May 14, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (FY3/21)

[Japanese GAAP]

Company name: Shobunsha Holdings, Inc. Listing: Tokyo Stock Exchange, First Section
Stock code: 9475 URL: https://www.mapple.co.jp/
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Scheduled date of Annual General Meeting of Shareholders: June 29, 2021
Scheduled date of payment of dividend: -
Scheduled date of filing of Annual Securities Report: June 29, 2021
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	%
Fiscal year ended Mar. 31, 2021	6,313	(21.8)	(1,448)	-	(1,415)	-	(2,374)	-
Fiscal year ended Mar. 31, 2020	8,073	(7.9)	(65)	-	15	-	129	-

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2021: (1,925) (- %)
Fiscal year ended Mar. 31, 2020: (48) (- %)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	(130.62)	-	(16.7)	(7.9)	(22.9)
Fiscal year ended Mar. 31, 2020	7.15	-	0.9	0.1	(0.8)

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2021: (42) Fiscal year ended Mar. 31, 2020: (2)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	16,872	13,286	78.7	730.97
As of Mar. 31, 2020	18,817	15,212	80.8	836.91

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 13,286 As of Mar. 31, 2020: 15,212

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2021	39	(386)	(0)	4,629
Fiscal year ended Mar. 31, 2020	(540)	(332)	(0)	4,970

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended Mar. 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecasts)	-	0.00	-	0.00	0.00		-	

Note: The most recently announced year-end dividend forecast for the fiscal year ended March 31, 2021 was revised. Please refer to the press release "Announcement for dividends of surplus (dividend suspension)" announced today (Japanese version only).

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	3,090	(6.3)	(1,130)	-	(1,100)	-	(1,120)	-	(61.61)
Full year	7,090	12.3	(990)	-	(950)	-	(970)	-	(53.36)

* 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) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of issued shares (common stock)

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

As of Mar. 31, 2021: 18,178,173 shares As of Mar. 31, 2020: 18,178,173 shares

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

As of Mar. 31, 2021: 851 shares As of Mar. 31, 2020: 701 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2021: 18,177,397 shares Fiscal year ended Mar. 31, 2020: 18,177,617 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	2,753	(63.8)	1,111	3,187.5	1,204	838.4	(2,317)	-
Fiscal year ended Mar. 31, 2020	7,608	(10.3)	33	-	128	-	29	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	(127.49)	-
Fiscal year ended Mar. 31, 2020	1.64	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	14,907	12,910	86.6	710.24
As of Mar. 31, 2020	18,381	14,841	80.7	816.47

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 12,910 As of Mar. 31, 2020: 14,841

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

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

Cautionary statement with respect to forward-looking statements

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 "1. Overview of Results of Operations, (4) Outlook" on page 6 of the attachments for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

Supplementary materials for financial results will be available on the Company's website at the beginning of June 2021. The Company decided to cancel the planned financial results meeting for analysts. Alternatively, the Company will have a conference call or other meeting.

Contents of Attachments

1. Overview of Results of Operations

(1) Results of Operations

The Japanese economy during the current fiscal year (from April 1, 2020 to March 31, 2021) (hereinafter “the current fiscal year) suffered from the novel coronavirus disease (“COVID-19”), which was first confirmed in China in the winter of 2019 and quickly became a pandemic in 2020. This resulted in a rapid slowdown in the world economy, causing export and industrial production to decrease substantially, and corporate earnings to deteriorate significantly. Further, personal consumption decreased rapidly centered in service and other relevant sectors such as food/beverage and accommodation services. After the first wave of COVID-19 subsided as a result of the state of emergency declared by the Japanese government in the spring of 2020, some signs of recovery were observed. However, once the state of emergency was lifted, we suffered the second wave of COVID-19 in the summer and the third wave toward and during the winter. The government declared a state of emergency again at the beginning of 2021, and once it was lifted, we suffered the fourth wave. Every time measures imposed by the central and local governments are eased, the number of new cases increases, causing the wave-like spread of the virus. There is no effective measure to successfully contain the virus, so we have to wait until many more people get vaccinated. It is therefore expected to take quite some time until the domestic economy sees a full-scale recovery. In the tourism industry, in which Shobunsha Holdings, Inc. (hereinafter “the Company”) and its subsidiaries and associates (hereinafter collectively “the Group”) operate their core business, such COVID-19 situation forced the Japanese government to suspend the Go To Travel campaign at the end of 2020, the economic stimulus program kicked off in the summer of 2020, for which the government drew up a huge budget. For cross-border travel, countries including Japan continued to impose entry restrictions on foreign nationals from other countries and regions. Therefore, the outlook for the inbound and outbound tourism industries remains uncertain.

Under such circumstances, the Group converted to a holding company structure as planned. In the meantime, the Group has prioritized taking even stricter cost control measures in all business domains and having as much liquidity as possible to brace ourselves for an economic slowdown resulting from the spread of COVID-19. Specific cost control measures include cutting cost by reviewing the planned numbers of titles and copies in the retail publishing business according to market needs while offering a wider variety of map books that readers can enjoy at home and practical books; and curbing fixed expenses as much as possible mainly by integrating and closing some overseas sites and limiting business operations to a bare minimum in local activity facilities. The Group also proactively introduced a remote work system on a company-wide basis.

