February 7, 2019

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2019 (Nine Months Ended December 31, 2018)

[Japanese GAAP]

Company name: Shobunsha Publications, Inc.
Listing: Tokyo Stock Exchange, First Section
Stock code: 9475
URL: http://www.mapple.co.jp/
Representative: Shigeo Kuroda, President & Representative Director
Contact: Hiroyuki Kato, Executive Officer, General Manager, Business Administration Division
Tel: +81-3-3556-8171

Scheduled date of filing of Quarterly Report: February 13, 2019
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: None
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2018	6,271	(4.7)	(320)	-	(269)	-	(276)	-
Nine months ended Dec. 31, 2017	6,583	(6.4)	(627)	-	(587)	-	(615)	-

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2018: (469) (- %)
Nine months ended Dec. 31, 2017: (506) (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	(15.21)	-
Nine months ended Dec. 31, 2017	(33.88)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2018	20,363	16,778	82.3
As of Mar. 31, 2018	22,188	17,612	79.3

Reference: Shareholders' equity (million yen) As of Dec. 31, 2018: 16,752 As of Mar. 31, 2018: 17,586

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	0.00	-	20.00	20.00
Fiscal year ending Mar. 31, 2019	-	0.00	-		
Fiscal year ending Mar. 31, 2019 (forecasts)				5.00	5.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	9,340	2.0	(305)	-	(240)	-	(635)	-	(34.93)

Note: Revisions to the most recently announced consolidated earnings forecasts: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly 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, others:	Yes
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting estimates:	None
4) Restatements:	None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Change in Accounting Policy” on page 10 of the attachments for further information.

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Dec. 31, 2018:	18,178,173 shares	As of Mar. 31, 2018:	18,178,173 shares

2) Number of treasury shares at the end of the period

As of Dec. 31, 2018:	401 shares	As of Mar. 31, 2018:	300 shares

3) Average number of shares during the period

Nine months ended Dec. 31, 2018:	18,177,827 shares	Nine months ended Dec. 31, 2017:	18,178,022 shares

* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company’s management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” on page 4 of the attachments for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the current fiscal year (from April 1, 2018 to December 31, 2018) (hereinafter, "the period under review"), the Japanese economy showed an unstable, yet moderate growth on the back of increasing export with the global economy keeping its growth steadily. In terms of the domestic demand, it also got a push from an ongoing growth trend of capital investment amid continued strength in corporate earnings as well as solid personal consumption supported by steady improvement in employment and personal income. Nevertheless, attention should be paid to uncertainties over the global economy triggered by the recent protectionist trade policies and the impact of volatilities in the financial and capital markets.

Against this backdrop, the Shobunsha Publications Group (hereinafter, "the Group") continued its efforts to centralize database production in a subsidiary for improving efficiency and strengthening the operating structure, and also to implement measures for reducing returned publications under a new organizational structure following the structural business reforms carried out in the previous fiscal year. We have redefined the behavior of tourists, our major target customers, as "Tabimae" (before traveling), "Tabinaka" (during traveling) and "Tabiato" (after traveling) as part of our initiatives since the previous fiscal year. In the Tabimae business, in April we published "COLOR+," a new travel guidebook series with a concept of "Find something new, different from usual," and in June published "Cities Tokyo," a practical book designed as a map picture book that we have never published before. In November we published another totally new concept travel guidebook in cooperation with SCRAP Entertainment, Inc., a planner and operator of real-life escape games. As the title "A guidebook that helps you make your own drama" suggests, it is a workbook-style travel guide that prompts you to write your experiences proposed in the book while traveling aboard. In the Tabinaka business, we have started since June the distribution of the location-based advertising service named "Tourist Targeting Ad" for tourists who use "Mapple link" during their stay at travel destinations. "Mapple link" is an e-book app attached to our tourist guidebooks, which has surpassed 13 million downloads in total. Furthermore, in June the Company acquired 100% of shares of Kuqulu, Inc. from its shareholders and made it a subsidiary. Kuqulu operates a call center as its primary business. We expect call center operations to become more critical for our success as we expand the Tabinaka business in the future. Given these, the Company has determined to incorporate Kuqulu into the Group to establish a system that can flexibly meet our service needs such as 24 hours a day, 7 days a week support, multilingual support, and contracting & advertising sales support as our agent. As an outsourcee of our business process, Kuqulu now operates a call center service not only for the Tabinaka business but also for a wide variety of our services. Moreover, as part of the efforts to expand the scope of Tabinaka services, we added Oceania in August and North America in September to the existing service areas for the "MAPPLE Activities" and "TAYLOR" businesses, which are local optional tour reservation and sales agency services. As a result, as of the end of September, we have an expanded area coverage for both services with 32 areas and 126 cities or regions in the world. Further in September, as a new attempt of the Tabinaka service, we established GUAM OCEAN PARK CORPORATION, a local subsidiary that provides marine activity services as an organizer in Guam. In October, we formed an alliance with All Nippon Airways Co., Ltd. (ANA). Under this alliance, restaurant reservation service for overseas travelers named "GURUYAKU" has launched and the ANA Mileage Mall started to offer extra mileage by making a reservation through "GURUYAKU." In December we started a collaboration with JCB Co., Ltd. so that JCB can offer a discount to their customers on charges paid by a JCB card for booking restaurant through "GURUYAKU" and for optional tours through "MAPPLE Activities," which is an agency service for booking and selling of optional tours overseas. In October, we set up a new business, with which we contribute to revitalize Japan's regional community. Specifically, we obtained cooperation from Japan Post Co., Ltd. Kanto Region Office to launch a location information notification service for elderly people who need nursing care named "OKAERI (Welcome back) QR." The service can be provided simply by putting a sticker with a printed QR code on the clothing of those people. Then in case of them getting lost or getting into trouble, a person who find and help them can inform their family or caretakers where they are by using a smartphone app to read the QR code. In November, we held a large event to mark the 10th anniversary of "co-Trip" publication. On the theme of "Nice and pretty things in Japan," we hosted "co-Trip Tabisuru (Traveling) Marché"—a large-scale market event where visitors can enjoy shops from all over Japan that are introduced on the books and website of "co-Trip" or recommended by the editors.

