February 3, 2023

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2023 (Nine Months Ended December 31, 2022)

[Japanese GAAP]

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

Scheduled date of filing of Quarterly Securities Report: February 13, 2023
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, 2022 (April 1, 2022 – December 31, 2022)

(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, 2022	3,575	0.4	(265)	–	(183)	–	(127)	–
Nine months ended Dec. 31, 2021	3,560	–	(656)	–	(553)	–	(696)	–

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: (59) (–%)
Nine months ended Dec. 31, 2021:(725) (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	(7.00)	–
Nine months ended Dec. 31, 2021	(38.34)	–

Note: Beginning with the first quarter of the fiscal year ended March 31, 2022, the Company has applied Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). All figures for the nine months ended December 31, 2021 incorporate this accounting standard. However, all figures for the nine months ended December 31, 2020 are not adjusted by the retrospective application of the Accounting Standards and comparisons of net sales of the nine months ended December 31, 2021 with the nine months ended December 31, 2020 are omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2022	15,376	10,402	67.7
As of Mar. 31, 2022	15,250	10,461	68.6

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income) (million yen)
As of Dec. 31, 2022: 10,402 As of Mar. 31, 2022: 10,461

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	–	0.00	–	0.00	0.00
Fiscal year ending Mar. 31, 2023	–	0.00	–		
Fiscal year ending Mar. 31, 2023 (forecasts)				–	–

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

There is currently no forecast for the year-end dividend for the fiscal year ending March 31, 2023. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	5,710	23.6	(90)	–	(70)	–	20	–	1.10

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, Changes in Accounting Policies” on page 11 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, 2022:	18,178,173 shares	As of Mar. 31, 2022:	18,178,173 shares

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

As of Dec. 31, 2022:	951 shares	As of Mar. 31, 2022:	951 shares

3) Average number of shares during the period

Nine months ended Dec. 31, 2022:	18,177,222 shares	Nine months ended Dec. 31, 2021:	18,177,289 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 “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) 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	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statement of Income	
For the Nine-month Period	8
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	9
(3) Quarterly Consolidated Statement of Cash Flows	10
(4) Notes to Quarterly Consolidated Financial Statements	11
Going Concern Assumption	11
Significant Changes in Shareholders’ Equity	11
Changes in Accounting Policies	11
Additional Information	11
Segment and Other Information	12
Subsequent Events	13

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, 2022 to December 31, 2022) (hereinafter "the period under review"), the Japanese economy was picking up under the situation where infection prevention measures against COVID-19 were increasingly compatible with economic activities, though partly affected by high resource prices. Export and industrial production maintained an increasing trend amid gradual easing impacts of supply constraints. Corporate earnings as a whole remained strong, and this helped capital investment to recover and personal consumption, mainly in service sectors, to increase moderately. In the tourism industry, in which Shobunsha Holdings, Inc. (hereinafter "the Company") and its subsidiaries and associates (hereinafter collectively "the Group") operate its core business, we saw a clear economic rebound, with vacation resorts crowded with many people throughout the period under review. This was driven mainly by decisions by the government of Japan and local governments to suspend measures to restrict movements, with the *kenmin wari* travel subsidy program and the nationwide travel support to stimulate demand serving as a tailwind, though the new Omicron variant caused the seventh wave of coronavirus infections last summer and the largest-ever eighth wave since autumn, having had impacts such as a huge strain on the healthcare system. While entry restrictions on cross-border travelers were increasingly eased in countries and regions, we saw sharp and historic depreciation of the yen partly due to the difference of the monetary policy stances between Japan and other countries, as well as spikes in energy prices stemmed from the Russian invasion of Ukraine. This has put concerns on the recovery of the market in the outbound tourism industry; however, the inbound tourism market has been highly expected to bounce back.

Under these circumstances, the Group addressed issues caused by the prolonged impact of the COVID-19 pandemic. In doing so, we implemented the Group's business restructuring including the restructuring of the retail publishing business. Furthermore, we have proactively introduced and utilized DX as a strategy for seizing new profit opportunities and reducing costs through further rationalization and streamlining of the operations across the Group. At the same time, we worked to broaden the product lineups in the retail publishing business to address rapid changes in the domestic market landscape. In addition, we have been focusing on initiatives such as developing new goods and services with a view to a new age coming after the COVID-19 pandemic, including efforts to realize a decarbonized society.