During the current fiscal year, sales of our core retail publishing business have been greatly affected by the situation in which travel and other outings significantly declined and remained stagnant resulting from the wave-like spread of COVID-19 through the fiscal year. In addition, as each country imposed entry restrictions on cross-border travelers, the Tabinaka (during traveling) business was forced to suspend its operations, which sends customers to a variety of activities including good restaurants and optional tours mainly in overseas travel destinations. The tourism business was also forced to suspend its operations, which operates the overseas activity facilities owned by the Group. However, we recognized the transfer of non-current assets as sales revenue from the real estate business for the current fiscal year. The transfer was announced on October 18, 2019 in association with the conversion to a holding company structure. As a result, net sales for current fiscal year were 6,313 million yen, down 1,760 million yen from 8,073 million yen one year earlier. In terms of profitability, operating loss was 1,448 million yen, worsened by 1,383 million yen from operating loss of 65 million yen one year earlier. This was a result of implementing thorough cost control in all business domains, and year-on year decreases in cost of sales and selling, general and administrative expenses due to a decline in provision for sales returns resulting from lower sales, both of which, however, did not eventually compensate for the drop in sales. This drop was blamed on being constantly affected by the shrinkage of the markets almost throughout the fiscal year. Accordingly, ordinary loss was 1,415 million yen, worsened by 1,430 million yen from ordinary profit of 15 million yen one year earlier. As extraordinary losses, we recorded a loss on sales of non-current assets of 50 million yen and a loss due to new coronavirus infection of 72 million yen. In addition to these losses, we recorded a substantial amount of loss for the current fiscal year. We expect that the impact of the COVID-19 pandemic will remain strong in the next fiscal year ending March 31, 2022 and that shrinkage of relevant markets will continue to affect us for the time being. As a result of assessing the future recoverability of non-current assets held by the Group in accordance with the "Accounting Standard for Impairment of Non-current Assets," we recorded impairment losses of 626 million yen. The major breakdown of impairment losses is as follows: 126 million yen for buildings and structures, 83 million yen for goodwill, and 372 million yen for software. Consequently, loss attributable to owners of parent was 2,374 million yen, worsened by 2,504 million yen from profit attributable to owners of parent of 129 million yen one year earlier.

Taking the opportunity of the conversion to a holding company structure, the Group has disclosed segment information on its performance, starting from the current fiscal year. More specifically, the new segment structure consists of three reportable segments: the Media Business, the Solutions Business, the Real Estate Business and Tourism Business segments, and the Other Businesses segment that covers businesses other than the above four. (Please note that no year-on-year figures are available because we have started to aggregate and announce figures from the current fiscal year.)

Media Business

This segment engages in selling retail publications, e-books, and applications; selling magazine and web ads; obtaining permission to use brands and trademarks on publications, etc.

In the retail publishing business, given the current situation in which consumer behavior related to traveling and outings has been very sluggish, we have designed plans that allow consumers to satisfy their intellectual curiosity and to enjoy imaginary trips at home. We have also published books that introduce familiar desserts, consumer discretionary products, and other items. We increased the percentages of such plans and books in the total publications. During the current fiscal year, we published more volumes of the well-received "*Sutto Atama ni Hairu*" (Quickly learn) series with a focus on the exploration of Japanese history. New volumes are "*Chizu de Sutto Atama ni Hairu Sengoku Jidai*" (Quickly learn about the Warring States period with a map), "*Chizu de Sutto Atama ni Hairu Kojiki and Nihon Shoki*" (Quickly learn about Records of Ancient Matters and Chronicles of Japan with a map), "*Chizu de Sutto Atama ni Hairu Bakumatsu and Ishin*" (Quickly learn about the final years of the Edo period and the Meiji restoration with a map), "*Zukai de Sutto Atama ni Hairu Edo Jidai*" (Quickly learn about the Edo period with illustrations), and "*Chizu de Sutto Atama ni Hairu Kodaishi*" (Quickly learn about Ancient History with a map). We also published the overseas version of the series: "*Chizu de Sutto Atama ni Hairu America 50 shu*" (Quickly learn about the 50 U.S. states with a map) that allows readers to know about the history and characteristics of each state of the United States in which the presidential election took place in 2020; and "*Chizu de Sutto Atama ni Hairu Sangokushi*" (Quickly learn about the Records of the Three Kingdoms with a map) that allows readers to comprehensively understand the tumultuous Three Kingdoms period in China. In addition, we increased the number of volumes of the *Torisetsu* series to 19, which is a popular entertaining map book series. New volumes include following prefecture versions: Aichi, Saitama, Hiroshima, Osaka, Hokkaido, Gunma, Nara, Fukushima, Ishikawa, Nagano, Tokyo, Shizuoka, Tochigi, and Okayama (in release order). We plan to publish more sequels to both series as a map book that readers can enjoy at home. In addition to these map book series, we published "*Railway Mapple: Zenkoku Tetsudo Chizu-cho*" (Nation's railway map) and "*Tokyo 23-ku Dekoboko Chizu*" (Tokyo's 23 wards map reflecting uneven terrain) targeted at hardcore fans, both of which have been well received. During the same period, we also expanded our lineup of books about desserts and consumer discretionary products by publishing seven books as the popular sweets series: "*Choko Minto Bon*" (Book about mint chocolate), "*Purin Bon*" (Book introducing pudding shops centered in Tokyo), "*Purin Bon Osaka, Kyoto and Kobe*" (Book introducing pudding shops in Osaka, Kyoto and Kobe), which is the Kansai region's version of "*Purin Bon,*" "*Zeri Bon*" (Book about jelly), "*Chiizu Keeki Bon*" (Book about cheesecake), "*Ichigo Bon*" (Book about strawberry desserts), and "*Maccha Bon Kyoto, Osaka and Nara*" (Book introducing green tea desserts available in Kyoto, Osaka and Nara). In addition, as a unique collaboration book of cats and Mapple—the Group's major trip magazine series, "Nyapple" ("Nyapple" is a coined word of "meow" in Japanese and "Mapple") has become a hot seller as it generated much interest and we decided to reprint it in the pre-order phase. The theme of the book is traveling to meet cats.

During the current fiscal year, despite our efforts to expand our lineup of books that people can enjoy reading at home as mentioned above, sales of the Group's core retail publishing business, especially overseas traveling products, have declined sharply, and sales activities in the retail publishing business have been restricted amid the situation in which travel and outing spending activities have shrunk significantly due to the spread of COVID-19.

As a result, net sales of the segment were 3,259 million yen, and operating loss was 2,010 million yen.