In the period under review, e-business sales decreased 112 million yen from one year earlier to 1,523 million yen. One reason was a decrease in sales associated with portable navigation devices (PND) caused by the continuing effects of free GPS navigation apps, and the other was a decline in sales of some smartphone apps. In the retail publishing business, the cost of returned publications was down by 276 million yen from one year earlier because we continued the rigorous management of inventories at stores in order to reduce publication returns, which are a major cause of the decline in the performance of this business. Sales of guidebooks and practical books were higher than the previous fiscal year due to the launch of the new series of travel guidebooks and the new title of practical book as mentioned above during the period under review. Despite that, overall sales of the business decreased, because sales of maps were down from one year earlier and the new series of magazines was already released in the previous fiscal year. As a result, sales of the retail publishing business decreased 216 million yen from one year earlier to 3,904 million yen. Advertising income decreased 75 million yen from one year earlier to 347 million yen alongside with decrease of sales of magazines. Also, in addition to our greater focus on a new "Tabinaka" service, a company whose income is mainly generated from fee business was added to our group of consolidated subsidiaries during the period under review. Accordingly, fee income for the period under review increased 104 million yen to 143 million yen. Overall, consolidated sales for the period under review decreased 311 million yen (4.7%) from one year earlier to 6,271 million yen.

In terms of profitability, cost of sales decreased substantially from one year earlier, which was more than the decline in sales, thanks to the continuing benefits of improved efficiency associated with structural business reforms. On the other hand, the addition to the provision for sales returns was 9 million yen higher than one year earlier. Selling, general and administrative expenses were 77 million yen higher than one year earlier due to the reversal of part of provision for bonuses and charge back to the accounts of salaries, allowance, and bonuses as a result of changing the compensation system in the previous fiscal year so that a bonus payment is partially linked to performance. Consequently, operating loss improved by 306 million yen from 627 million yen one year earlier to 320 million yen. Ordinary loss also improved by 318 million yen from 587 million yen to 269 million yen. It is noted that, as announced in "Notice of revisions to earnings forecasts" (Japanese version only) on October 30, 2018, we recorded 54 million yen of gain on liquidation of investment securities as an extraordinary income following the liquidation of Avenry, Inc., our investee company. It is also noted that, as announced in "Notice of implementation of the voluntary early retirement program and revisions to earnings forecasts" (Japanese version only) on December 13, 2018, we recorded 21 million yen in loss on sales of non-current assets as an extraordinary loss following the sale of idle assets. Consequently, loss attributable to owners of parent was 276 million yen, an improvement of 339 million yen from 615 million yen one year earlier.

