

November 6, 2024

Consolidated Financial Results for the Six-Month Period Ended September 30, 2024 (under Japanese GAAP)

Company name: Oricon Inc. Listing: Tokyo Stock Exchange
Security code: 4800 URL: <https://www.oricon.jp/>
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Scheduled date to file Semi-annual Securities Report: November 7, 2024
Scheduled date to commence payment of dividends: –
Preparation of supplementary briefing materials on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts less than a million yen are rounded down to the nearest million yen.)

1. Consolidated financial results for the six-month period ended September 30, 2024 (April 1, 2024–September 30, 2024)

(1) Results of operations (Percentages are shown as year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ended September 30, 2024	2,342	4.3	628	(3.8)	597	(16.2)	452	(3.2)
September 30, 2023	2,246	(5.3)	653	(23.2)	713	(14.5)	468	(14.1)

Note: Comprehensive income Six-month period ended September 30, 2024: 384 million yen (down 20.7%)
Six-month period ended September 30, 2023: 485 million yen (down 11.5%)

	Basic earnings per share	Diluted earnings per share
Six-month period ended September 30, 2024	Yen 34.86	Yen –
September 30, 2023	35.21	–

(2) Financial position

	Total assets	Net assets	Equity ratio
As of September 30, 2024	Million yen 6,023	Million yen 5,190	% 86.2
March 31, 2024	6,027	5,187	86.1

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)
As of September 30, 2024: 5,190 million yen
As of March 31, 2024: 5,187 million yen

2. Dividends

	Annual dividends per share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen –	Yen 0.00	Yen –	Yen 29.00	Yen 29.00
Fiscal year ending March 31, 2025	–	0.00	–	–	–
Fiscal year ending March 31, 2025 (forecasted)	–	–	–	36.00	36.00

Note: Revisions to the dividends forecast most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024–March 31, 2025)

(Percentages are shown as year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	5,200	8.3	1,720	10.5	1,710	7.6	1,170	10.9	90.04

Note: Revisions to the forecast of consolidated financial results most recently announced: None

*** Notes**

(1) Significant changes in scope of consolidation during the period: None

Newly consolidated: – Excluded from consolidation: –

(2) Application of accounting treatments specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, etc.: Yes

2) Changes in accounting policies other than those in 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (ordinary shares)

1) Number of shares issued (including treasury shares):

As of September 30, 2024 15,123,200 shares

As of March 31, 2024 15,123,200 shares

2) Number of treasury shares:

As of September 30, 2024 2,129,525 shares

As of March 31, 2024 2,129,478 shares

3) Average number of shares outstanding during the period:

Six-month period ended September 30, 2024 12,993,688 shares

Six-month period ended September 30, 2023 13,293,522 shares

The number of treasury shares as of September 30, 2024, includes 179,800 shares of the Company held by the Board Benefit Trust and Employee Benefit Trust.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanation of appropriate use of earnings forecasts and other special notes

The forward-looking statements, including the earnings forecasts, contained in this report are based on information currently available to us and certain assumptions that we believe to be reasonable. Accordingly, please be advised that we do not guarantee the achievement of the forecasts, and the actual results may differ significantly from the forecasts due to a variety of factors.

Contents of Attachments

1. Semi-annual Consolidated Financial Statements and Major Notes	P. 2
(1) Semi-annual Consolidated Balance Sheet	P. 2
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income	P. 4
Semi-annual Consolidated Statement of Income	P. 4
Semi-annual Consolidated Statement of Comprehensive Income	P. 5
(3) Semi-annual Consolidated Statement of Cash Flows	P. 6
(4) Notes to Semi-annual Consolidated Financial Statements	P. 7
Going Concern Assumption	P. 7
Significant Changes in Shareholders' Equity	P. 7
Changes in Accounting Policies	P. 7
Supplemental Information on Semi-annual Consolidated Statement of Income	P. 7
Supplemental Information on Semi-annual Consolidated Statement of Cash Flows	P. 7
Segment Information	P. 8
Revenue Recognition	P. 9
Significant Subsequent Events	P. 10