Solutions Business

This segment engages in selling the database of maps and guidebooks that are the Group's core competencies, selling system products and solutions using the database, etc.

During the current fiscal year, the inbound business has been in a severe situation due to the impact of COVID-19, and our sales activities to receive new orders have been restricted. However, we have focused on receiving orders from government agencies and municipalities including police and fire departments that are unlikely to be influenced by economic trends. We have also focused on renewing contracts with private companies on subscription-based products. In the meantime, we have started a new Solutions Business by offering new solutions such as "Distribution Helper," a business-use car navigation system equipped with a travel track-based route guidance function. This function was developed to meet strong customer needs. In addition, we have started to develop, procure and offer new products and services that respond to needs in this world of coexisting with COVID-19. Such products and services include "School Zone Safety Support System" that helps schools let their students stagger their commute times; "Thermal Camera" (body temperature screening camera) offered jointly with the company with which we have formed a business alliance; and "Sales Forecast AI Modeling Service" (simulator that develops a model with AI and shows an optimal sales forecast for our clients to use internally) targeted at companies in the restaurant and retail industries currently in a challenging operating environment. At the same time, we closely monitored needs in the post-COVID-19 era and released new service "Travelers' Mind" that provides an objective analysis of tourists' interests and activities at their destination. This service is offered to support the tourism industry that has been seriously affected by COVID-19. For our early detection support service "OKAERI (Welcome back) QR" that helps detect lost people and children, pets, lost items, and others, we have strengthened our business operations toward developing new sales channels and achieving more product awareness and higher market penetration. More specifically, we started offering special Omamori (Japanese lucky charm) "OKAERI QR Omamori" co-developed with Suzuka-myojinsha Shrine (in Zama City, Kanagawa Prefecture) and Yukawabe Co., Ltd. (Yamashina Ward, Kyoto City, Kyoto Prefecture), which is an Omamori manufacturer, in addition to face-to-face selling at post offices across the Tokyo metropolitan area. We also produced custom-designed *OKAERI* QR and delivered it to Nicot, licensed child care centers located along Seibu lines and operated by Seibu Railway Co., Ltd. headquartered in Tokorozawa City, Saitama Prefecture, to give it to kids as a celebration gift who entered the child care centers.

As a result, net sales of the segment were 1,622 million yen, and operating loss was 183 million yen.

Real Estate Business

From the current fiscal year, we have established the real estate business as a new business segment. This segment aims to more effectively utilize the Group's property such as land and buildings in conjunction with the conversion to a holding company structure. The segment engages in sale or leasing of the Group's property to external parties.

In the current fiscal year, we recorded revenue from sale of property mentioned above and leasing of other properties owned by the Company.

As a result, net sales of the segment were 1,166 million yen, and operating profit was 892 million yen.

Tourism Business

This segment mainly provides in the following two services: the Tabinaka (during traveling) business and the facility operation services. The Tabinaka business sends customers to a variety of activities including good restaurants and optional tours mainly in overseas travel destinations via the Group's own website. The facility operation services include operations of the overseas activity facilities owned by the Group and offering relevant customer services.

During the current fiscal year, our sales activities had to halt due to cross-border travel restrictions resulting from the COVID-19 pandemic. Accordingly, we have curbed fixed expenses by integrating and closing some overseas sites, limiting daily operations to a bare minimum, and implementing in-house development. In the meanwhile, we have made efforts to prepare for resuming operations, such as improving systems, cooperating with more online travel agencies, and strengthening our marketing activities to increase the number of social media followers. In order to respond to new needs under such business environment, we launched “MAPPLE Activity Online Platform.” This platform allows tour and activity organizers and users to connect to each other on the internet, and enables the organizers to deliver experiences of tours and events to the users. As a result, net sales of the segment were 133 million yen, and operating loss was 384 million yen.

Other Businesses

This segment engages in the call center business that offers call center services to external counterparties and the Group’s companies. The call center business operates as scheduled during the current fiscal year.

As a result, net sales of the segment were 131 million yen, and operating profit was 7 million yen.

(2) Financial Position

Total assets at the end of the current fiscal year decreased 1,945 million yen (10.3%) from the end of the previous fiscal year to 16,872 million yen. This was mainly due to decreases in cash and deposits of 341 million yen, notes and accounts receivable-trade of 708 million yen, merchandise and finished goods of 519 million yen, work in process of 156 million yen, real estate for sale of 208 million yen, net of buildings and structures of 251 million yen, goodwill of 113 million yen, other of intangible assets of 243 million yen and other of investments and other assets of 139 million yen, which were partially offset by increases in net of tools, furniture and fixtures of 114 million yen, investment securities of 458 million yen, and retirement benefit asset of 90 million yen as well as a decrease in allowance for doubtful accounts of investments and other assets of 98 million yen. Total liabilities decreased 19 million yen (0.5%) from the end of the previous fiscal year to 3,585 million yen. This was mainly due to decreases of notes and accounts payable-trade of 103 million yen, provision for bonuses of 35 million yen, and provision for sales returns of 176 million yen, which were partially offset by increases in income taxes payable of 94 million yen and deferred tax liabilities of 210 million yen. Net assets decreased 1,925 million yen (12.7%) from the end of the previous fiscal year to 13,286 million yen. This was mainly due to reporting of loss attributable to owners of parent which was partially offset by increases in valuation difference on available-for-sale securities of 386 million yen and remeasurements of defined benefit plans of 55 million yen from the end of the previous fiscal year.

Consequently, the equity ratio decreased 2.1 percentage points to 78.7%.

(3) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year on a consolidated basis decreased 341 million yen from the end of the previous fiscal year to 4,629 million yen.

Net cash provided by operating activities was 39 million yen. The main factors were depreciation and amortization of 269 million yen, impairment losses of 626 million yen, loss due to new coronavirus infection of 72 million yen, a 708 million yen decrease in trade receivables, a 794 million yen decrease in inventories and a 209 million yen decrease in other non-current assets as well as reporting of loss before income taxes of 2,189 million yen, which were partially offset by a 106 million yen decrease in allowance for doubtful accounts, a 176 million yen decrease in provision for sales returns, a 103 million yen decrease in trade payables and income taxes paid of 52 million yen.