(2) Explanation of Financial Position

Total assets decreased 1,824 million yen (8.2%) from the end of the previous fiscal year to 20,363 million yen at the end of the period under review. This was mainly due to decreases in cash and deposits of 835 million yen, notes and accounts receivable-trade of 788 million yen, merchandise and finished goods of 440 million yen, buildings and structures (net) of 88 million yen, land of 61 million yen, and investment securities of 223 million yen, which were partially offset by increases in work in process of 230 million yen, goodwill of 184 million yen, and intangible and other assets of 114 million yen. Total liabilities decreased 990 million yen (21.6%) from the end of the previous fiscal year to 3,585 million yen. This was mainly due to decreases in notes and account payable-trade of 361 million yen, income taxes payable of 38 million yen, provision for bonuses of 91 million yen, provision for sales returns of 188 million yen, other current liabilities of 255 million yen, deferred tax liabilities of 25 million yen, and other non-current liabilities of 31 million yen. Net assets decreased 834 million yen (4.7%) from the end of the previous fiscal year to 16,778 million yen. This was mainly due to a decrease in capital surplus of 4,622 million yen, which was partly offset by an increase in retained earnings of 3,982 million yen. Regarding the change in net assets, we reported a loss attributable to owners of parent and paid dividends out of capital surplus. Additionally, in accordance with the resolution made at the Annual General Meeting of Shareholders held on June 28, 2018, we reduced capital surplus by 4,259 million yen and transferred the entire amount to retained earnings brought forward to offset the accumulated deficit.

Consequently, the equity ratio improved 3.0 percentage points to 82.3%.

Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the period under review on a consolidated basis decreased 837 million yen from the end of the previous fiscal year to 6,294 million yen as a result of net cash used in operating activities of 180 million yen, net cash used in investing activities of 289 million yen, and net cash used in financing activities of 364 million yen.

Cash flows by category are described as follows.

Net cash used in operating activities was 180 million yen. The main factors were recognition of gain on liquidation of investment securities of 54 million yen, a 48 million yen increase in net defined benefit asset, a 91 million yen decrease in provision for bonuses, a 188 million yen decrease in provision for sales returns, a 361 million yen decrease in notes and accounts payable-trade, payments of cancellation penalty of 232 million yen, and income taxes paid of 29 million yen in addition to a loss before income taxes of 239 million yen, which were partially offset by depreciation and amortization of 108 million yen, an 801 million yen decrease in notes and account receivables-trade, and a 210 million yen decrease in inventories.

Net cash used in investing activities was 289 million yen. The main factors include purchase of property, plant and equipment of 26 million yen, purchase of intangible assets of 157 million yen, purchase of investment securities of 43 million yen, and purchase of shares of subsidiaries resulting in change in scope of consolidation of 195 million yen, which are partially offset by proceeds from sales of property, plant and equipment of 48 million yen and proceeds from liquidation of investment securities of 80 million yen.

Net cash used in financing activities was 364 million yen. The main factor was the cash dividends paid of 363 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

Regarding the consolidated earnings forecasts for the fiscal year ending March 31, 2019, the business is progressing largely in line with the full-year forecast announced in "Notice of implementation of the voluntary early retirement program and revisions to earnings forecasts" (Japanese version only) released on December 13, 2018. It is noted that, despite some progress with managing inventories at stores in order to reduce returns, sales of our publications at book stores have not increased as much as we had anticipated, resulting in retail publishing sales slightly below our expectation.

Based on this outlook, there are no revisions to the full-year earning forecasts.

These forecasts are based on information that is currently available and on assumptions that we believe are reasonable. Actual sales and earnings may differ significantly from these forecasts. For information about business risk factors that may be a cause of differences in actual performance, please refer to the business risk section of our Securities Report "*Yuka-shoken Hokokusho*" for the fiscal year ended March 31, 2018, which was filed on June 28, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	7,132,362	6,296,613
Notes and accounts receivable-trade	2,924,247	2,135,433
Merchandise and finished goods	1,796,127	1,355,296
Work in process	328,711	559,151
Raw materials and supplies	645	722
Other	196,314	206,780
Allowance for doubtful accounts	(287)	(206)
Total current assets	12,378,121	10,553,791
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,173,989	2,085,438
Land	4,213,950	4,152,660
Other, net	9,131	30,042
Total property, plant and equipment	6,397,071	6,268,141
Intangible assets		
Goodwill	-	184,663
Other	-	114,113
Total intangible assets	-	298,776
Investments and other assets		
Investment securities	1,880,312	1,656,862
Net defined benefit asset	1,355,548	1,399,981
Other	698,837	705,674
Allowance for doubtful accounts	(521,559)	(519,710)
Total investments and other assets	3,413,138	3,242,807
Total non-current assets	9,810,210	9,809,726
Total assets	22,188,332	20,363,517