1. Semi-annual Consolidated Financial Statements and Major Notes**1. Semi-annual Consolidated Balance Sheet**

(Thousands of yen)

	Previous fiscal year (As of March 31, 2024)	Current semi-annual period (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	3,693,903	3,729,713
Notes and accounts receivable–trade, and contract assets	612,357	543,051
Merchandise and finished goods	4,927	4,259
Other	280,719	219,415
Allowance for doubtful accounts	(1,779)	(1,747)
Total current assets	4,590,129	4,494,691
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	58,294	56,043
Tools, furniture and fixtures, net	81,355	122,871
Land	1,973	1,973
Total property, plant and equipment	141,623	180,888
Intangible assets		
Goodwill	8,636	5,909
Software	141,877	134,336
Other	16,482	3,209
Total intangible assets	166,997	143,455
Investments and other assets		
Investment securities	642,566	683,151
Deferred tax assets	17,086	45,807
Other	476,172	481,938
Allowance for doubtful accounts	(6,603)	(6,603)
Total investments and other assets	1,129,222	1,204,293
Total non-current assets	1,437,843	1,528,637
Total assets	6,027,972	6,023,329
Liabilities		
Current liabilities		
Notes and accounts payable–trade	9,476	9,411
Short-term borrowings	100,000	100,000
Income taxes payable	200,817	239,846
Other	506,490	460,099
Total current liabilities	816,783	809,357
Non-current liabilities		
Provision for share-based payments	23,845	23,845
Total non-current liabilities	23,845	23,845
Total liabilities	840,629	833,202

	(Thousands of yen)	
	Previous fiscal year (As of March 31, 2024)	Current semi-annual period (As of September 30, 2024)
Net assets		
Shareholders' equity		
Share capital	1,092,450	1,092,450
Capital surplus	57,960	57,960
Retained earnings	5,302,344	5,373,287
Treasury shares	(1,387,917)	(1,387,959)
Total shareholders' equity	5,064,837	5,135,738
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122,506	54,387
Total accumulated other comprehensive income	122,506	54,387
Total net assets	5,187,343	5,190,126
Total liabilities and net assets	6,027,972	6,023,329

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**Semi-annual Consolidated Statement of Income**

(Thousands of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Net sales	2,246,588	2,342,722
Cost of sales	726,038	780,729
Gross profit	1,520,549	1,561,993
Selling, general and administrative expenses	866,909	933,493
Operating profit	653,640	628,499
Non-operating income		
Interest income	10,454	19,312
Dividend income	2,428	2,450
Foreign exchange gains	64,626	–
Other	2,660	1,909
Total non-operating income	80,170	23,672
Non-operating expenses		
Interest expenses	350	443
Share related expenses	6,799	7,841
Commission expenses	2,845	3,999
Share of loss of entities accounted for using the equity method	9,811	–
Loss on investments in investment partnerships	–	5,381
Foreign exchange losses	–	36,532
Other	25	10
Total non-operating expenses	19,832	54,208
Ordinary profit	713,978	597,963
Extraordinary income		
Gain on sale of investment securities	–	94,176
Total extraordinary income	–	94,176
Extraordinary losses		
Loss on retirement of non-current assets	0	64
Total extraordinary losses	0	64
Net income before income taxes	713,978	692,075
Income taxes–current	241,108	237,756
Income taxes–deferred	4,741	1,343
Total income taxes	245,849	239,100
Net income	468,128	452,975
Net income attributable to owners of the parent	468,128	452,975

Semi-annual Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Net income	468,128	452,975
Other comprehensive income		
Valuation difference on available-for-sale securities	17,492	(68,118)
Total other comprehensive income	17,492	(68,118)
Comprehensive income	485,621	384,856
Comprehensive income attributable to		
Owners of the parent	485,621	384,856
Non-controlling interests	-	-