Net cash used in investing activities was 386 million yen. The main factors include purchase of property, plant and equipment of 245 million yen and purchase of intangible assets of 250 million yen, which were partially offset by proceeds from sales of property, plant and equipment of 95 million yen.

Net cash used in financing activities was 0 million yen.

(4) Outlook

Starting from the current fiscal year, the Group converted to a holding company structure under the unified management foundation with the corporate slogan of “the constant pursuit of innovation” and the corporate philosophy of “organization that provides support for good living and enjoyable traveling.” Under the new holding company structure, the holding company is responsible for strategies and management of the entire group. The purpose of this new shift is to enhance transparency of business operations and further speed up decision making of each business.

As for business outlook, we expect that people’s economic activities will continue to be greatly affected by COVID-19 for the time being. As a last resort to contain the virus, many expect that more vaccine rollouts proceed. However, even if the rollouts proceed as scheduled, it is expected to take quite some time until the domestic economy sees a full-scale recovery because we expect to keep going through the cycle of following the measures imposed by the central and local governments and a subsequent rebound in the number of new cases until many more people get vaccinated throughout Japan and the number of new cases decreases to a certain level. The central and local governments impose the measures while weighing the issue of maintaining the healthcare system and the desire to recover the economy. In addition, many countries around the world, including Japan, have strictly controlled entry of foreign visitors. The outlook for when people become able to freely travel across borders just like the pre-COVID-19 era remains unforeseeable.

Under the radically changing business environment impacted by the recent recession in publication business, diversified media for disseminating information, the rise of content available free-of-charge, and other factors, the Group has shifted from the three-business division system to a holding company structure where the holding company holds these businesses as independent corporate entities so that the Group can respond to such changes swiftly and flexibly. In the meantime, the Group has actively driven the streamlining and labor-saving of operations in all business domains. However, as we are in this world of coexisting with COVID-19, we will vigorously push forward such initiatives further by embracing digital transformation (DX). Specifically, teleworking for all operations including indirect operations; having online meetings; going paperless; carrying out sales activities on websites, hosting webinars, and accepting online payments for sales activities; and editing and proofreading website content for production. We will also promote DX by using websites and applications on products and services that each group company offers. By taking such initiatives one by one, we will strive to overcome the COVID-19 crisis and to improve our business performance consistently.

As for the forecast for the fiscal year ending March 31, 2022, we are not yet in a stage where we can expect a rapid recovery of our business performance because the impact of the COVID-19 pandemic is likely to remain strong. As a result, we expect net sales of 7,090 million yen (up 12.3% year on year) with operating loss of 990 million yen, ordinary loss of 950 million yen, and loss attributable to owners of parent of 970 million yen.

It is noted that these forecasts are based on information that is currently available and on assumptions that we believe are reasonable. However, actual results may differ significantly from these forecasts for a number of factors. A revised forecast will be announced promptly if we subsequently expect that our performance will differ significantly from these forecasts.

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of the Company. We have distributed earnings to shareholders from capital surplus even if retained earnings are negative so far based on the basic policy to pay a stable dividend that reflects results of operations and the operating environment. However, from the fiscal year ended March 31, 2019 and thereafter for some time, we will maintain a policy to pay dividends from retained earnings in consideration of the fundamental purpose of dividends.

We will use retained earnings effectively by investing in system development and capital assets for new businesses that we believe to have a great growth potential. We will consider and utilize investments efficiency from a long-term perspective, such as forming alliances with other companies in order to adapt quickly to the rapidly changing business climate.

Regarding the dividend from surplus for the current fiscal year, the forecast of which has not been disclosed so far, it is most regrettable to announce that we are not able to distribute dividends because of recording of a loss and in accordance with the above policy.

It is also regrettable that we forecast no distribution of year-end dividends for the fiscal year ending March 31, 2022, based on the consolidated earnings forecasts stated above and other conditions.

We sincerely apologize to our shareholders for the situation. We will make every effort to resume dividend payment in the near future, and also, we would like to ask for continued support.

2. Basic Approach to the Selection of Accounting Standards

The Group uses generally accepted accounting principles in Japan because group companies operate primarily in Japan and there is normally no need to procure funds in other countries. In addition, the use of Japanese accounting principles facilitates comparisons with other companies in Japan in the same industry.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	4,970,584	4,629,245
Notes and accounts receivable-trade	2,473,112	1,764,474
Merchandise and finished goods	1,585,853	1,066,361
Work in process	409,899	253,150
Raw materials and supplies	261	258
Real estate for sale	208,472	-
Other	118,001	155,844
Allowance for doubtful accounts	(29,703)	(21,336)
Total current assets	9,736,481	7,847,997
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,613,609	5,967,456
Accumulated depreciation	(4,722,652)	(4,327,607)
Buildings and structures, net	1,890,956	1,639,848
Machinery, equipment and vehicles	456,286	446,599
Accumulated depreciation	(422,980)	(432,680)
Machinery, equipment and vehicles, net	33,306	13,918
Tools, furniture and fixtures	711,773	577,430
Accumulated depreciation	(662,209)	(413,390)
Tools, furniture and fixtures, net	49,563	164,040
Land	3,488,222	3,416,206
Construction in progress	21,278	41,422
Total property, plant and equipment	5,483,327	5,275,436
Intangible assets		
Goodwill	254,478	140,927
Other	254,106	10,129
Total intangible assets	508,584	151,057
Investments and other assets		
Investment securities	* 1,589,851	* 2,048,469
Retirement benefit asset	1,308,359	1,398,950
Other	* 348,363	* 209,271
Allowance for doubtful accounts	(157,040)	(58,671)
Total investments and other assets	3,089,533	3,598,020
Total non-current assets	9,081,445	9,024,514
Total assets	18,817,926	16,872,511