Net sales for the period under review increased 14 million yen (0.4%) to 3,575 million yen (compared with 3,560 million yen one year earlier), supported by strong sales such as in retail publications and favorable sales growth of e-books including unlimited access services. Behind this was easing impacts of COVID-19 on the business environment throughout the period under review, aided by both the Japanese and local governments' decisions to suspend measures to restrict movements, though the Omicron variant triggered the seventh and eighth waves of coronavirus infections. These situations offset the impact reflecting the exclusion of some of the consolidated subsidiaries from the scope of consolidation for the period under review as a result of the business restructuring stated above (please refer to "Other Businesses" as described in the segment information below.) In terms of profitability, operating loss was 265 million yen, an improvement of 390 million yen from operating loss of 656 million yen one year earlier. This improvement was due to a decrease in both cost of sales and selling, general and administrative expenses from one year earlier as a result of the exclusion of some of the consolidated subsidiaries from the scope of consolidation as in the case with net sales, as well as the effect of restructuring of, among others, the retail publishing business. Accordingly, ordinary loss was 183 million yen, an improvement of 369 million yen from ordinary loss of 553 million yen one year earlier. In addition to the above, loss attributable to owners of parent was 127 million yen, an improvement of 569 million yen from loss attributable to owners of parent of 696 million yen one year earlier, due in part to the recording of gain on sale of non-current assets during the period under review.

Results by business segment of the Group were as follows.

Media Business

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

During the period under review, consumer behavior related to traveling and outings was encouraged thanks in part

to the *kenmin wari* travel subsidy program and the nationwide travel support to stimulate demand, as the Golden Week holidays, summer holiday season, and autumn sightseeing season in 2022 were the first long vacations in three years under no restriction on movements inside Japan. In the retail publications, pickup in demand was so strong that the supply of some *MAPPLE Magazine* (published by domestic locations), our staple traveling magazine, became scarce. Given that, the retail publishing business operated in line with these changes in circumstances. In doing so, we not only built up the stock of *MAPPLE Magazine*, but also worked to broaden the lineups related to travelling and outings inside Japan. Specifically, we published the latest revised edition of *Mapple Oishii Michi no Eki Drive* (magazine introducing fine foods at michi-no-eki roadside stations), *Yama to Kogen Chizu Guide* (guide about Mountain and Highland Maps), *Zenkoku Camp-jo Guide* (guide about campsites nationwide), *Kazoku de Odekake Natsuyasumi-go, Kanto/Shutoken hatsu* and *Kazoku de Odekake Natsuyasumi-go, Keihanshin/Nagoya hatsu* (summer issue of guides introducing suitable spots for family outings departing from the Kanto and the Tokyo metropolitan area for the former, and departing from the Keihanshin area and Nagoya for the latter), a fully revised edition of COLOR+, a travel guidebook series launched in 2018, in sequence, and others. Meanwhile, we began new initiatives such as the launch of *co-Trip passport* service. This is the first subscription service of *co-Trip* series to provide unlimited access to e-books of the series, including *co-Trip*, a popular travelling guide book series targeted for female readers with over 18 million copies in total published during the period under review, and quarterly *co-Trip Magazine*, and others. In addition, we launched the *Mapple Link Unlimited Access to guidebooks published by domestic location*, the subscription service to provide unlimited access to e-books of *MAPPLE Magazine* covering all areas in Japan on a smartphone app, *Mapple Link*. Another initiative was the renewal of the travelling magazine series, *MAPPLE Magazine*. Started from the issuance in September, we revamped the size of the magazine from the AB size to the B5 special size (a size convenient for travelers), by reducing the area of a copy by about 25% to make the magazine easier to carry and use with abundant information about travelling unchanged. Additionally, in the well-received book series that allow consumers to satisfy their intellectual curiosity at home, we published more books such as *Sekai no Sandai Shukyo* (book about the three major religions in the world), *Chugoku Sengoku Jidai* (book about the Warring States period in China), *Chuto & Isuramu 30 no Kuni to Chiiki* (book about the 30 countries and regions of the Middle East and Islamic world), *Sekai no Minzoku to Funso* (the book about the ethnic groups in the world and conflicts), *Chunanbei & Kitaamerika 36 no Kuni to Chiiki* (the book about the 36 countries and regions of the Central and South America and North America), and *Sekai no Sandai Kokumotsu* (the book about the three major grains) as the *Chizu de Sutto Atama ni Hairu* (Quickly learn with a map) series. Furthermore, we published *Taiwan no Torisetsu* (map book about Taiwan) as the first of the *Torisetsu* series (map book series introducing regional characteristics and attractive features) covering a foreign country. However, sales for the period under review as a whole fell slightly short of those for the previous year. This is because sales were partly supported by market conditions that rapidly recovered during the fall and winter in the previous year following the lifting of the state of emergency in October 2021, as well as the successive launch of new publications of such hit series as the *Torisetsu* series (map book series introducing regional characteristics and attractive features) and the *Chizu de Sutto Atama ni Hairu* (Quickly learn with a map) series.
As a result, net sales of the segment were 2,472 million yen (compared with 2,477 million yen one year earlier), and operating loss was 73 million yen (compared with operating loss of 664 million yen one year earlier).

