

FY2016 Fiscal Year Financial Results



June 2nd, 2016

Shobunsha Publications, Inc.

Stock exchange code: 9475

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【Note regarding this document and contents】
Financial figures under 1 million JPY are omitted.
% figures are rounded to the 0.1%.

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FY2016 Summary of Consolidated Financials for Fiscal Year

Although electronic sales saw a significant decrease, the firm growth of sales of newly-issued products, which were frequently published this fiscal year, led to revenue growth from the previous year.

				(million JPY)		(million JPY)
	FY2015 performance	FY2016 performance	Amount of fluctuation	Fluctuation rate	Performance forecast	Achievement Ratio
Net sales	12,395	13,035	639	5.2%	13,480	96.7%
Operating Income(Loss)	-934	306	1,240	-	350	87.7%
(Sales amount ratio, same applies hereafter)	-7.5%	2.4%			2.6%	
Ordinary Income(Loss)	-887	363	1,250	-	390	93.1%
	-7.2%	2.8%			2.9%	
Net income (loss) attributable to parent company shareholders	-7,042	538	7,580	-	360	149.5%
	-56.8%	4.1%			2.7%	
EPS (JPY)	-423.51	32.37	455.88	-	21.65	-

※Above forecast was announced 29th
Oct 2015

FY 2016 Net sales by category for Fiscal Year (Compared to previous FY)

Retail publishing saw revenue growth with strong sales of newly-issued products such as “Mapple Magazine mini version”, ”Higaeri Otona no Chiisana Tabi”(magazine), “Japan Car Trips”.

	FY2015 performance		FY2016 performance		Amount of Increase/Decrease	Increase/Decrease Rate
	Result	Component percentage	Result	Component percentage		
E-business sales	4,363	35.2%	3,503	26.9%	-860	-19.7%
Fees and Commissions	30	0.2%	48	0.4%	17	57.3%
Retail Publishing Total	6,472	52.2%	7,950	61.0%	1,477	22.8%
Maps	2,318	18.7%	3,206	24.6%	888	38.3%
Magazines	2,949	23.8%	3,281	25.2%	332	11.3%
Guidebooks	1,173	9.5%	1,246	9.6%	73	6.3%
Practical Books	31	0.2%	214	1.6%	182	574.0%
Special-order Products	668	5.4%	732	5.6%	64	9.6%
Advertising	860	7.0%	801	6.1%	-59	-6.9%
Total	12,395	100.0%	13,035	100.0%	639	5.2%