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	723,308	619,465
Short-term borrowings	770,000	770,000
Accrued expenses	294,481	259,443
Income taxes payable	81,400	176,260
Accrued consumption taxes	41,661	34,958
Provision for bonuses	247,699	211,991
Provision for sales returns	577,897	401,236
Other	145,927	171,494
Total current liabilities	2,882,375	2,644,848
Non-current liabilities		
Deferred tax liabilities	466,272	676,860
Retirement benefit liability	72,137	79,505
Other	184,300	184,300
Total non-current liabilities	722,710	940,665
Total liabilities	3,605,085	3,585,514
Net assets		
Shareholders' equity		
Share capital	10,141,136	10,141,136
Capital surplus	4,168,372	4,168,372
Retained earnings	470,249	(1,904,023)
Treasury shares	(405)	(475)
Total shareholders' equity	14,779,352	12,405,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	502,519	888,880
Foreign currency translation adjustment	(7,591)	(645)
Remeasurements of defined benefit plans	(61,438)	(6,247)
Total accumulated other comprehensive income	433,488	881,987
Total net assets	15,212,840	13,286,996
Total liabilities and net assets	18,817,926	16,872,511

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	8,073,765	6,313,747
Cost of sales	5,263,179	5,068,750
Gross profit	2,810,585	1,244,997
Reversal of provision for sales returns	597,652	577,897
Provision for sales returns	577,897	401,236
Provision for sales returns-net	(19,755)	(176,661)
Gross profit-net	2,830,340	1,421,658
Selling, general and administrative expenses	*1,*2 2,896,047	*1,*2 2,870,465
Operating loss	(65,706)	(1,448,806)
Non-operating income		
Interest income	704	566
Dividend income	34,880	37,884
Rental income	13,223	7,220
Subsidy income	-	34,195
Income from sales of used paper	8,255	7,642
Gain on investments in investment partnerships	32,115	4,827
Other	14,269	21,111
Total non-operating income	103,448	113,449
Non-operating expenses		
Interest expenses	10,408	11,569
Rental costs	4,375	4,995
Share of loss of entities accounted for using equity method	2,738	42,059
Foreign exchange losses	4,003	21,063
Other	885	248
Total non-operating expenses	22,411	79,936
Ordinary profit (loss)	15,330	(1,415,294)
Extraordinary income		
Gain on sale of non-current assets	*3 161,613	*3 632
Gain on sale of investment securities	1,155	-
Settlement received	-	*4 20,000
Gain on reversal of share acquisition rights	25,348	-
Total extraordinary income	188,117	20,632
Extraordinary losses		
Loss on sale of non-current assets	*5 80	*5 50,968
Loss on retirement of non-current assets	-	*6 13,395
Loss on valuation of investment securities	17,989	13,279
Loss on valuation of investments in capital of subsidiaries and associates	18,999	-
Loss on valuation of membership	105	-
Loss on sale of membership	100	-
Impairment losses	-	*7 626,609
Loss due to new coronavirus infection	-	*8 72,712
Loss on abandonment of inventories	-	*4 17,925
Total extraordinary losses	37,275	794,890
Profit (loss) before income taxes	166,172	(2,189,552)
Income taxes-current	24,240	139,781
Income taxes-deferred	11,964	44,938
Total income taxes	36,205	184,720
Profit (loss)	129,967	(2,374,272)
Profit (loss) attributable to owners of parent	129,967	(2,374,272)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit (loss)	129,967	(2,374,272)
Other comprehensive income		
Valuation difference on available-for-sale securities	(123,013)	386,361
Foreign currency translation adjustment	(1,561)	6,946
Remeasurements of defined benefit plans, net of tax	(53,883)	55,190
Total other comprehensive income	* (178,458)	* 448,498
Comprehensive income	(48,491)	(1,925,774)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(48,491)	(1,925,774)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,141,136	5,959,300	(1,450,645)	(288)	14,649,502
Changes during period					
Deficit disposition		(1,790,927)	1,790,927		-
Profit attributable to owners of parent			129,967		129,967
Purchase of treasury shares				(117)	(117)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(1,790,927)	1,920,894	(117)	129,849
Balance at end of period	10,141,136	4,168,372	470,249	(405)	14,779,352

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	625,532	(6,030)	(7,555)	611,946	25,348	15,286,797
Changes during period						
Deficit disposition						-
Profit attributable to owners of parent						129,967
Purchase of treasury shares						(117)
Net changes in items other than shareholders' equity	(123,013)	(1,561)	(53,883)	(178,458)	(25,348)	(203,806)
Total changes during period	(123,013)	(1,561)	(53,883)	(178,458)	(25,348)	(73,956)
Balance at end of period	502,519	(7,591)	(61,438)	433,488	-	15,212,840

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders’ equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders’ equity
Balance at beginning of period	10,141,136	4,168,372	470,249	(405)	14,779,352
Changes during period					
Profit (loss) attributable to owners of parent			(2,374,272)		(2,374,272)
Purchase of treasury shares				(69)	(69)
Net changes in items other than shareholders’ equity					-
Total changes during period	-	-	(2,374,272)	(69)	(2,374,342)
Balance at end of period	10,141,136	4,168,372	(1,904,023)	(475)	12,405,009

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	502,519	(7,591)	(61,438)	433,488	15,212,840
Changes during period					
Profit (loss) attributable to owners of parent					(2,374,272)
Purchase of treasury shares					(69)
Net changes in items other than shareholders’ equity	386,361	6,946	55,190	448,498	448,498
Total changes during period	386,361	6,946	55,190	448,498	(1,925,844)
Balance at end of period	888,880	(645)	(6,247)	881,987	13,286,996

