May 15, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (FY3/23)

[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 Annual General Meeting of Shareholders:	June 29, 2023
Scheduled date of payment of dividend:	–
Scheduled date of filing of Annual Securities Report:	June 29, 2023
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, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	5,553	20.2	132	–	234	–	30	–
Fiscal year ended Mar. 31, 2022	4,619	–	(1,407)	–	(1,288)	–	(1,578)	–

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2023: 51 (–%)
Fiscal year ended Mar. 31, 2022: (1,660) (–%)

	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, 2023	1.66	–	0.3	1.5	2.4
Fiscal year ended Mar. 31, 2022	(86.82)	–	(13.3)	(8.0)	(30.5)

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2023: 4
Fiscal year ended Mar. 31, 2022: (16)

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 fiscal year ended March 31, 2022 incorporate this accounting standard. However, all figures for the fiscal year ended March 31, 2021 are not adjusted by the retrospective application of the Accounting Standards and comparisons of net sales of the fiscal year ended March 31, 2022 with the fiscal year ended March 31, 2021 are omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	15,579	10,513	67.5	578.40
As of Mar. 31, 2022	15,250	10,461	68.6	575.54

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income) (million yen)
As of Mar. 31, 2023: 10,513 As of Mar. 31, 2022: 10,461

(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, 2023	495	275	–	4,741
Fiscal year ended Mar. 31, 2022	(485)	(82)	(1)	3,970

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, 2022	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended Mar. 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending Mar. 31, 2024 (forecasts)	–	0.00	–	–	–		–	

Note: The year-end dividend for the fiscal year ended March 2023 has been revised from the most recent announced dividend forecast. For details, please refer to "Notice Concerning Dividends of Surplus (No Dividend Payment)" announced today. In addition, there is currently no forecast for the year-end dividend for the fiscal year ending March 31, 2024. 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, 2024 (April 1, 2023 – March 31, 2024)

(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
First half	2,750	14.1	(340)	–	(290)	–	(320)	–	(17.60)
Full year	6,250	12.6	30	(77.3)	100	(57.3)	20	(33.6)	1.10

* 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: Yes

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

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 15 of the attachments for further information.

(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, 2023: 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 Mar. 31, 2023: 951 shares As of Mar. 31, 2022: 951 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 18,177,222 shares Fiscal year ended Mar. 31, 2022: 18,177,273 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	1,171	(14.0)	85	(65.5)	191	(51.2)	171	–
Fiscal year ended Mar. 31, 2022	1,361	–	247	(76.7)	392	(67.4)	(2,659)	–

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2023	9.43	–
Fiscal year ended Mar. 31, 2022	(146.30)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	12,198	10,426	85.5	573.60
As of Mar. 31, 2022	11,937	10,180	85.3	560.08

Reference: Equity (Shareholders’ equity + Valuation and translation adjustments) (million yen)

As of Mar. 31, 2023: 10,426 As of Mar. 31, 2022: 10,180

* 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 5 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 2023. 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

During the current fiscal year (from April 1, 2022 to March 31, 2023) (hereinafter "the current fiscal year"), the Japanese economy was gradually picking up under the situation where infection prevention measures against COVID-19 were increasingly compatible with economic activities, though affected by the protracted high resource prices. Export and industrial production remained solid amid gradual easing impacts of supply constraints. Corporate earnings as a whole remained strong, and this helped capital investment to gradually increase and personal consumption, mainly in service sectors, to increase steadily. 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 during travel seasons throughout the current fiscal year. This was driven by decisions made 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 from autumn to winter in the following year, having had significant impacts such as a huge strain on the healthcare system. In January 2023, the Ministry of Health, Labour and Welfare decided to downgrade the categorization of COVID-19 to a Class 5 disease, the same level as seasonal influenza. In March 2023, the ministry announced that mask wearing would be left to the discretion of each individual. These eased measures prompted society as a whole to enter a phase where people are returning to their pre-pandemic life. While entry restrictions on cross-border travelers were increasingly eased in countries and regions, we saw persisting historic depreciation of the yen due to the difference of the monetary policy stances between Japan and other countries and Japan's wider trade deficit. This has put concerns on the recovery of the market in the outbound tourism industry; however, the inbound tourism market has begun rapidly bouncing 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 respond to rapid recovery in the domestic market landscape. In addition, we have been focusing on initiatives such as developing new goods and services with a view to the post-pandemic era, including efforts to realize a decarbonized society.