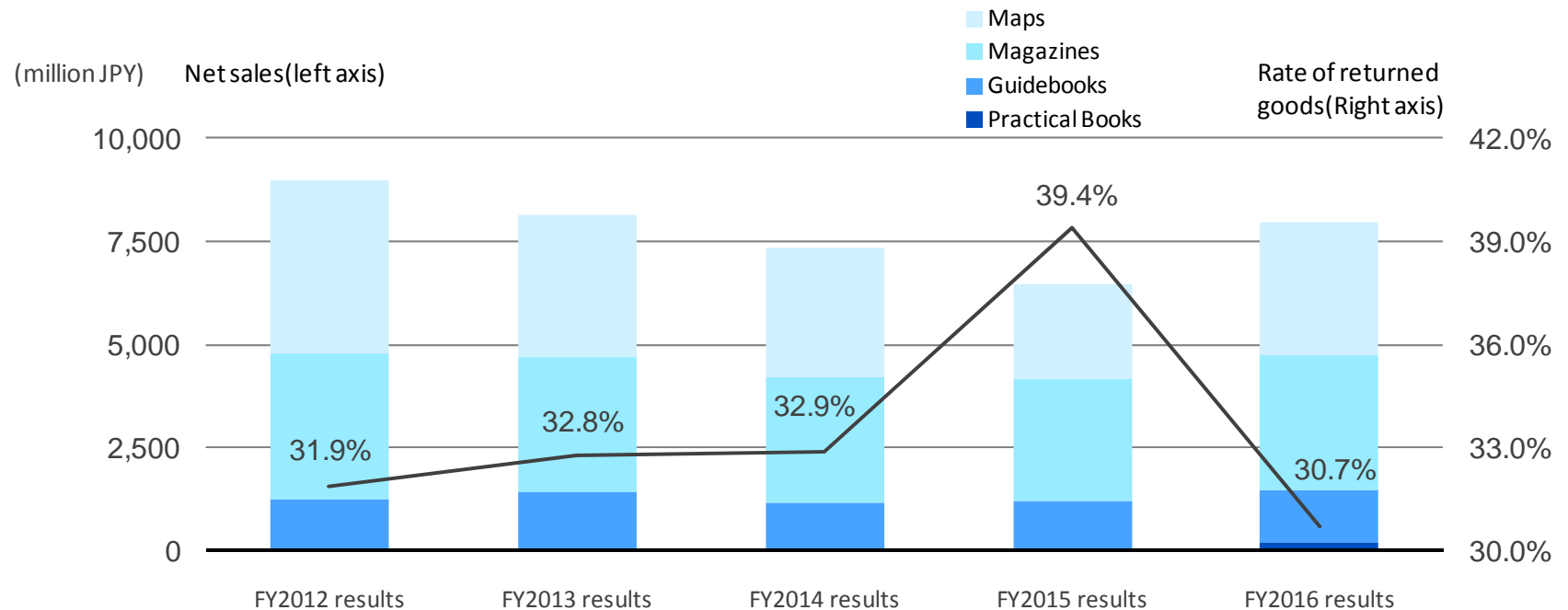
FY2016 Highlights for fiscal year

- With the high impact of the decrease in sales of “Mapple Navi”, the application software for simplified navigation systems, E-business sales dropped by 860 million JPY.
- Retail publishing sales topped the results of the previous fiscal year.
- With the effect of the decrease of database depreciation expenses, the cutback of maintenance fees and retail publication costs in accordance with the write-downs of the previous fiscal year, sales costs saw a significant decline.
- While assertively making advance investment in the inbound business, which is a new business for Shobunsha, the cutback of advertising expenses, research and development expenditures etc., led to a decrease in SGA by 157 million JPY from the previous fiscal year.
- TRIPCON Co.,Ltd. , a company providing travel related platform in relation to the inbound business, was established on 1 Feb,2016 as a 100%-owned subsidiary.



FY2016 Fiscal Year Publication Sales and Return Rates

With the growth of sales as a result of the aggressive release of newly-issued publications, and the decrease of returned products going as planned, total sales for retail publishing saw a significant increase from the previous fiscal year.