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Cash flows from operating activities		
Net income before income taxes	713,978	692,075
Depreciation	43,611	60,315
Amortization of goodwill	2,727	2,727
Increase (decrease) in allowance for doubtful accounts	4,685	(31)
Interest and dividend income	(12,883)	(21,763)
Interest expenses	350	443
Loss (gain) on sale of investment securities	–	(94,176)
Share of loss (profit) of entities accounted for using the equity method	9,811	–
Decrease (increase) in trade receivables	69,697	69,306
Decrease (increase) in inventories	837	668
Increase (decrease) in trade payables	(49)	(64)
Other	(77,790)	(14,627)
Subtotal	754,978	694,872
Interest and dividends received	20,352	34,348
Interest paid	(256)	(433)
Income taxes paid	(443,954)	(198,803)
Income taxes refund	326,949	87,363
Net cash provided by (used in) operating activities	658,069	617,347
Cash flows from investing activities		
Payments into time deposits	(15,123)	(24,938)
Purchase of property, plant and equipment	(14,686)	(71,996)
Purchase of intangible assets	(30,829)	(37,272)
Purchase of investment securities	–	(334,711)
Proceeds from sale of investment securities	–	284,894
Other	(10,448)	(5,765)
Net cash provided by (used in) investing activities	(71,087)	(189,788)
Cash flows from financing activities		
Purchase of treasury shares	–	(41)
Cash dividends paid	(363,641)	(381,302)
Net cash provided by (used in) financing activities	(363,641)	(381,343)
Increase (decrease) in cash and cash equivalents	223,340	46,216
Cash and cash equivalents at the beginning of the period	2,524,006	3,072,577
Cash and cash equivalents at the end of the period	2,747,347	3,118,793

(4) Notes to Semi-annual Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

[Application of "Accounting Standard for Current Income Taxes, etc."]

The Company has applied the "Accounting Standard for Current Income Taxes, etc." (ASBJ Statement No. 27 issued on October 28, 2022; hereinafter "Revised Accounting Standard 2022") since the beginning of the six-month period ended September 30, 2024.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28 issued on October 28, 2022; hereinafter "Revised Guidance 2022"). These changes in the accounting policies had no impact on the semi-annual consolidated financial statements for the current quarter.

With regard to the revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. of subsidiaries between consolidated subsidiaries are deferred for tax purposes, the Company has also applied the Revised Guidance 2022 since the beginning of the six-month period ended September 30, 2024. This change in the accounting policies was applied retrospectively, and the semi-annual consolidated financial statements and consolidated financial statements for the first half of the previous fiscal year and the entire previous fiscal year are those after retroactive application. The change in the accounting policies had no impact on the semi-annual consolidated financial statements for the current quarter.

Supplemental Information on Semi-annual Consolidated Statement of Income

1. Major items and amounts of selling, general and administrative expenses are as follows.

	(Thousands of yen)	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Payroll and allowances	213,595	240,294

Supplemental Information on Semi-annual Consolidated Statement of Cash Flows

1. Reconciliation between the balance of cash and cash equivalents as of the end of the semi-annual period and the items presented in the semi-annual consolidated balance sheet are as follows.

	(Thousands of yen)	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Cash and deposits	3,361,163	3,729,713
Time deposits with a maturity of more than three months	(613,816)	(610,920)
Cash and cash equivalents	2,747,347	3,118,793

Segment Information

I. For the six-month period ended September 30, 2023

1. Disclosure of net sales and profit (loss) for each reportable segment

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Net sales					
Sales to external customers	1,731,833	337,729	177,025	2,246,588	2,246,588
Intersegment sales or transfers	42,000	–	–	42,000	42,000
Total	1,773,833	337,729	177,025	2,288,588	2,288,588
Segment profit	1,070,588	126,174	51,033	1,247,796	1,247,796

2. Reconciliation of the sum of segment profits of reportable segments with operating profit on the semi-annual consolidated statement of income

(Thousands of yen)

Profit	Amount
Sum of segment profits of reportable segments	1,247,796
Amortization of goodwill	(2,727)
Corporate expenses (Note)	(591,428)
Operating profit on the semi-annual consolidated statement of income	653,640

Note: Corporate expenses are mainly general and administrative expenses not attributable to any reportable segments.