Net sales for the current fiscal year increased 933 million yen (20.2%) to 5,553 million yen (compared with 4,619 million yen one year earlier), contributed by a steady sales increase in the core retail publishing business, recovered sales in the advertising business and the special-order products business, and a new profit model of providing unlimited access to e-books. Behind such steady sales increase and recovered sales was a strong tailwind for demand stimulated by the *kenmin wari* travel subsidy program and the nationwide travel support amid easing impacts of COVID-19 on the business environment throughout the current fiscal year, 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 business performance at some of the consolidated subsidiaries from the consolidated financial results for the current fiscal year 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 profit was 132 million yen, an improvement of 1,539 million yen from operating loss of 1,407 million yen one year earlier. This improvement was due to a significant increase in net sales and at the same time 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 well as the effect of restructuring of, among others, the retail publishing business. In line with the year-on-year increase in operating profit, ordinary profit was 234 million yen, an improvement of 1,522 million yen from ordinary loss of 1,288 million yen one year earlier. In addition, profit attributable to owners of parent was 30 million yen, an improvement of 1,608 million yen from loss attributable to owners of parent of 1,578 million yen one year earlier, despite the recording of loss on valuation of investment securities of 225 million yen in extraordinary losses. We achieved profit attributable to owners of parent for the first time in three fiscal years since the year ended March 31, 2020, having gone through the protracted pandemic.

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 current fiscal year, consumer behavior related to traveling and outings was encouraged thanks in part to the *kenmin wari* travel subsidy program and the nationwide travel support launched by the national and local governments 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 location), 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 throughout the current fiscal year. 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), and a fully revised edition of COLOR+, a travel guidebook series launched in 2018, in sequence. After entering the year 2023, we published *Mapple Taiga Dorama Dousuru Ieyasu*, a definitive edition of travel guidebook visiting the locations of scenes in the topical NHK annual year-long historical drama series that depicts the life of Ieyasu Tokugawa who was one of the three great unifiers of Japan, *Yama to Kogen Chizu* (Mountain and Highland Maps), a bestseller map book series for amateur mountaineers, *Touring Mapple* 2023, a map book series co-created with motorcycle riders, 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 traveling guide book series targeted at female readers with over 18 million copies in total published so far, and quarterly *co-Trip Magazine*. 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 2022, 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* (book about the ethnic groups in the world and conflicts), *Chunanbei & Kitaamerika 36 no Kuni to Chiiki* (book about the 36 countries and regions of the Central and South America and North America), and *Sekai no Sandai Kokumotsu* (book about the three major grains in the world) 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, and *Nihon Rettou Tanjou no Torisetsu* (map book about the birth of the Japanese archipelago), a new style of the series that focuses on geoscience. In addition to the increased sales in the retail publishing business, sales in the advertising business and the special-order products business also recovered, supporting a steady sales increase in the Media Business as a whole.

As a result, net sales of the segment were 3,911 million yen (compared with 2,957 million yen one year earlier), and operating profit was 164 million yen (compared with operating loss of 1,631 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 current fiscal year, we continued to focus on receiving orders from government agencies and others including police and fire departments that were less susceptible to economic trends even amid the pandemic. We also continued to focus 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 an optional Map Data Maintenance Function in the Business-use Car Navigation System SDK. This new function allows users to add and edit road network data, including data on roads within premises and private roads, which is not usually covered by car navigation system data. We also 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 1,572 million yen (compared with 1,478 million yen one year earlier), and operating loss was 118 million yen (compared with operating profit of 0 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 current fiscal year, the real estate business operated as scheduled.