Solutions Business

This segment engages in selling the database of maps and guidebooks that are the Group’s core competencies, selling system products and solution services using the database, and other activities.

During the period under review, we continued to focus on receiving orders from government agencies and others including police and fire departments that were less susceptible to economic trends. We also focused on renewing contracts with private companies on subscription-based products. In addition, we released the latest system products and services that leveraged our core competencies. They include the following: Super Mapple Digital 23, a digital map software; Mapple Mapping Tool, a website service that allows users to cut out maps as they prefer; Business-use Car Navigation System SDK Ver. 7.0; Route Search Module Ver. 3; and Mapple API Route Search API, a website version of API that uses Route Search Module Ver. 3 as a search engine. Besides, we began to offer electric vehicle charging stations and mapple GX battery, a home-use storage battery, in cooperation with Headspring Inc. as part of our initiatives to realize a decarbonized society. In efforts to develop new businesses and expand product functionality, we have cooperated with Mitsui Sumitomo Insurance Company, Limited on the School Zone Safety Support System that helps users to inspect and manage unsafe spots in school zones with a map, and launched into the development of functions using accident data owned by Mitsui Sumitomo Insurance Company.

As a result, net sales of the segment were 1,052 million yen (compared with 946 million yen one year earlier), and operating loss was 210 million yen (compared with operating loss of 123 million yen one year earlier).

Other Businesses

This segment engages in the real estate business that sells or leases the Group's property, such as land and buildings, to external counterparties, and so on.

During the period under review, the real estate business operated as scheduled.

As a result, net sales of the segment were 49 million yen (compared with 136 million yen one year earlier), and operating loss of 15 million yen (compared with operating loss of 41 million yen one year earlier). The results for the same period of the previous fiscal year included the tourism business and the call center business, which are not included for the period under review. This was because MEGURU Co., Ltd. responsible for the tourism business and its consolidated overseas subsidiaries and Kuqulu, Inc. responsible for the call center business were both no longer subsidiaries of the Company as of the end of the previous fiscal year, as mentioned above.

(2) Explanation of Financial Position

Total assets at the end of the third quarter increased 126 million yen (0.8%) from the end of the previous fiscal year to 15,376 million yen. This was mainly due to increases in cash and deposits of 699 million yen, work in process of 103 million yen, other of intangible assets of 75 million yen, and investment securities of 71 million yen, which were partly offset by decreases in accounts receivable-trade of 252 million yen, merchandise and finished goods of 104 million yen, other of current assets of 80 million yen, buildings and structures, net of 86 million yen, land of 273 million yen, and other, net of property, plant and equipment of 35 million yen. Total liabilities increased 185 million yen (3.9%) from the end of the previous fiscal year to 4,974 million yen. This was mainly due to increases in refund liabilities of 220 million yen, and other of non-current liabilities of 36 million yen, which were partly offset by a decrease in provision for bonuses of 83 million yen. Total net assets decreased 59 million yen (0.6%) from the end of the previous fiscal year to 10,402 million yen. This was mainly due to the reporting of loss attributable to owners of parent, despite an increase in valuation difference on available-for-sale securities of 62 million yen.

Consequently, the equity ratio decreased 0.9 percentage points to 67.7%.

Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the third quarter on a consolidated basis increased 699 million yen from the end of the previous fiscal year to 4,669 million yen.

