss (gain) on sale of investment securities	-	(10,020)
Loss (gain) on valuation of investment securities	-	4,999
Increase (decrease) in allowance for doubtful accounts	7,428	3,075
Increase (decrease) in provision for bonuses	(3,375)	-
Increase (decrease) in provision for shareholder benefit program	(37,282)	(29,888)
Interest income	(4)	(4)
Subsidy income	(19,834)	(893)
Interest expenses	14,748	15,160
Rent	72,145	86,581
Decrease (increase) in trade receivables	50,808	74,342
Decrease (increase) in inventories	(4,795)	85
Decrease (increase) in advances paid	25,033	34,335
Decrease (increase) in consumption taxes refund receivable	213,333	-
Increase (decrease) in trade payables	(221,312)	(16,941)
Increase (decrease) in accounts payable - other	18,048	9,366
Increase (decrease) in accrued consumption taxes	-	(63,391)
Other, net	25,479	18,186
Subtotal	(93,631)	67,951
Interest and dividends received	4	4
Interest paid	(13,633)	(13,289)
Subsidies received	19,834	893
Rent paid	(52,715)	(93,642)
Payments for business structure restructuring expenses	-	(8,079)
Income taxes paid	(994)	(3,779)
Income taxes refund	127,980	-
Net cash provided by (used in) operating activities	(13,153)	(49,941)

	Six months ended February 28, 2021	Six months ended February 28, 2022
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(22,167)	(3,743)
Purchase of intangible assets	(15,306)	-
Payments of leasehold and guarantee deposits	-	(165)
Proceeds from refund of leasehold and guarantee deposits	273	42,570
Purchase of investment securities	(28,514)	-
Proceeds from sale of investment securities	-	70,020
Proceeds from sale of businesses	-	0
Payments for asset retirement obligations	(230)	-
Other, net	12,594	(2,441)
<b>Net cash provided by (used in) investing activities</b>	<b>(53,349)</b>	<b>106,239</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(5,000)	(30,000)
Repayments of long-term borrowings	(122,316)	(138,568)
Proceeds from exercise of employee share options	-	4,197
<b>Net cash provided by (used in) financing activities</b>	<b>(127,316)</b>	<b>(164,370)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(193,818)</b>	<b>(108,072)</b>
Cash and cash equivalents at beginning of period	1,028,320	774,726
<b>Cash and cash equivalents at end of period</b>	<b>834,502</b>	<b>666,654</b>

#### (4) Notes to the Quarterly Consolidated Financial Statements

(Notes Related to the Going Concern Assumption)

Not applicable

(Notes in the Events of Significant Changes in Shareholders' Equity)

Not applicable

(Application of Special Accounting Treatment for Quarterly Financial Reporting)

(Calculation of Tax Expenses)

When computing tax expenses, the Company has rationally estimated the effective tax rate following the application of tax-effect accounting to profit before income taxes for the fiscal year that includes the six months ended February 28, 2022. The Company then calculated tax expenses by multiplying the profit (loss) before income taxes by this rate. However, if the tax expenses calculated using the estimated effective tax rate yield unreasonable results, the statutory effective tax rate may be used.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

Effective from the beginning of the quarter under review, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Standard") and related implementation guidance. In accordance with this change, the Company recognizes revenue at the time control over promised goods or services is transferred to the customer, in the amount expected to be received in exchange for the goods or services. The Company's application of the Revenue Recognition Standard is compliant with transitional treatment prescribed in the proviso to Paragraph 84 of the Revenue Recognition Standard. The change had no impact on the balance of retained earnings at the beginning of the quarter under review. In addition, the adoption of the Revenue Recognition Standard had no effect on the net sales, gross profit, operating income, ordinary loss, or loss before income taxes recorded during the six months ended February 28, 2022.

In accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12; March 31, 2020), the Company has not presented information on the breakdown of revenue from contracts with customers for the three months ended November 30, 2020.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Effective from the beginning of the quarter under review, the Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Standard") and related implementation guidance. In accordance with transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will progressively apply policies set forth by the Fair Value Measurement Standard. The application has no impact on its quarterly financial statements.

(Additional Information)

(Accounting Estimates)

The spread of COVID-19 continues to impact the economy, and the Company's business activities are being affected, as well. Advertising revenue from manga apps is shrinking as the advertising market deteriorates. Lower occupancy rates and sales per customer at the &AND HOSTEL locations the Company operates are affecting operating performance.