As a result, net sales of the segment were 68 million yen (compared with 183 million yen one year earlier), and operating loss of 9 million yen (compared with operating loss of 52 million yen one year earlier). The results for the previous fiscal year included the tourism business and the call center business, which are not included for the current fiscal year. 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) Financial Position

Total assets at the end of the current fiscal year increased 328 million yen (2.2%) from the end of the previous fiscal year to 15,579 million yen. This was mainly due to increases in cash and deposits of 770 million yen and accounts receivable-trade of 254 million yen, which were partly offset by decreases in work in process of 64 million yen, other of current assets of 86 million yen, buildings and structures, net of 111 million yen, land of 289 million yen, and investment securities of 139 million yen. Total liabilities increased 277 million yen (5.8%) from the end of the previous fiscal year to 5,065 million yen. This was mainly due to increases in accrued consumption taxes of 119 million yen and refund liabilities of 241 million yen, which were partly offset by a decrease in other of current liabilities of 101 million yen. Total net assets increased 51 million yen (0.5%) from the end of the previous fiscal year to 10,513 million yen. This was due to an increase in valuation difference on available-for-sale securities of 74 million yen and the reporting of profit attributable to owners of parent, which were partly offset by a decrease in remeasurements of defined benefit plans of 52 million yen.

Consequently, the equity ratio decreased 1.1 percentage points to 67.5%.

(3) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year on a consolidated basis increased 770 million yen from the end of the previous fiscal year to 4,741 million yen.

Net cash provided by operating activities was 495 million yen. The main factors were depreciation and amortization of 156 million yen, loss on valuation of investment securities of 225 million yen, impairment losses of 70 million yen, a 241 million yen increase in refund liabilities, and a 119 million yen increase in accrued consumption taxes as well as the reporting of profit before income taxes of 61 million yen, which were partially offset by gain on sale of non-current assets of 122 million yen and a 254 million yen increase in trade receivables.

Net cash provided by investing activities was 275 million yen. The main factor was proceeds from sale of property, plant and equipment of 439 million yen, which was partially offset by purchase of intangible assets of 157 million yen.

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

(4) Outlook

Despite remaining concerns about the spread of COVID-19 due to emergence of its new variants, people’s lives are expected to return to the pre-pandemic state soon because in May 2023, the Japanese government officially downgraded the categorization of COVID-19 from a level similar to the recently designated Class 2 category to Class 5, which is the same level as seasonal influenza and other diseases, and left mask wearing to the discretion of each individual. The national and local governments continue offering the nationwide travel support and other subsidy programs for the time being to stimulate demand, and foreign travelers visiting Japan are rapidly increasing due to eased entry restrictions on cross-border travelers. Driven by these positive factors, the business performance of service sectors in Japan is rapidly recovering, which include food/beverage and accommodation services, passenger transport services, and tourism and travel related services that have been long forced to operate in stagnant markets. However, amid the global inflation caused by supply constraints resulting from the pandemic and by high prices of resources being impacted by Russia’s invasion of Ukraine, combined with depreciation of the yen due to the difference of the monetary policy stances between Japan and other countries, prices are soaring in Japan to the highest levels not seen in the last few decades. These situations have made the public anxious that they may adversely affect the country’s economic recovery trend in the future. The continuing depreciation of the yen in particular has put concerns on the solid recovery of the outbound tourism industry. We are thus aware that some uncertain factors are expected to remain in the business environment surrounding the Group. Most recently, ChatGPT and other generative AIs, which are fruits of technological innovation, have been rapidly growing, and many speculate that such new tools may become a game changer in the future social and economic environment. We will therefore need to closely watch these latest trends in technology.

The Group has been long forced to operate in a very severe business environment due to the prolonged impact of the pandemic, but it finally achieved a profit turnaround in the consolidated financial results for the current fiscal year primarily because the Group implemented the business restructuring including the restructuring of the core retail publishing business, promoted DX, and effectively utilized its assets. However, we are aware that our upcoming key issues are to bring the turnaround to sustained growth in the future without making it a transient success and strengthen our financial base to make it robust. Based on its recognition of the current situation above, the Group re-positions the initiatives implemented to promote DX and realize a decarbonized society as part of its sustainability strategy that aligns with the corporate philosophy of “organization that provides support for good living and enjoyable traveling.” Centered on the promotion of DX, we will continue to work at further transforming the existing businesses, developing new businesses, and developing products and services through business alliances with other companies.