Net cash provided by operating activities was 415 million yen. The main factors were a 220 million yen increase in refund liabilities and a 252 million yen decrease in trade receivables, despite the reporting of loss before income taxes of 105 million yen.

Net cash provided by investing activities was 284 million yen. The main factor was proceeds from sale of property, plant and equipment of 410 million yen, which was partially offset by purchase of intangible assets of 128 million yen.

There was no net cash used in or provided by financing activities.

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

For the consolidated earnings forecasts for the fiscal year ending March 31, 2023, we have decided not to revise the full-year consolidated forecast figures, as shown in “Notice Regarding Transfer of Non-Current Assets, Recording of Extraordinary Income, and Revision to Full-Year Earnings Forecast (Japanese version only)” released on September 16, 2022. This is because the recovery of the operating environment caused by the signs of the COVID-19 pandemic coming to an end have already been incorporated into the consolidated earnings forecasts to some extent. As such, we consider sales and profits overall for the period under review progressed within the range of our expectations.

These forecasts are based on information that is currently available to us and on assumptions that we believe are reasonable. Actual sales and earnings may differ significantly due to a variety of factors. For information about business risks, which constitute the factors, please refer to the business risk section of our Annual Securities Report (*Yukashoken Hokokusho*) for the fiscal year ended March 31, 2022, which was filed on June 29, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	3,970,226	4,669,395
Accounts receivable-trade	1,481,557	1,228,986
Merchandise and finished goods	837,523	732,704
Work in process	202,279	305,327
Raw materials and supplies	258	258
Real estate for sale	19,495	–
Other	177,124	96,366
Allowance for doubtful accounts	(5,861)	(4,835)
Total current assets	6,682,604	7,028,203
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,372,103	1,286,029
Land	3,268,997	2,995,124
Other, net	149,159	113,587
Total property, plant and equipment	4,790,260	4,394,741
Intangible assets		
Other	8,844	84,684
Total intangible assets	8,844	84,684
Investments and other assets		
Investment securities	2,240,819	2,312,396
Retirement benefit asset	1,406,241	1,439,064
Other	179,077	163,458
Allowance for doubtful accounts	(57,208)	(45,550)
Total investments and other assets	3,768,931	3,869,369
Total non-current assets	8,568,036	8,348,795
Total assets	15,250,640	15,376,998

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	516,531	532,855
Short-term borrowings	770,000	770,000
Income taxes payable	12,423	10,914
Refund liabilities	1,932,507	2,152,556
Provision for bonuses	212,610	129,044
Other	408,644	385,895
Total current liabilities	3,852,715	3,981,264
Non-current liabilities		
Deferred tax liabilities	664,353	678,609
Retirement benefit liability	87,439	93,894
Other	184,338	220,548
Total non-current liabilities	936,130	993,051
Total liabilities	4,788,846	4,974,316
Net assets		
Shareholders’ equity		
Share capital	10,141,136	10,141,136
Capital surplus	4,168,372	4,168,372
Retained earnings	(4,646,363)	(4,773,597)
Treasury shares	(524)	(524)
Total shareholders’ equity	9,662,620	9,535,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	818,742	881,448
Remeasurements of defined benefit plans	(19,568)	(14,153)
Total accumulated other comprehensive income	799,173	867,295
Total net assets	10,461,793	10,402,682
Total liabilities and net assets	15,250,640	15,376,998

(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 FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	3,560,776	3,575,537
Cost of sales	2,614,871	2,406,398
Gross profit	945,905	1,169,139
Selling, general and administrative expenses	1,602,038	1,434,428
Operating loss	(656,133)	(265,289)
Non-operating income		
Interest income	193	102
Dividend income	33,423	38,038
Rental income	3,640	2,180
Foreign exchange gains	26,465	–
Share of profit of entities accounted for using equity method	699	911
Subsidy income	27,465	35,475
Other	19,971	14,562
Total non-operating income	111,859	91,269
Non-operating expenses		
Interest expenses	9,578	8,557
Other	65	1,343
Total non-operating expenses	9,644	9,900
Ordinary loss	(553,917)	(183,920)
Extraordinary income		
Gain on sale of non-current assets	5,472	113,982
Gain on sale of membership	–	713
Total extraordinary income	5,472	114,696
Extraordinary losses		
Loss on retirement of non-current assets	256	0
Loss on change in equity	25,986	–
Impairment losses	90,284	36,421
Total extraordinary losses	116,527	36,421
Loss before income taxes	(664,972)	(105,645)
Income taxes-current	20,971	20,557
Income taxes-deferred	11,034	1,031
Total income taxes	32,006	21,588
Loss	(696,978)	(127,233)
Loss attributable to owners of parent	(696,978)	(127,233)