The Japanese government declared a state of emergency on July 8 2021 and lifted it on 30 September 2021, and it is difficult to predict with any accuracy when these conditions could improve. However, based on the information available at the time these financial statements were prepared, for the purposes of making accounting estimates (such as the valuation of real estate for sale, decisions on whether to post impairment losses on fixed assets, and decisions on the recoverability of deferred tax assets), we have assumed that the effect will gradually diminish from the fiscal year ending August 31, 2022.

As it is difficult at present to accurately estimate when the pandemic will subside, our financial condition and operating performance could be affected should there be changes in the assumptions mentioned above.

(Segment Information, etc.)

[Segment Information]

Six months ended February 28, 2021 (September 1, 2020 to February 28, 2021)

1. Information related to sales and profits or losses for each reportable segment

(Thousands of yen)

	Reportable segments			Other	Total
	APPs	RET	Total		
Net Sales					
Sales to external customers	1,332,140	66,645	1,398,786	80,874	1,479,660
Intersegment sales or transfer	—	—	—	—	—
Total	1,332,140	66,645	1,398,786	80,874	1,479,660
Segment profit (loss)	144,787	(101,843)	(42,944)	(47,580)	(4,635)

Note : “Other” refers to businesses not included within the Company’s reportable segments and mainly comprises lodging and rental property services, as well as internet advertising agency services.

2. Total profits or losses for reportable segments and the primary reasons for discrepancies between these values and corresponding figures stated in the quarterly non-consolidated statements of income (matters related to the adjustment of discrepancies)

(Thousands of yen)

Income	Amount
Subtotal for reportable segments	42,944
Income from “Other” businesses	(47,580)
Company-wide expenses (Note)	(202,883)
Operating profit (loss) in the quarterly non-consolidated statements of income	(207,519)

Note: Company-wide expenses are mainly general and administrative expenses not attributable to reportable segments.

3. Information related to losses on the impairment of fixed assets or goodwill for each reportable segment  
(Significant impairment losses related to fixed assets)

Not applicable

Six months ended February 28, 2022 (September 1, 2021 to February 28, 2022)

1. Information related to sales, profits or losses for each reportable segment

(Thousands of yen)

	Reportable segments			Other (Note)	Total
	APPs	RET	Total		
Net Sales					
Manga apps	1,074,807	—	1,074,807	—	1,074,807
Fortune &AND HOSTEL	159,043	—	159,043	—	159,043
RET	—	19,546	19,546	—	19,546
Other	—	9,331	9,331	—	9,331
Other	25,241	1,465	26,706	5,491	32,198
Revenue from contracts with customers	1,259,092	30,343	1,289,435	5,491	1,294,926
Other revenue	—	37,272	37,272	—	37,272
Sales to external customers	1,259,092	67,615	1,326,707	5,491	1,332,199
Intersegment sales or transfer	—	—	—	—	—
Total	1,259,092	67,615	1,326,707	5,491	1,332,199
Segment profit (loss)	233,413	(34,290)	199,122	(13,866)	185,255

Notes : “Other” refers to businesses not included within the Company's reportable segments and mainly comprises entertainment related business operations that utilize new technologies.

2. Total profits or losses for reportable segments and the primary reasons for discrepancies between these values and corresponding figures stated in the quarterly non-consolidated statements of income (matters related to the adjustment of discrepancies)

(Thousands of yen)

Income or Loss	Amount
Subtotal for reportable segments	199,122
Income from “Other” businesses	(13,866)
Company-wide expenses (Note)	(174,164)
Operating profit (loss) in the quarterly non-consolidated statements of income	11,090

Note : Company-wide expenses are mainly general and administrative expenses not attributable to reportable segments.

3. Information related to changes in reportable segments

The Company has adjusted its classification of reportable segments in line with reforms to the structure of its former IoT business. Accordingly, effective from the beginning of the quarter under review, the Company has changed the reportable segments from “Apps business” and “IoT business” to “Apps business” and “RET business.”

In addition, effective from the beginning of the three-month period ended May 31, 2021, the Company has implemented organizational changes to put its internet advertising agency service operations related to the Apps business under the control of the Apps business segment. Segment information for the six months ended February 28, 2021 has been prepared in accordance with the new segment classification.

4. Information related to losses on the impairment of fixed assets or goodwill for each reportable segment  
(Significant impairment losses related to fixed assets)  
Not applicable