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	166,172	(2,189,552)
Depreciation and amortization	163,103	269,021
Loss (gain) on valuation of short-term and long-term investment securities	17,989	13,279
Impairment losses	-	626,609
Loss on valuation of investments in capital of subsidiaries and affiliates	18,999	-
Gain on sale of non-current assets	(161,613)	(632)
Gain on reversal of share acquisition rights	(25,348)	-
Share of loss (profit) of entities accounted for using equity method	2,738	42,059
Loss (gain) on sale of membership	100	-
Loss on valuation of membership	105	-
Loss due to new coronavirus infection	-	72,712
Loss on abandonment of inventories	-	17,925
Increase (decrease) in allowance for doubtful accounts	(23,604)	(106,736)
Increase (decrease) in retirement benefit liability	2,862	7,367
Decrease (increase) in retirement benefit asset	(39,074)	(11,042)
Increase (decrease) in provision for bonuses	(14,241)	(35,703)
Increase (decrease) in provision for sales returns	(19,755)	(176,661)
Interest and dividend income	(35,584)	(38,451)
Rental income	(13,223)	(7,220)
Subsidy income	-	(34,195)
Settlement received	-	(20,000)
Interest expenses	10,408	11,569
Decrease (increase) in trade receivables	257,374	708,104
Decrease (increase) in inventories	(137,423)	794,434
Decrease (increase) in other current assets	25,946	(33,746)
Decrease (increase) in other non-current assets	(18,910)	209,794
Increase (decrease) in trade payables	(123,209)	(103,386)
Increase (decrease) in accrued consumption taxes	(16,303)	(6,703)
Increase (decrease) in other current liabilities	(175,607)	9,352
Increase (decrease) in other non-current liabilities	(1,342)	-
Subtotal	(139,441)	18,197
Interest and dividends received	35,593	38,479
Proceeds from rental income	11,690	6,270
Subsidies received	-	34,195
Settlement package received	-	6,000
Interest paid	(10,532)	(11,569)
Extra retirement payments	(413,246)	-
Income taxes paid	(24,870)	(52,408)
Net cash provided by (used in) operating activities	(540,807)	39,165

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from investing activities		
Payments into time deposits	(1,648)	-
Proceeds from withdrawal of time deposits	3,278	-
Purchase of property, plant and equipment	(158,825)	(245,981)
Proceeds from sale of property, plant and equipment	240,031	95,175
Purchase of intangible assets	(272,624)	(250,186)
Purchase of investment securities	(61,061)	(10,295)
Proceeds from sale of investment securities	7,230	-
Payments for acquisition of businesses	*3 (81,560)	-
Loan advances	(4,050)	-
Proceeds from collection of loans receivable	12,763	2,685
Long-term loan advances to employees	-	(1,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (60,243)	-
Other, net	44,580	23,514
Net cash provided by (used in) investing activities	(332,131)	(386,088)
Cash flows from financing activities		
Purchase of treasury shares	(117)	(69)
Dividends paid	(570)	(574)
Net cash provided by (used in) financing activities	(688)	(643)
Effect of exchange rate change on cash and cash equivalents	(1,703)	6,227
Net increase (decrease) in cash and cash equivalents	(875,329)	(341,339)
Cash and cash equivalents at beginning of period	5,845,914	4,970,584
Cash and cash equivalents at end of period	*1 4,970,584	*1 4,629,245

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Notes to Consolidated Balance Sheet

* The following items are applicable to a non-consolidated subsidiary and affiliates.

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Investment securities (stocks)	56,967	14,908
Investments and other assets, other (investments in capital)	0	-
Total	56,967	14,908

Notes to Consolidated Statement of Income

*1. Major items of selling, general and administrative expenses

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Packing and delivery expenses	136,936	88,267
Promotion expenses	93,529	68,238
Advertising expenses	107,984	35,017
Provision of allowance for doubtful accounts	10,425	1,736
Directors' compensations	135,640	202,616
Salaries, allowances and bonuses	970,107	996,415
Provision for bonuses	111,101	102,985
Legal welfare expenses	176,282	184,206
Retirement benefit expenses	27,349	43,281
Transportation expenses	122,539	75,007
Depreciation	77,518	102,065
Rent expenses	53,811	59,796
Business consignment expenses	100,771	109,853
Taxes and dues	76,305	72,244
Research and development expenses	42,151	17,154
Amortization of goodwill	21,156	28,579
Other	632,436	683,000
Total	2,896,047	2,870,465

*2. Total amount of research and development expenses included in general and administrative expenses

(Thousands of yen)

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
42,151	17,154

*3. Breakdown of gain on sales of non-current assets

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Buildings and structures	47,789	-
Machinery, equipment and vehicles	2,083	601
Tools, furniture and fixtures	86	30
Land	111,654	-
Total	161,613	632

*4. Settlement received and loss on abandonment of inventories

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

We recorded a loss of 17,925 thousand yen on abandonment of products which have not met the Group's quality standard and corresponding settlement received of 20,000 thousand yen.

*5. Breakdown of loss on sales of non-current assets are as follows.

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Buildings and structures	-	50,475
Tools, furniture and fixtures	80	-
Land	-	493
Total	80	50,968

*6. Breakdown of loss on disposal of non-current assets are as follows.

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Buildings and structures	-	7,930
Tools, furniture and fixtures	-	5,464
Total	-	13,395

*7. Impairment loss

The Group recognized an impairment loss on the following groups of assets.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Primary use	Class	Location
Operating assets	Buildings and structures	Suita, Osaka Prefecture; USA; Guam
Operating assets	Machinery, equipment and vehicles	USA; Guam
Operating assets	Tools, furniture and fixtures	Chiyoda-ku, Tokyo; Koto-ku, Tokyo; Suita, Osaka Prefecture; USA; Guam
Other	Goodwill	USA; Guam
Operating assets	Software	Chiyoda-ku, Tokyo; Koto-ku, Tokyo; Adachi-ku, Tokyo; Settsu, Osaka Prefecture; USA; Guam

Reason for decision to recognize impairment losses

There has been a strong concern about stagnant and significantly shrinking markets related to travel and other outings in which the Group operates its core business due to many waves of the COVID-19 pandemic throughout the fiscal year.