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Loss	(696,978)	(127,233)
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,608)	62,706
Foreign currency translation adjustment	645	–
Remeasurements of defined benefit plans, net of tax	1,729	5,415
Share of other comprehensive income of entities accounted for using equity method	(5,719)	–
Total other comprehensive income	(28,953)	68,122
Comprehensive income	(725,932)	(59,111)
Comprehensive income attributable to:		
Owners of parent	(725,932)	(59,111)
Non-controlling interests	–	–

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Cash flows from operating activities		
Loss before income taxes	(664,972)	(105,645)
Depreciation and amortization	144,885	114,232
Gain on sale of non-current assets	(5,472)	(113,982)
Loss (gain) on sale of membership	–	(713)
Share of loss (profit) of entities accounted for using equity method	(699)	(911)
Loss (gain) on change in equity	25,986	–
Impairment losses	90,284	36,421
Increase (decrease) in allowance for doubtful accounts	(7,824)	(12,684)
Increase (decrease) in retirement benefit liability	6,964	6,454
Decrease (increase) in retirement benefit asset	(32,936)	(25,017)
Increase (decrease) in refund liabilities	(187,055)	220,048
Increase (decrease) in provision for bonuses	(53,702)	(83,566)
Interest and dividend income	(33,617)	(38,140)
Rental income	(3,640)	(2,180)
Subsidy income	(27,465)	(35,475)
Interest expenses	9,578	8,557
Decrease (increase) in trade receivables	560,308	252,570
Decrease (increase) in inventories	(27,797)	21,267
Increase (decrease) in trade payables	(124,377)	16,324
Other, net	(9,290)	98,176
Subtotal	(340,843)	355,737
Interest and dividends received	33,668	38,161
Proceeds from rental income	3,660	1,980
Settlement package received	2,800	2,800
Subsidies received	27,465	35,475
Interest paid	(9,609)	(8,650)
Extra retirement payments	–	(40,970)
Income taxes paid	(174,554)	(33,848)
Income taxes refund	–	64,440
Net cash provided by (used in) operating activities	(457,413)	415,126
Cash flows from investing activities		
Purchase of property, plant and equipment	(75,989)	(16,991)
Proceeds from sale of property, plant and equipment	596	410,745
Purchase of intangible assets	(80,353)	(128,279)
Purchase of investment securities	(297,800)	(2,230)
Long-term loan advances to employees	(2,000)	–
Proceeds from collection of loans receivable	2,415	1,585
Other, net	9,200	19,212
Net cash provided by (used in) investing activities	(443,932)	284,042
Cash flows from financing activities		
Purchase of treasury shares	(49)	–
Dividends paid	(1,330)	–
Net cash provided by (used in) financing activities	(1,379)	–
Effect of exchange rate change on cash and cash equivalents	(16,783)	–
Net increase (decrease) in cash and cash equivalents	(919,508)	699,168
Cash and cash equivalents at beginning of period	4,629,245	3,970,226
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(73,070)	–
Cash and cash equivalents at end of period	3,636,666	4,669,395

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no effect of the application of these standards on the quarterly consolidated financial statements.

Additional Information

Application of the Practical Solution on Accounting and Disclosure under the Group Tax Sharing System

The Company and its consolidated subsidiaries have transitioned from the consolidated tax payment system to the group tax sharing system from the first quarter of the current fiscal year. Accordingly, the Company's accounting for and disclosure of corporate tax, local corporation tax, and tax effects are in compliance with the Practical Solution on Accounting and Disclosure under the Group Tax Sharing System (Practical Solution No. 42 of August 12, 2021; hereinafter "Practical Solution No. 42"). Also, based on Paragraph 32-1 of Practical Solution No. 42, the Company deems that changes in accounting policies associated with the application of Practical Solution No. 42 have had no impact on its consolidated financial results.