II. For the six-month period ended September 30, 2024

1. Disclosure of net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Net sales					
Sales to external customers	1,848,754	341,288	152,679	2,342,722	2,342,722
Intersegment sales or transfers	42,000	–	–	42,000	42,000
Total	1,890,754	341,288	152,679	2,384,722	2,384,722
Segment profit	1,079,675	128,607	43,822	1,252,105	1,252,105

2. Reconciliation of the sum of segment profits of reportable segments with operating profit on the semi-annual consolidated statement of income

(Thousands of yen)

Profit	Amount
Sum of segment profits of reportable segments	1,252,105
Amortization of goodwill	(2,727)
Corporate expenses (Note)	(620,878)
Operating profit on the semi-annual consolidated statement of income	628,499

Note: Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.

Revenue Recognition

Disaggregation of revenue from contracts with customers

I. For the six-month period ended September 30, 2023

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Customer Satisfaction Research	943,467	–	–	943,467	943,467
News & Media	788,366	–	–	788,366	788,366
Data Providing	–	337,729	–	337,729	337,729
Mobile Content Services	–	–	177,025	177,025	177,025
Revenue from contracts with customers	1,731,833	337,729	177,025	2,246,588	2,246,588
Other revenue	–	–	–	–	–
Sales to external customers	1,731,833	337,729	177,025	2,246,588	2,246,588

II. For the six-month period ended September 30, 2024

(Thousands of yen)

	Reportable segments				Total
	Communication Business	Data Providing Business	Mobile Business	Subtotal	
Customer Satisfaction Research	1,079,462	–	–	1,079,462	1,079,462
News & Media	769,292	–	–	769,292	769,292
Data Providing	–	341,288	–	341,288	341,288
Mobile Content Services	–	–	152,679	152,679	152,679
Revenue from contracts with customers	1,848,754	341,288	152,679	2,342,722	2,342,722
Other revenue	–	–	–	–	–
Sales to external customers	1,848,754	341,288	152,679	2,342,722	2,342,722

Significant Subsequent Events*Business combination through acquisition*

At the Board of Directors meeting held on October 10, 2024, the Company resolved to acquire all issued shares of ShinASA INC. to make it a subsidiary. Effective October 15, 2024, the Company entered into a share purchase agreement with ShinASA INC. and made it a subsidiary.

1. Outline of business combination

(1) Name of the acquired company and its business

Name of the acquired company: ShinASA INC.

Business: Media Business, Promotion Business, Digital Business, Content Business, Music Business

(2) Main reasons for the business combination

By leveraging ShinASA's expertise, the Company can now offer a diverse range of high-value services, such as television and video advertising, to companies covered by its CS (Customer Satisfaction) rankings. Additionally, ShinASA aims to further expand its business with the financial backing of the Company. Both companies will build a mutually beneficial relationship and work together to enhance brand and corporate value.

(3) Date of business combination

October 15, 2024

(4) Legal form of business combination

Acquisition of stock for cash consideration

(5) Name of company after combination

No change.

(6) Percentage of voting rights acquired

100%

(7) Main basis for determining the acquiring company

The Company acquired 100% of the voting rights through the acquisition of shares for cash consideration.

2. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash and deposits	¥280 million
Acquisition cost		¥280 million

3. Details and amounts of major acquisition-related expenses

Advisory fees, etc. (approximate amount): ¥29 million

4. Amount of goodwill recognized, reason for recognition, and the method and period of amortization

They are not finalized at this time.

5. Amounts of assets acquired and liabilities assumed on the date of business combination, and the major components thereof

They are not finalized at this time.