We expect that the impact of COVID-19 will remain strong and a severe business environment will continue in the future. As a result of examining future recoverability of the non-current assets held by the Group in accordance with the "Accounting Standard for Impairment of Non-current Assets," their carrying amounts have been written down to the recoverable amounts and the amount of reduction was recognized as an impairment loss.

Amount of impairment loss (Thousands of yen)

Class	Amount
Property, plant and equipment	
Buildings and structures	126,161
Machinery, equipment and vehicles	18,955
Tools, furniture and fixtures	25,033
Intangible assets	
Goodwill	83,956
Software	372,502
Total	626,609

Method used to group assets

Grouping of assets is based on the asset classification used for managerial accounting whereby the Group measures operating performance and cash flows on a regular basis. Idle assets, however, are grouped on an individual asset basis.

Method for calculating recoverable amount

The Group measures the recoverable amount based on value in use or net selling price.

As the amount of value in use based on the future cash flows is zero, the recoverable amount is assessed to be zero.

In addition, net selling price is reasonably estimated based on market price.

*8. Loss due to new coronavirus infection

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

The Group decided to cancel its plan to newly publish overseas travel guidebooks and other books and dispose these products due to COVID-19.

As a result, the Group recorded loss due to new coronavirus infection of 72,712 thousand yen for disposal of these products.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effect with respect to other comprehensive income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	(175,143)	527,652
Reclassification adjustments	(1,155)	-
Before tax effect adjustments	(176,298)	527,652
Tax effect	53,285	(141,291)
Valuation difference on available-for-sale securities	(123,013)	386,361
Foreign currency translation adjustment:		
Amount incurred during the period	(1,561)	6,946
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(81,682)	46,872
Reclassification adjustments	4,018	32,676
Before tax effect adjustments	(77,664)	79,548
Tax effect	23,780	(24,357)
Remeasurements of defined benefit plans, net of tax	(53,883)	55,190
Total other comprehensive income	(178,458)	448,498

Notes to Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

1. Type and number of outstanding shares and treasury shares (Thousands of shares)

	Number of shares as of Apr. 1, 2019	Increase	Decrease	Number of shares as of Mar. 31, 2020
Outstanding shares				
Common stock	18,178	-	-	18,178
Total	18,178	-	-	18,178
Treasury shares				
Common stock (Note)	0	0	-	0
Total	0	0	-	0

Note: An increase of 0 thousand shares in the number of treasury shares of common stock is due to the acquisition of odd-lot shares.

2. Share acquisition rights

Category	Details of share acquisition rights	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (shares)				Balance as of Mar. 31, 2020 (Thousands of yen)
			As of Apr. 1, 2019	Increase	Decrease	As of Mar. 31, 2020	
Filing company (Parent)	Share acquisition rights No. 1	Common stock	600,000	-	600,000	-	-
	Share acquisition rights No. 2	Common stock	130,000	-	130,000	-	-
	Share acquisition rights No. 3	Common stock	100,000	-	100,000	-	-
	Share acquisition rights No. 4 (as stock option)	-	-	-	-	-	-
Total		-	-	-	-	-	-

Note: The decrease of share acquisition rights No. 1, No. 2, No. 3 and No. 4 during the fiscal year ended March 31, 2021 is due to extinguishment of these share acquisition rights.

3. Dividends

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

1. Type and number of outstanding shares and treasury shares (Thousands of shares)

	Number of shares as of Apr. 1, 2020	Increase	Decrease	Number of shares as of Mar. 31, 2021
Outstanding shares				
Common stock	18,178	-	-	18,178
Total	18,178	-	-	18,178
Treasury shares				
Common stock (Note)	0	0	-	0
Total	0	0	-	0

Note: An increase of 0 thousand shares in the number of treasury shares of common stock is due to the acquisition of odd-lot shares.

2. Share acquisition rights

Not applicable.

3. Dividends

Not applicable.

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the fiscal year and amount on the consolidated balance sheet

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash and deposits	4,970,584	4,629,245
Time deposits with maturity over three months	-	-
Cash and cash equivalents	4,970,584	4,629,245

*2. Major components of assets and liabilities of the company newly included in the scope of consolidation as a result of the acquisition of shares

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Details of assets and liabilities of SUNNY SIDE UP GUAM, INC. at time of its consolidation resulting from the acquisition of stock as well as the relationship between the acquisition price of SUNNY SIDE UP GUAM, INC. stock and expenditures (net) for its acquisition are as follows:

	(Thousands of yen)
Current assets	16,100
Non-current assets	9,711
Goodwill	54,410
Current liabilities	14,680
Acquisition cost of SUNNY SIDE UP GUAM, INC. stock	65,541
Cash and cash equivalents held by SUNNY SIDE UP GUAM, INC.	(5,298)
Difference: net expenditures to acquire SUNNY SIDE UP GUAM, INC.	60,243

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

*3. Amount of assets increased by acquisition of business and major breakdown

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

	(Thousands of yen)
Current assets	6,818
Non-current assets	33,314
Goodwill	41,427
Price of business acquisition	81,560
Cash and cash equivalents held	-
Difference: Payments for acquisition of business	81,560

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

4. Significant non-cash transactions

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Transfer from property, plant and equipment to real estate for sale due to a change in holding purposes	208,472	-

Segment and Other Information

Segment information

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Omitted since the Group has only a single business segment.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

1. Overview of reportable segments

The reportable segments of the Shobunsha Group are the constituent units where separate financial information can be obtained and the Board of Directors uses this information on a regular basis to allocate resources and evaluate business performance.

The Shobunsha Group consists of four reportable segments classified by products or services based on the business operations: the Media Business, the Solutions Business, the Real Estate Business, and the Tourism Business segments.