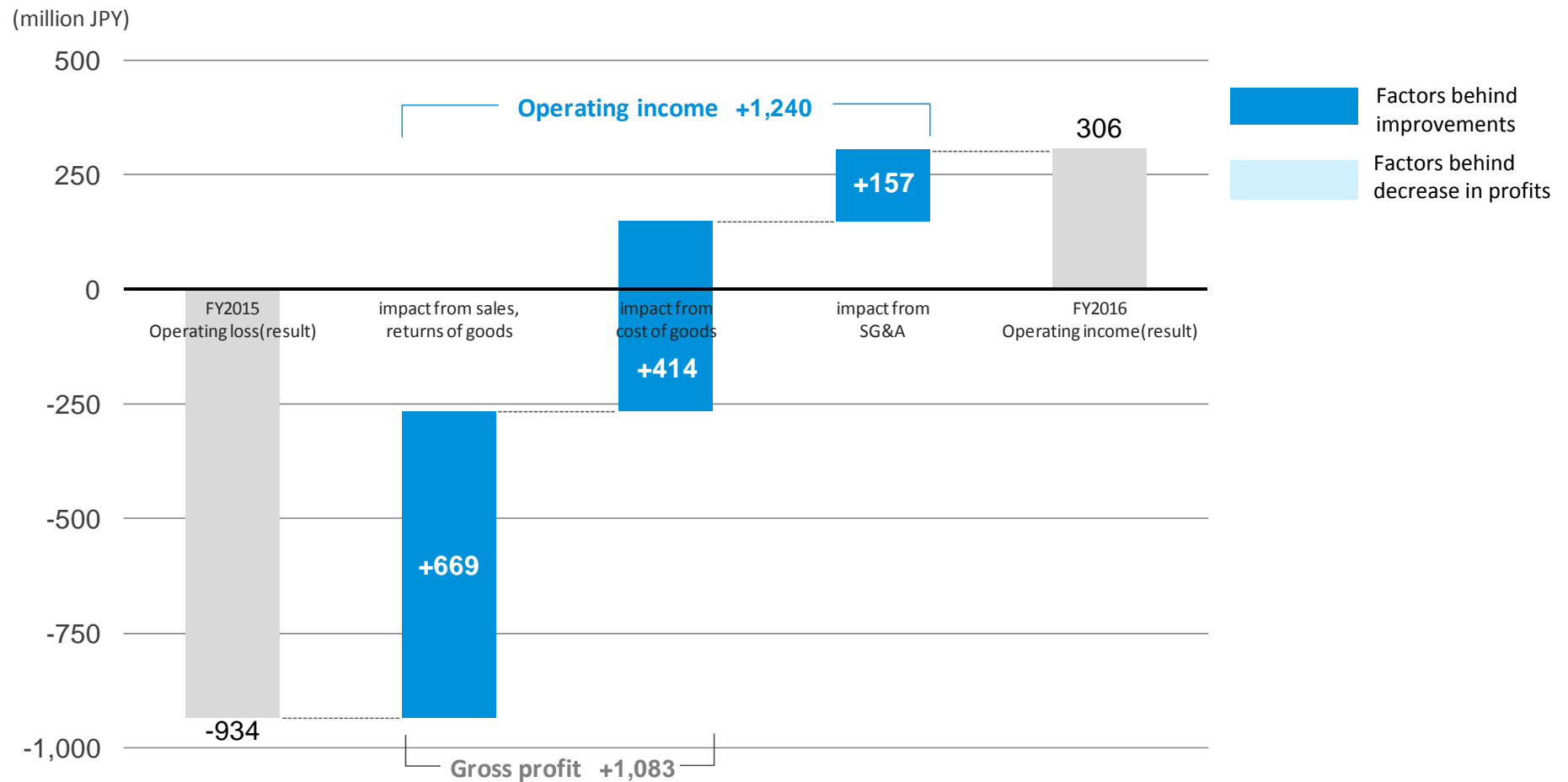


(million JPY)	FY2012 results	FY2013 results	FY2014 results	FY2015 results	FY2016 results
Retail Publishing Total Sales	8,983	8,158	7,363	6,472	7,950
Maps	4,180	3,470	3,165	2,318	3,206
Magazines	3,554	3,238	3,045	2,949	3,281
Guidebooks	1,219	1,432	1,121	1,173	1,246
Practical Books	29	16	29	31	214
Return rate	31.9%	32.8%	32.9%	39.4%	30.7%



FY2016 Fiscal Year Analysis of Operating Income (Year-on-year)

Despite the profit-decline factors such as the decrease of electronic sales, which are high-margin, and the increase of the cost burden of retirement benefits, the effect of the revenue growth of retail publishing exceeded those to result in a positive balance for the first time in two fiscal years.



FY2016 Fiscal Year SGA, Capital Expenditures and Depreciation

SGA went down by 157million JPY from the previous year due to the successful cost saving strategies of the second half of the year. The database amortization expenses(amortization of intangible assets) declined significantly from the effect of the impairment of the first half of the fiscal year.

	FY2015 Results	FY2016 Results	Amount of Increase/ Decrease	(million JPY) Increase/ Decrease Rate
Net sales	12,395	13,035	639	5.2%
SG&A Total	4,226	4,068	-157	-3.7%
Promotion expenses	131	150	19	14.9%
Advertising expenses	307	210	-96	-31.5%
Salaries, allowances and bonuses	1,494	1,520	25	1.7%
Provision for bonuses	180	157	-23	-12.8%
Depreciation	113	100	-12	-11.1%
Research and Development	195	98	-97	-49.7%
Other	1,804	1,831	26	1.5%
Capital Expenditures Total	570	611	40	7.1%
Tangible assets	72	43	-28	-39.7%
Intangible assets	498	567	69	13.9%
Depreciation & Amortization Total	1,218	328	-890	-73.0%
Tangible assets	197	182	-15	-7.8%
Intangible assets	1,021	146	-874	-85.7%

FY 2016 Fiscal Year Consolidated Balance Sheet

For current liabilities, the provision for sales returns increased with the increase of year-end balance of credit sales.