As for the earnings forecast for the fiscal year ending March 31, 2024, we expect net sales of 6,250 million yen (up 12.6% year on year) with operating profit of 30 million yen, ordinary profit of 100 million yen, and profit attributable to owners of parent of 20 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 efficiently 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 been undetermined due to the remaining concerns about the impact of the pandemic on our business environment. It is most regrettable to announce that we are not able to distribute dividends because we finally achieved a profit turnaround after going through the prolonged pandemic and are still on the way to stabilize our financial base, although we recorded a profit.

The year-end dividend forecast for the fiscal year ending March 31, 2024 was undetermined because it still takes a while for our business environment to return to the pre-pandemic level based on the aforementioned recognition of the latest situation and other factors, although the infection is expected to have much less impact on our business environment, and we take into account 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)

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	3,970,226	4,741,144
Accounts receivable-trade	1,481,557	1,735,774
Merchandise and finished goods	837,523	883,329
Work in process	202,279	137,623
Raw materials and supplies	258	258
Real estate for sale	19,495	–
Other	177,124	90,294
Allowance for doubtful accounts	(5,861)	(278)
Total current assets	6,682,604	7,588,145
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,225,560	4,831,291
Accumulated depreciation	(3,853,457)	(3,570,485)
Building and structures, net	1,372,103	1,260,806
Machinery, equipment and vehicles	399,621	396,889
Accumulated depreciation	(386,401)	(386,214)
Machinery, equipment and vehicles, net	13,220	10,675
Tools, furniture and fixtures	538,567	502,657
Accumulated depreciation	(402,628)	(408,643)
Tools, furniture and fixtures, net	135,939	94,013
Land	3,268,997	2,979,124
Total property, plant and equipment	4,790,260	4,344,619
Intangible assets		
Other	8,844	64,673
Total intangible assets	8,844	64,673
Investments and other assets		
Investment securities	* 2,240,819	* 2,101,771
Retirement benefit asset	1,406,241	1,363,592
Other	179,077	162,305
Allowance for doubtful accounts	(57,208)	(45,480)
Total investments and other assets	3,768,931	3,582,188
Total non-current assets	8,568,036	7,991,481
Total assets	15,250,640	15,579,627

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	516,531	577,548
Short-term borrowings	770,000	770,000
Accrued expenses	220,353	159,911
Income taxes payable	12,423	23,566
Accrued consumption taxes	16,151	135,594
Refund liabilities	1,932,507	2,173,761
Provision for bonuses	212,610	169,770
Other	172,139	70,245
Total current liabilities	3,852,715	4,080,398
Non-current liabilities		
Deferred tax liabilities	664,353	653,086
Retirement benefit liability	87,439	94,975
Other	184,338	237,410
Total non-current liabilities	936,130	985,473
Total liabilities	4,788,846	5,065,871
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)	(4,616,223)
Treasury shares	(524)	(524)
Total shareholders’ equity	9,662,620	9,692,760
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	818,742	892,980
Remeasurements of defined benefit plans	(19,568)	(71,985)
Total accumulated other comprehensive income	799,173	820,995
Total net assets	10,461,793	10,513,755
Total liabilities and net assets	15,250,640	15,579,627