(Thousands of yen)

	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	998,012	636,526
Short-term loans payable	770,000	770,000
Income taxes payable	87,799	49,581
Provision for bonuses	350,380	259,153
Provision for sales returns	721,871	533,790
Other	780,699	525,308
Total current liabilities	3,708,761	2,774,360
Non-current liabilities		
Deferred tax liabilities	548,619	522,629
Net defined benefit liability	101,201	102,383
Other	217,042	185,642
Total non-current liabilities	866,862	810,655
Total liabilities	4,575,624	3,585,015
Net assets		
Shareholders' equity		
Capital stock	10,141,136	10,141,136
Capital surplus	10,581,938	5,959,300
Retained earnings	(3,894,606)	88,023
Treasury shares	(220)	(288)
Total shareholders' equity	16,828,247	16,188,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	744,447	556,115
Foreign currency translation adjustment	4,270	1,746
Remeasurements of defined benefit plans	9,602	6,945
Total accumulated other comprehensive income	758,320	564,806
Share acquisition rights	26,140	25,523
Total net assets	17,612,708	16,778,501
Total liabilities and net assets	22,188,332	20,363,517

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	6,583,497	6,271,573
Cost of sales	5,043,029	4,337,962
Gross profit	1,540,467	1,933,610
Provision for sales returns-net	(197,463)	(188,081)
Gross profit-net	1,737,930	2,121,691
Selling, general and administrative expenses	2,364,944	2,442,312
Operating loss	(627,014)	(320,620)
Non-operating income		
Interest income	983	542
Dividend income	31,575	29,404
Rent income	28,676	28,690
Dividend income of insurance	4,009	3,760
Other	17,828	15,316
Total non-operating income	83,073	77,715
Non-operating expenses		
Interest expenses	8,557	8,557
Share issuance cost	1,700	-
Cost of lease revenue	11,922	13,528
Share of loss of entities accounted for using equity method	21,458	3,408
Other	173	1,047
Total non-operating expenses	43,811	26,541
Ordinary loss	(587,752)	(269,446)
Extraordinary income		
Gain on sales of non-current assets	898	833
Gain on sales of investment securities	-	0
Gain on liquidation of investment securities	-	54,993
Gain on transfer of business	1,628	-
Total extraordinary income	2,526	55,828
Extraordinary losses		
Loss on sales of non-current assets	-	21,811
Loss on retirement of non-current assets	0	-
Loss on sales of investment securities	1,333	-
Loss on valuation of investment securities	-	3,610
Loss on valuation of membership	5,970	-
Total extraordinary losses	7,303	25,421
Loss before income taxes	(592,528)	(239,039)
Income taxes-current	20,191	22,632
Income taxes-deferred	3,091	14,778
Total income taxes	23,282	37,411
Loss	(615,810)	(276,451)
Loss attributable to owners of parent	(615,810)	(276,451)