(million JPY)

	End of FY2015		End of FY2016		Amount of Increase/Decrease	Factors behind increase/decrease
	results	Component percentage	results	Component percentage		
Total Assets	28,328	100.0%	28,063	100.0%	-265	
Current assets	17,480	61.7%	17,191	61.3%	-289	Decrease in cash and deposits
Non-current assets	10,847	38.3%	10,871	38.7%	23	
Total Liabilities	6,350	22.4%	6,410	22.8%	60	
Current liabilities	3,882	61.1%	4,202	65.6%	319	An increase in provision for sales returns
Non-current liabilities	2,467	38.9%	2,207	34.4%	-259	A decrease in deferred tax liabilities
Total Net assets	21,978	77.6%	21,652	77.2%	-325	
Shareholders' equity	21,087	95.9%	21,293	98.3%	205	
Accumulated other comprehensive income	890	4.1%	332	1.6%	-558	Decrease in valuation difference on available-for-sale securities and remeasurements of defined benefit plans
Subscription rights to shares	-	-	27	0.1%	27	
TOTAL	28,328	100.0%	28,063	100.0%	-265	

FY2016 Fiscal Year Consolidated Cash Flow Statements

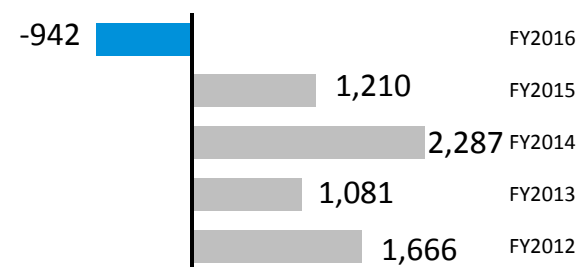
Operating cash flow resulted in a negative with the increase of working capital being the main factor.

	FY2015 Results	FY2016 Results	Amount of increase/decrease	Factors behind increase/decrease
Cash flows from operating activities	1,210	-942	-2,152	Conversion to net income from net loss +7,301 Impact of impairment loss recorded in the previous fiscal year -5,868 A decrease in depreciation, amortization and other amortization -890 An increase in notes and accounts receivable-trade -2,283
Cash flows from investing activities	-504	-524	-20	
Cash flows from financing activities	629	-366	-995	Impact of proceeds from the issuance of corporate bonds from the previous fiscal year -991
Net increase(decrease) in cash and cash equivalents(- indicates decrease)	1,335	-1,832	-3,168	
Cash and cash equivalents at end of period	11,782	9,949	-1,832	

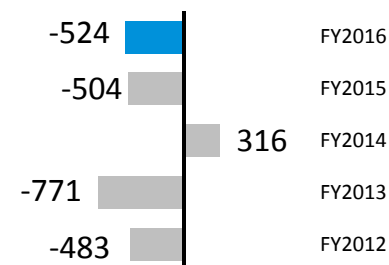
(million JPY)

Change in cash flow over the past 5 years (million JPY)

Cash flows from operating activities



Cash flows from investing activities



Cash flows from financing activities

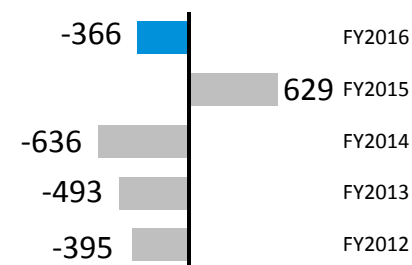


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FY2017 Forecast for fiscal year (Compared to previous fiscal year)

Taking into account that FY 2017 will lack special factors of the previous year (such as the assertive release of newly-issued publications), sales is anticipated to decrease. On the other hand, there is still a possibility of an increase depending on the development of the inbound business going forward.

	FY2016 results	FY2017 projection	Amount of Increase/Decrease	(million JPY) Increase/Decrease rate
Net sales	13,035	12,360	-675	-5.2%
Operating income (Operating income to net sales ratio, same applies hereafter)	306 2.4%	60 0.5%	-246	-80.4%
Ordinary income	363 2.8%	110 0.9%	-253	-69.7%
Net income attributable to parent company shareholders	538 4.1%	80 0.6%	-458	-85.1%
EPS(JPY)	32.37	4.81	-27.56	-85.1%
Capital Expenditures Total	611	570	-41	-6.8%
Tangible assets	43	65	21	48.2%
Intangible assets	567	505	-62	-11.0%
Depreciation & Amortization Total	328	473	144	43.9%
Tangible assets	182	178	-4	-2.3%
Intangible assets	146	295	148	101.5%
Research and Development	98	60	-38	-39.0%

FY2017 Fiscal Year Forecast of net sales by category (Compared to previous fiscal year)