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	*1 4,619,475	*1 5,553,172
Cost of sales	3,882,338	3,523,635
Gross profit	737,137	2,029,536
Selling, general and administrative expenses	*2, *3 2,144,149	*2, *3 1,897,357
Operating profit (loss)	(1,407,011)	132,178
Non-operating income		
Interest income	248	137
Dividend income	42,311	45,680
Rental income	4,900	2,840
Subsidy income	47,325	39,881
Share of profit of entities accounted for using equity method	–	4,435
Foreign exchange losses	26,465	1,174
Income from sales of used paper	5,912	4,930
Gain on investments in investment partnership	12,437	11,317
Other	8,224	4,585
Total non-operating income	147,824	114,981
Non-operating expenses		
Interest expenses	12,378	11,357
Shared of loss of entities accounted for using equity method	16,513	–
Other	67	1,343
Total non-operating expenses	28,959	12,700
Ordinary profit (loss)	(1,288,146)	234,459
Extraordinary income		
Gain on sale of non-current assets	*4 5,909	*4 122,105
Gain on sale of membership	–	713
Total extraordinary income	5,909	122,819
Extraordinary losses		
Gain on sale of non-current assets	*5 63,085	–
Loss on retirement of non-current assets	*6 256	*6 0
Loss on sale of shares of subsidiaries and associates	31,095	–
Loss on valuation of investment securities	–	225,663
Impairment losses	*7 88,979	*7 70,413
Extra retirement payments	40,970	–
Loss on change in equity	25,986	–
Total extraordinary losses	250,374	296,076
Profit (loss) before income taxes	(1,532,611)	61,202
Income taxes-current	23,651	27,392
Income taxes-deferred	21,876	3,669
Total income taxes	45,528	31,062
Profit (loss)	(1,578,140)	30,139
Profit (loss) attributable to owners of parent	(1,578,140)	30,139

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Profit (loss)	(1,578,140)	30,139
Other comprehensive income		
Valuation difference on available-for-sale securities	(70,138)	74,238
Foreign currency translation adjustment	645	–
Remeasurements of defined benefit plans, net of tax	(13,320)	(52,416)
Total other comprehensive income	* (82,813)	* (21,821)
Comprehensive income	(1,660,953)	51,961
Comprehensive income attributable to:		
Owners of parent	(1,660,953)	51,961
Non-controlling interests	–	–

(3) Consolidated Statement of Changes in Equity

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(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	(1,904,023)	(475)	12,405,009
Cumulative effects of changes in accounting policies			(1,169,273)		(1,169,273)
Restated balance	10,141,136	4,168,372	(3,073,296)	(475)	11,235,736
Changes during period					
Loss attributable to owners of parent			(1,578,140)		(1,578,140)
Purchase of treasury shares				(49)	(49)
Change in scope of equity method			5,073		5,073
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	(1,573,066)	(49)	(1,573,115)
Balance at end of period	10,141,136	4,168,372	(4,646,363)	(524)	9,662,620

	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	888,880	(645)	(6,247)	881,987	13,286,996
Cumulative effects of changes in accounting policies					(1,169,273)
Restated balance	888,880	(645)	(6,247)	881,987	12,117,723
Changes during period					
Loss attributable to owners of parent					(1,578,140)
Purchase of treasury shares					(49)
Change in scope of equity method					5,073
Net changes in items other than shareholders' equity	(70,138)	645	(13,320)	(82,813)	(82,813)
Total changes during period	(70,138)	645	(13,320)	(82,813)	(1,655,929)
Balance at end of period	818,742	–	(19,568)	799,173	10,461,793

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(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	(4,646,363)	(524)	9,662,620
Changes during period					
Profit attributable to owners of parent			30,139		30,139
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	30,139	–	30,139
Balance at end of period	10,141,136	4,168,372	(4,616,223)	(524)	9,692,760

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	818,742	(19,568)	799,173	10,461,793
Changes during period				
Profit attributable to owners of parent				30,139
Net changes in items other than shareholders' equity	74,238	(52,416)	21,821	21,821
Total changes during period	74,238	(52,416)	21,821	51,961
Balance at end of period	892,980	(71,985)	820,995	10,513,755