Quarterly Consolidated Statement of Comprehensive Income

(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Loss	(615,810)	(276,451)
Other comprehensive income		
Valuation difference on available-for-sale securities	86,303	(188,331)
Foreign currency translation adjustment	(789)	(2,523)
Remeasurements of defined benefit plans, net of tax	23,735	(2,657)
Total other comprehensive income	109,249	(193,513)
Comprehensive income	(506,561)	(469,964)
Comprehensive income attributable to:		
Owners of parent	(506,561)	(469,964)
Non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Cash flows from operating activities		
Loss before income taxes	(592,528)	(239,039)
Depreciation and amortization	107,993	108,569
Loss (gain) on valuation of short-term and long-term investment securities	-	3,610
Loss (gain) on liquidation of investment securities	-	(54,993)
Share of loss (profit) of entities accounted for using equity method	21,458	3,408
Increase (decrease) in allowance for doubtful accounts	(3,984)	(1,929)
Increase (decrease) in net defined benefit liability	7,649	1,182
Decrease (increase) in net defined benefit asset	(12,355)	(48,263)
Increase (decrease) in provision for bonuses	(434,714)	(91,226)
Increase (decrease) in provision for sales returns	(197,463)	(188,081)
Interest and dividend income	(32,558)	(29,947)
Rent income	(28,676)	(28,690)
Interest expenses	8,557	8,557
Decrease (increase) in notes and accounts receivable-trade	1,035,767	801,894
Decrease (increase) in inventories	472,615	210,314
Increase (decrease) in notes and accounts payable-trade	(243,146)	(361,485)
Other, net	(77,286)	(63,213)
Subtotal	31,328	30,664
Interest and dividend income received	32,618	30,045
Proceeds from rent income	28,333	28,690
Interest expenses paid	(8,650)	(8,681)
Payments of cancellation penalty	-	(232,143)
Income taxes paid	(22,553)	(29,536)
Net cash provided by (used in) operating activities	61,076	(180,960)
Cash flows from investing activities		
Payments into time deposits	-	(1,669)
Proceeds from redemption of securities	500,000	-
Purchase of property, plant and equipment	(68,952)	(26,155)
Proceeds from sales of property, plant and equipment	898	48,272
Purchase of intangible assets	(225,408)	(157,653)
Proceeds from redemption of investment securities	100,000	-
Purchase of investment securities	(17,499)	(43,420)
Proceeds from sales of investment securities	8,667	-
Proceeds from liquidation of investment securities	-	80,184
Payments of loans receivable	-	(9,085)
Payments of long-term loans receivable from employees	(7,000)	-
Collection of loans receivable	2,680	3,451
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(195,320)
Other, net	22,028	11,911
Net cash provided by (used in) investing activities	315,413	(289,487)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	(874)
Purchase of treasury shares	(220)	(67)
Cash dividends paid	(363,542)	(363,438)
Net cash provided by (used in) financing activities	(363,763)	(364,380)
Effect of exchange rate change on cash and cash equivalents	-	(2,591)
Net increase (decrease) in cash and cash equivalents	12,726	(837,419)
Cash and cash equivalents at beginning of period	7,899,931	7,132,362
Cash and cash equivalents at end of period	7,912,657	6,294,943

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Change in Accounting Policy

Application of Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.

Effective April 1, 2018, the Company has applied the Application of Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions (Practical Issues Task Force (PITF) No. 36, January 12, 2018; hereinafter, "PITF No. 36"), etc. Accordingly, transactions granting employees and others share acquisition rights, which involve considerations, with vesting conditions are accounted for in accordance with the Accounting Standard for Share-based Payment (Accounting Standards Board of Japan (ASBJ) Statement No. 8, December 27, 2005).

However, PITF No. 36 can be applied in accordance with the transitional provisions set forth in PITF No. 36, Paragraph 10 (3). Accordingly, the Company continues applying the previously used accounting treatment to the transactions in which the Company granted its employees and others share acquisitions rights, which involve considerations, with vesting conditions on the dates prior to the effective date of PITF No. 36.

Additional Information

Voluntary early retirement program

On December 13, 2018, the Board of Directors approved a resolution to implement the voluntary early retirement program for the employees of Shobunsha Publications, Inc. and its group companies in Japan. The details of the program are described as below.

1. Reason for implementing the voluntary early retirement program

We are suffering from continued decline of sales for our core businesses: publishing business and e-business, due to the lingering recession in publication business on the back of adverse business conditions and the negative impact of free-of-charge navigation apps. Under these circumstances, aiming to expand our business performance, we have been shifting our focus and management resources from the existing businesses to the new Tabinaka business. Reallocation of human resource is, however, behind our expected schedule as each business requires specific skills and specialized knowledge.

Under this adverse economic environment, we must accelerate recovery of performance by principally focusing on improving efficiency of the existing business and expanding our newly developed businesses. To further proceed with our structural reform and improvement in revenue, it is inevitable to optimize our personnel structure to be consistent with the business strategy. For the above reasons, we have determined to call for voluntary early retirement.

2. Outline of the voluntary early retirement program

(1) Eligibility:	Employees of 45 years old or older (excluding employees of certain group companies)
(2) Target number of employees to be accepted:	About 80
(3) Application period:	From February 1 to February 28, 2019
(4) Date of retirement:	March 31, 2019
(5) Support incentives:	Voluntary retirees are eligible for special retirement allowances (retirement upon company's request allowance plus additional allowance) calculated as of the date of retirement. They will also have outplacement support.

3. Impact on earnings

We have not determined the amount of special allowances and expenses for the outplacement support, which will accrue to us as a result of implementing the voluntary early retirement program because the total number of retirees and the total amount of their special allowances are not determined yet.

Segment and Other Information

Segment information

I. First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

Omitted since the Group has only a single business segment.

II. First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

Omitted since the Group has only a single business segment.