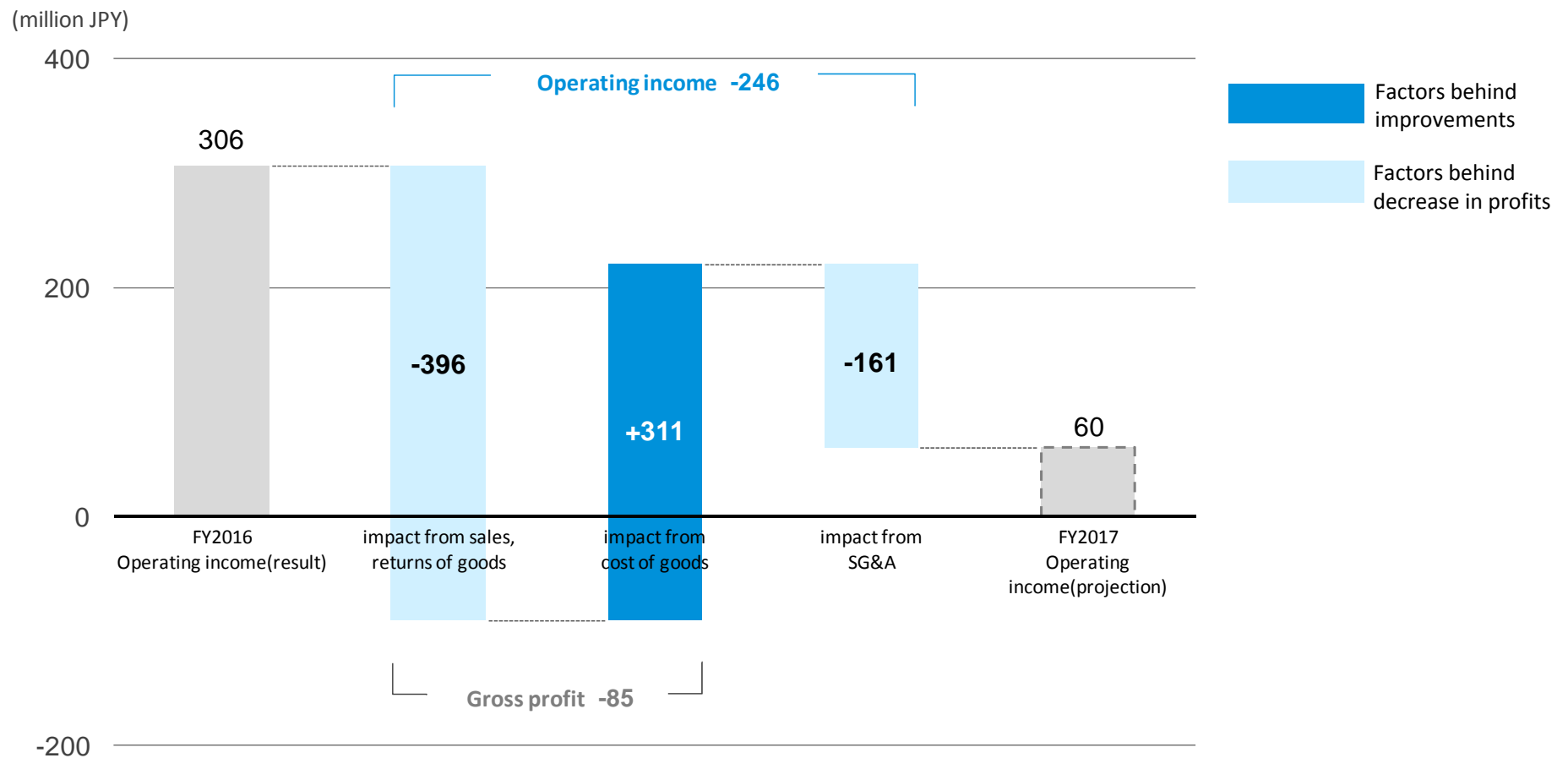
Sales for retail publications is anticipated to decrease in all categories.