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(1,532,611)	61,202
Depreciation and amortization	196,867	156,673
Loss (gain) on sale of investment securities	–	225,663
Loss (gain) on change in equity	25,986	–
Impairment losses	88,979	70,413
Loss (gain) on sale of shares of subsidiaries and associates	31,095	–
Extra retirement payments	40,970	–
Gain on sale of non-current assets	(5,909)	(122,105)
Loss (gain) on sale of membership	–	(713)
Share of loss (profit) of entities accounted for using equity method	16,513	(4,435)
Increase (decrease) in allowance for doubtful accounts	(16,938)	(17,310)
Increase (decrease) in retirement benefit liability	7,934	7,535
Decrease (increase) in retirement benefit asset	(43,211)	(32,901)
Increase (decrease) in refund liabilities	382,791	241,254
Increase (decrease) in provision for bonuses	2,838	(42,839)
Interest and dividend income	(42,559)	(45,817)
Rental income	(4,900)	(2,840)
Subsidy income	(47,325)	(39,881)
Interest expenses	12,378	11,357
Decrease (increase) in trade receivables	240,904	(254,217)
Decrease (increase) in inventories	259,835	38,346
Decrease (increase) in other current assets	38,363	25,484
Decrease (increase) in other non-current assets	94,088	(2,184)
Increase (decrease) in trade payables	(102,201)	61,017
Increase (decrease) in accrued consumption taxes	(13,298)	119,443
Increase (decrease) in other current liabilities	(27,306)	(85,900)
Increase (decrease) in other non-current liabilities	12,538	53,072
Subtotal	(384,176)	420,316
Interest and dividends received	42,598	45,818
Proceeds from rental income	4,920	2,640
Subsidies received	47,325	39,881
Settlement received	2,800	5,600
Interest paid	(12,316)	(11,357)
Extra retirement payments	–	(40,970)
Income taxes paid	(186,750)	(35,020)
Income taxes refund	–	68,865
Net cash provided by (used in) operating activities	(485,600)	495,774

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(78,374)	(21,711)
Proceeds from sale of property, plant and equipment	277,623	439,158
Purchase of intangible assets	(91,613)	(157,491)
Purchase of investment securities	(302,534)	(3,866)
Loan advances	(3,500)	(1,200)
Proceeds from collection of loans receivable	8,425	2,025
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	*3 96,348	–
Other, net	11,440	18,228
Net cash provided by (used in) investing activities	(82,185)	275,143
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	(585,948)	770,917
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	*4 (73,070)	–
Cash and cash equivalents at end of period	*1 3,970,226	*1 4,741,144

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

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 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 consolidated financial statements.

Notes to Consolidated Balance Sheet

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

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Investment securities (stocks)	11,025	15,460

Notes to Consolidated Statement of Income

*1. Revenue from contracts with customers

Net sales are not presented separately into revenue from contracts with customers and other income. The amount of revenue from contracts with customers is presented in “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Segment and Other Information, 3. Information pertaining to net sales, profit/loss, assets and other items in reportable segments and on revenue breakdown.”

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

(Thousands of yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Packing and delivery expenses	63,718	61,790
Promotion expenses	57,928	67,899
Advertising expenses	9,906	12,015
Provision of allowance for doubtful accounts	(16,290)	(6,018)
Directors’ compensations	172,802	172,830
Salaries, allowances and bonuses	815,514	684,955
Provision for bonuses	116,191	97,706
Legal welfare expenses	169,188	144,045
Retirement benefit expenses	20,637	20,847
Transportation expenses	58,805	55,540
Depreciation	121,936	99,232
Rent expenses	22,372	11,911
Business consignment expenses	67,996	63,321
Taxes and dues	45,617	47,006
Research and development expenses	463	6,354
Amortization of goodwill	19,438	–
Other	397,921	357,919
Total	2,144,149	1,897,357

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

(Thousands of yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
	463	6,354

*4. Breakdown of gain on sale of non-current assets

(Thousands of yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Buildings and structures	–	44,459
Machinery, equipment and vehicles	5,820	100
Tools, furniture and fixtures	89	42
Land	–	77,503
Total	5,909	122,105

*5. Breakdown of loss on sale of non-current assets

(Thousands of yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Buildings and structures	63,085	–

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

(Thousands of yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Buildings and structures	256	0

*7. Impairment loss

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

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

Primary use	Class	Location
Operating assets	Software	Chiyoda-ku, Tokyo; Koto-ku, Tokyo

Reason for decision to recognize impairment losses

The Group’s results of operation were greatly affected by the spread of COVID-19. Although the pandemic itself is expected to gradually have less impact on the economic environment thanks to booster shots and more availability of drugs, there are remaining concerns about the coming wave-like spread of COVID-19 due to emergence of its new variants. At the same time there is the situation that some countries and regions have still been adversely affected by the pandemic, it is still unknown when countries around the world will return their entry restrictions on cross-border travelers to the level before the pandemic hits. There are many other negative factors, such as inflation that has started to rise around the world as economies started to recover under supply constraints and economic sanctions that the Western world have imposed on Russia over Ukraine invasion, which may cast a shadow over the post-covid economic recovery.