Media Business engages in selling retail publications, e-books, and applications; selling magazine and web ads; obtaining permission to use brands and trademarks on publications, etc. Solutions Business engages in selling the database of maps and guidebooks that are the Group’s core competencies, selling system products and solutions using the database, etc. Real Estate Business engages in sale or leasing of the Group’s property to external parties. Tourism Business segment mainly engages in the following two srvices: the Tabinaka (during traveling) business and the facility operations business. The Tabinaka business sends customers to a variety of activities including good restaurants and optional tours mainly in overseas travel destinations via the Group’s own website. The facility operations service include the operations of the overseas activity facilities owned by the Group and offers relevant customer services.

2. Information pertaining to net sales, profit/loss, assets and other items in reportable segments

(Thousands of yen)

	Reportable Segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated financial statements (Note 3)
	Media Business	Solutions Business	Real Estate Business	Tourism Business	Subtotal				
Net sales									
Sales to external customers	3,259,587	1,622,891	1,166,146	133,891	6,182,516	131,231	6,313,747	-	6,313,747
Inter-segment sales and transfers	88,719	208,271	-	-	296,991	35,400	332,391	(332,391)	-
Total	3,348,306	1,831,163	1,166,146	133,891	6,479,507	166,631	6,646,139	(332,391)	6,313,747
Segment profit (loss)	(2,010,026)	(183,223)	892,847	(384,134)	(1,684,537)	7,111	(1,677,425)	228,618	(1,448,806)
Segment assets	3,861,447	3,521,094	839,091	166,414	8,388,047	234,584	8,622,632	8,249,878	16,872,511
Other items									
Depreciation	11,374	81,895	1,159	25,030	119,458	446	119,905	120,536	240,441
Amortization of goodwill	-	-	-	9,141	9,141	19,438	28,579	-	28,579
Investments in entities accounted for using equity method	-	-	-	14,908	14,908	-	14,908	-	14,908
Increase in property, plant and equipment and intangible assets	62,925	114,669	-	43,342	220,937	-	220,937	295,046	515,983

Notes: 1. “Other” represents the businesses not included in any reportable segment and mainly consists of the call center business.

2. The 228,619 thousand yen adjustment to segment profit (loss) consists of 9,982 thousand yen of inter-segment elimination and 218,636 thousand yen of corporate revenues, net of expenses, which are not allocated to any reportable segment.

3. Segment profit (loss) is adjusted with operating loss shown on the consolidated statement of income.

3. Matters related to changes in reportable segment

The Group has been striving to create the types of value that match what people want and build a broader foundation for earnings through its global operations. Specifically, we have transformed our publishing business model by starting to offer e-books and introducing a membership system for readers who are attracted to our successfully branded publication series. We have also evolved our e-business operations from the provision of content to the provision of solutions. Furthermore, we have launched new businesses involving travel and activities at travel destinations.

Until the end of the previous fiscal year, we had performed management control and information disclosure with a single business segment, providing comprehensive services not restricted to a single medium such as those linked to both publications and smartphones and e-books. Effective from the current fiscal year ended March 31, 2021, we have decided to divide our operations into four reportable segments: Media Business, Solutions Business, Real Estate Business and Tourism Business and disclose the segment-by-segment performance. With this three-segment structure, we believe that we can perform management control and information disclosure that reflect our business development more adequately so as to realize more growth and earnings in existing businesses and to assure the success of new businesses fast.

Having started management control with a multiple segment structure from the current fiscal year, we have found it impracticable to accurately reclassify figures for the previous fiscal year into those under the new segment structure, therefore we have omitted disclosure of comparable information by segment for the previous fiscal year.

Related information

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service (Thousands of yen)

Category		Sales to external customers
Retail publishing	Maps	1,493,689
	Magazines	2,339,829
	Guidebooks	513,418
	Practical books	131,611
Subtotal		4,478,549
Special-order products		510,294
Advertising		620,301
e-business sales		2,024,172
Fees and commissions		285,454
Facility		138,826
Rental		16,166
Total		8,073,765

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client (Thousands of yen)

Company name	Sales
NIPPON SHUPPAN HANBAI INC.	2,213,006
TOHAN CORPORATION	1,742,784

Note: The Group does not provide segment information because it has only a single business segment.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

1. Information by product or service

This information is omitted since the same information is presented in segment information.

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client (Thousands of yen)

Company name	Sales	Related segments
(Note)	1,150,000	Real Estate Business
NIPPON SHUPPAN HANBAI INC.	1,040,322	Media Business
TOHAN CORPORATION	945,251	Media Business

Note: The transferee is a Japanese corporation. The overview of the transferee will not be disclosed due to the transferee's request.

Information related to impairment losses on non-current assets for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable Segment					Other	Total	Adjustment	Amount in the consolidated financial statements
	Media Business	Solutions Business	Real Estate Business	Tourism Business	Subtotal				
Impairment loss	96,792	189,833	-	293,227	579,853	-	579,853	46,756	626,609

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Omitted since the Group has only a single business segment.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable Segment					Other	Total	Adjustment	Amount in the consolidated financial statements
	Media Business	Solutions Business	Real Estate Business	Tourism Business	Subtotal				
Amortization for the period	-	-	-	9,141	9,141	19,438	28,579	-	28,579
Balance at the end of period	-	-	-	-	-	140,927	140,927	-	140,927

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	836.91	730.97
Net income (loss) per share	7.15	(130.62)

Notes: 1. Diluted net income per share for FY3/20 is not presented since there is no potentially dilutive shares.

2. Basis for calculating net income (loss) per share is as follows.

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	129,967	(2,374,272)
Amount not available to common shareholders (Thousands of yen)	-	-
Profit (loss) attributable to common shareholders of parent (Thousands of yen)	129,967	(2,374,272)
Average number of shares outstanding during period (Thousands of shares)	18,177	18,177
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	Regarding share acquisition rights based on the resolution at the Board of Directors' meeting held on May 29, 2015, the relevant shares were forfeited on December 28, 2019 due to the expiration of the exercise period.	-

Subsequent Events

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.