	FY2016 results		FY2017 projection		Amount of Increase/Decrease	(million JPY) Increase/Decrease Rate
	Result	Component percentage	Projection	Component percentage		
E-business sales	3,503	26.9%	3,720	30.1%	216	6.2%
Fees and Commissions	48	0.4%	150	1.2%	101	210.5%
Retail Publishing Total	7,950	61.0%	6,680	54.0%	-1,270	-16.0%
Maps	3,206	24.6%	2,420	19.6%	-786	-24.5%
Magazines	3,281	25.2%	3,200	25.9%	-81	-2.5%
Guidebooks	1,246	9.6%	940	7.6%	-306	-24.6%
Practical Books	214	1.6%	120	0.9%	-94	-44.1%
Special-order Products	732	5.6%	810	6.6%	77	10.6%
Advertising	801	6.1%	1,000	8.1%	198	24.8%
Total	13,035	100.0%	12,360	100.0%	-675	-5.2%

FY2017 Fiscal Year Analysis of Operating Income

(Compared to previous fiscal year)

Our target is to secure operating income for two consecutive fiscal years by offsetting the influences of the decrease in sales with cost reduction.



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Summary of Group Corporate Organization

Shobunsha Group currently consists of 6 entities: corporate headquarters corporation, 3 consolidated subsidiary companies, 1 non-consolidated subsidiary company¹ and 1 affiliated corporation (by the equity accounting method). (As of March 31th, 2016)

Shobunsha	Company Name	Shobunsha Publications, Inc.		
	Founded	May-60		
	Established	Jun-64		
	Number of Employees	393(as of 31 Mar 16)		
	Listed Market	First Section of The Tokyo Stock Exchange		
	Address	3-1 Kojimachi, Chiyoda-ku, Tokyo		
	Business Description	Shobunsha group's core business is the development of our original map and guide data. Our other businesses built around this business include the publishing and distributing of maps, magazines and guidebooks, the planning/production/distribution of digital database and providing other related services.		

subsidiary Companies	Company Name	Canvas Mapple Co., Ltd.	Mapple On Co., Ltd.	Shobunsha Digital Solution Co., Ltd.
	Investment ratio	100%	100%	100%
	Business Description	Development, Planning and Distribution of Map softwares for car navigation systems	Planning, Distribution and web advertisement business of application software for mobiles (cell phones · smartphones)	Mapping Business and System Solution Business

¹ Tripcon, established Feb 1, 2016, is a non-consolidated subsidiary company. (Not counted as consolidated for FY2016)

FY2016 Main topics of the Shobunsha group

1Q

2Q

3Q

4Q

A

B

C

D

E

F

G

A 1st, 2nd, 3rd Offering of stock acquisition rights by the third-party allotment (announced 5/29 2015)

- Fund was used for the development of the inbound business
- Allotted to: Whiz Asia Evolution Fund Investment Limited Partnership

B Simultaneous renewal of 30 areas of the travel guide book series "Tabimaru" (Released 6/24)

- Introduction of the "Mapple Link", a digital book function that enables readers to read the same contents of the guidebook as a digital book, which is the first time for this series.

- Improved map presentation to support the readers travels



C 『Co-Trip App』 Release of Android version (Launched: Aug 6)

- A free community app in which you can feel the world of the popular guidebook series "Co-Trip"
- ※iPhone version has already been released



E Release of guidebook for car trips "Japan Car Trip" 10 titles sold nationwide (Released: 1/7, 2016)

- Introduction of the historical spots and beautiful must-see views that you can see while driving through Japan. This book introduces the highlights from Hokkaido to Kyushu.



F Free exclusive app for the Mapple guidebook readers, "Mapple Link" reaches 4 million total downloads (announced 2/22).

- After reaching 3 million downloads in Autumn 2015, Mapple Link was able to attain another million DLs within only half a year.
- ※DL= The number of content downloads



D The launch of website "DiGJAPAN!" (Released: Dec 21)

- Full of useful tourist information targeting inbound travelers to Japan

- Available in 6 languages

- ① English
- ② Korean
- ③ Traditional Chinese
- ④ Simplified Chinese
- ⑤ Thai
- ⑥ Japanese



G Release of the guidebook "Higaeri Otona no Chiisana Tabi" (a guidebook that proposes short day trips for adults) (Released 3/10)

- Features selected places that you can visit from areas around Tokyo as a day trip
- Full of short-trips recommended for adults



Disclaimer Items

For Plans, projections, and strategy notated in this document that are not based on historical facts are projections of future performance. These projections are based on information available at the time of this release and on management judgment.

Actual performance may be affected by a variety of factors and may differ significantly from projections. Management requests readers and investors to take note of this discrepancy.

Furthermore, management requests that investors refrain from investing solely on projected information found on this document.