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
Intangible assets	
Software	88,979
Total	88,979

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.

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

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

Primary use	Class	Location
Operating assets	Software	Chiyoda-ku, Tokyo; Koto-ku, Tokyo

Reason for decision to recognize impairment losses

We are aware that some uncertain factors are expected to remain in the business environment surrounding the Group.

Amid the global inflation, combined with depreciation of the yen due to the difference of the monetary policy stances between Japan and other countries, prices are soaring in Japan to the highest levels not seen in the last few decades. These situations have made the public anxious that they may adversely affect the country’s economic recovery trend in the future.

The continuing depreciation of the yen in particular has put concerns on the solid recovery of the outbound tourism industry, and we expect that the uncertain 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
Intangible assets	
Software	70,413
Total	70,413

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.

Notes to Consolidated Statement of Comprehensive Income

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

(Thousands of yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	(90,352)	82,436
Reclassification adjustments	–	–
Before tax effect adjustments	(90,352)	82,436
Tax effect	20,214	(8,197)
Valuation difference on available-for-sale securities	(70,138)	74,238
Foreign currency translation adjustment:		
Amount incurred during the period	645	–
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(22,522)	(85,958)
Reclassification adjustments	3,322	10,407
Before tax effect adjustments	(19,200)	(75,550)
Tax effect	5,879	23,133
Remeasurements of defined benefit plans, net of tax	(13,320)	(52,416)
Total other comprehensive income	(82,813)	21,821

Notes to Consolidated Statement of Changes in Equity

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

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

	Number of shares as of Apr. 1, 2021	Increase	Decrease	Number of shares as of Mar. 31, 2022
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.

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

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

	Number of shares as of Apr. 1, 2022	Increase	Decrease	Number of shares as of Mar. 31, 2023
Outstanding shares				
Common stock	18,178	–	–	18,178
Total	18,178	–	–	18,178
Treasury shares				
Common stock	0	–	–	0
Total	0	–	–	0

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)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Cash and deposits	3,970,226	4,741,144
Time deposits with maturity over three months	–	–
Cash and cash equivalents	3,970,226	4,741,144

*2. Significant non-cash transactions

(Thousands of yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Transfer from property, plant and equipment to real estate for sale due to a change in holding purposes	19,495	–

*3. Major breakdown of assets and liabilities of the company that is no longer the consolidated subsidiary of the Company through sale of shares

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

The breakdown of assets and liabilities of Kuqlu, Inc. at the time of sale of shares resulting from the company no longer being the consolidated subsidiary of the Company through sale of shares, the selling price of the shares, and proceeds from sale are as follows:

	(Thousands of yen)
Current assets	35,099
Non-current assets	15,441
Current liabilities	(28,438)
Non-current liabilities	(2,496)
Goodwill	121,489
Loss on sale of shares	(31,095)
Selling price of shares of Kuqlu, Inc.	110,000
Cash and cash equivalents of Kuqlu, Inc.	(13,651)
Difference: Proceeds from sale	96,348

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

Not applicable.

*4. Breakdown of assets and liabilities of the company that is no longer the consolidated subsidiary of the Company at the time of the exclusion of the subsidiary from the scope of consolidation due to a decrease in the percentage of voting rights resulting from the underwriting of a capital increase through a third-party allotment

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

The breakdown of assets and liabilities of MEGURU Co., Ltd. that is no longer the consolidated subsidiary of the Company at the time of the exclusion of the subsidiary from the scope of consolidation due to a decrease in the percentage of voting rights resulting from the underwriting of a capital increase through a third-party allotment is as follows:

	(Thousands of yen)
Current assets (Note)	83,826
Non-current assets	26,397
Total assets	110,223
Current liabilities	85,897
Non-current liabilities	18,264
Total liabilities	104,162

Note: Cash and cash equivalents of 73,070 thousand yen is included in the amount of current assets and is presented as “Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation” in the consolidated statement of cash flows.