Segment and Other Information

Segment information

I. First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)

1. Information pertaining to net sales and profit/loss in reportable segments and on revenue breakdown

(Thousands of yen)

	Reportable Segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Media Business	Solutions Business	Subtotal				
Net sales							
Retail publishing	1,990,431	–	1,990,431	–	1,990,431	–	1,990,431
Special-order products	148,200	–	148,200	–	148,200	–	148,200
Advertising	177,390	–	177,390	–	177,390	–	177,390
e-business sales	160,803	943,345	1,104,149	–	1,104,149	–	1,104,149
Other	1,161	3,143	4,304	118,704	123,008	–	123,008
Revenue from contracts with customers	2,477,987	946,488	3,424,476	118,704	3,543,180	–	3,543,180
Other income	–	–	–	17,595	17,595	–	17,595
Sales to external customers	2,477,987	946,488	3,424,476	136,300	3,560,776	–	3,560,776
Inter-segment sales and transfers	63,992	110,474	174,466	26,079	200,545	(200,545)	–
Total	2,541,980	1,056,962	3,598,942	162,379	3,761,322	(200,545)	3,560,776
Segment profit (loss)	(664,462)	(123,281)	(787,744)	(41,245)	(828,989)	172,856	(656,133)

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

2. The 172,856 thousand yen adjustment to segment profit (loss) consists of 11,792 thousand yen of inter-segment elimination and 161,064 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 quarterly consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Due to the COVID-19 pandemic, the traveling- and outing-related markets in which the Group operates its core business have continued to be significantly shrinking and stagnant.

We expect that the impact of the pandemic will remain strong and that a severe business environment will continue. As such, 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 in the Media and Solutions Businesses.

We also decided to transfer the head office building of a consolidated subsidiary and recognized the difference between the carrying amount and the recoverable amount as an impairment loss in the Solutions Business. The purposes of the transfer are to increase asset efficiency and improve financial soundness because the head office building needs to be repaired as it becomes dilapidated and a smaller number of employees of the consolidated subsidiary now go to the office as we promote teleworking.

The amount of impairment loss in the first nine months of FY3/22 was 11,743 thousand yen in the Media Business segment and 78,540 thousand yen in the Solutions Business segment.

II. First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)

1. Information pertaining to net sales and profit/loss in reportable segments and on revenue breakdown

(Thousands of yen)

	Reportable Segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Media Business	Solutions Business	Subtotal				
Net sales							
Retail publishing	1,943,597	–	1,943,597	–	1,943,597	–	1,943,597
Special-order products	143,216	–	143,216	–	143,216	–	143,216
Advertising	149,620	–	149,620	–	149,620	–	149,620
e-business sales	231,127	1,050,768	1,281,896	–	1,281,896	–	1,281,896
Other	5,272	2,208	7,481	26,443	33,924	–	33,924
Revenue from contracts with customers	2,472,834	1,052,977	3,525,812	26,443	3,552,255	–	3,552,255
Other income	–	–	–	23,282	23,282	–	23,282
Sales to external customers	2,472,834	1,052,977	3,525,812	49,725	3,575,537	–	3,575,537
Inter-segment sales and transfers	63,826	94,718	158,544	–	158,544	(158,544)	–
Total	2,536,661	1,147,695	3,684,357	49,725	3,734,082	(158,544)	3,575,537
Segment profit (loss)	(73,561)	(210,651)	(284,213)	(15,144)	(299,357)	34,068	(265,289)

Notes: 1. “Other” represents the businesses not included in any reportable segment and mainly consists of the real estate businesses.
2. The 34,068 thousand yen adjustment to segment profit (loss) consists of 261 thousand yen of inter-segment elimination and 33,806 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 quarterly consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

The COVID-19 infection has significantly impacted the Group’s operating results. Although the pandemic itself is expected to gradually have less impact on the economic environment thanks to booster shots and spread of treatment drugs, concerns remain about the coming wave-like spread of COVID-19 due to emergence of its new variants still remain. Furthermore, inflation started rising around the world as economies started to recover under supply constraints. The western world have imposed economic sanctions on Russia over the Ukraine invasion. Such various negative factors may cast a shadow over the post-COVID-19 economic recovery.

Considering the Group will be under such uncertain business environment going forward, and 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 in both the Media Business segment and the Solutions Business segment.

The amount of impairment loss in the first nine months of FY3/23 was 7,442 thousand yen in the Media Business segment and 28,978 thousand yen in the Solutions Business segment.

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.