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

Not applicable.

Segment and Other Information

Segment information

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

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 two reportable segments classified by products or services based on the business operations: the Media Business and the Solutions 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.

2. Calculation methods for net sales, profit/loss, assets, and other items for each reportable segment

   The accounting treatment methods for reportable segments are generally the same as those listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

   The Company values inventory assets using prices after write-downs of book value based on decline in profitability.

   Profit in reportable segment is based on operating profit, after amortization of goodwill.

   Inter-segment sales and transfers are based on market prices.

3. Information pertaining to net sales, profit/loss, assets and other items in reportable segments and on revenue breakdown

(Thousands of yen)

	Reportable Segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated statement of income (Note 3)
	Media Business	Solutions Business	Subtotal				
Net sales							
Retail publishing	2,021,398	–	2,021,398	–	2,021,398	–	2,021,398
Special-order products	359,370	–	359,370	–	359,370	–	359,370
Advertising	329,274	–	329,274	–	329,274	–	329,274
e-business sales	245,100	1,474,749	1,719,849	–	1,719,849	–	1,719,849
Other	1,961	3,733	5,694	158,938	164,632	–	164,632
Revenue from contracts with customers	2,957,103	1,478,482	4,435,586	158,938	4,594,525	–	4,594,525
Other income	–	–	–	24,950	24,950	–	24,950
Sales to external customers	2,957,103	1,478,482	4,435,586	183,889	4,619,475	–	4,619,475
Inter-segment sales and transfers	71,225	166,111	237,337	33,878	271,216	(271,216)	–
Total	3,028,329	1,644,594	4,672,923	217,768	4,890,692	(271,216)	4,619,475
Segment profit (loss)	(1,631,378)	170	(1,631,207)	(52,952)	(1,684,160)	277,148	(1,407,011)
Segment assets	3,337,413	3,645,398	6,982,811	1,134,285	8,117,097	7,133,542	15,250,640
Other items							
Depreciation	4,387	18,454	22,841	19,684	42,526	134,903	177,429
Amortization of goodwill	–	–	–	19,438	19,438	–	19,438
Investments in entities accounted for using equity method	–	–	–	11,025	11,025	–	11,025
Increase in property, plant and equipment and intangible assets	44,881	65,850	110,732	19,777	130,509	48,309	178,818

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. Adjustment amount for inter-segment sales and transfers of minus 271,216 thousand yen is an eliminated inter-segment transaction.

Adjustment amount for segment profit (loss) of 277,148 thousand yen is comprised of an elimination of inter-segment transaction of 4,021 thousand yen and net amount of corporate income/expenses that are not distributed to each reportable segment of 273,127 thousand yen.

Adjustment amount for segment assets of 7,133,542 thousand yen is comprised of an elimination of inter-segment transaction of minus 2,247,105 thousand yen and corporate assets that are not distributed to each reportable segment of 9,380,648 thousand yen.

Corporate assets consist mainly of assets not belonging to specific reportable segments (cash and deposits, investment securities) and assets related to administrative operations.

The depreciation cost adjustment amount of 134,903 thousand yen is for corporate assets that are not distributed to each reportable segment.

Adjustment of 48,309 thousand yen posted in increase in property, plant and equipment and intangible assets is an increase in corporate assets that are not distributed to each reportable segment.

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

4. Matters related to changes in reportable segment

   As described in Changes in Accounting Policies, the Company has applied the Accounting Standard for Revenue Recognition from the beginning of FY3/22 and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit or loss has been changed as well.

   Compared with the previous method, net sales decreased 380,612 thousand yen and segment loss increased 398,692 thousand yen in the Media Business in FY3/22. Net sales increased 8,829 thousand yen and segment loss decreased 20,793 thousand yen in the Solution Business.

   Due to its decreasing importance, the Real Estate Business and Tourism Business were excluded from reportable segments and included in the other segment beginning with FY3/22.

   The segment information for FY3/21 is prepared and disclosed based on the reportable segments after the revision.

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

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 two reportable segments classified by products or services based on the business operations: the Media Business and the Solutions 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.

2. Calculation methods for net sales, profit/loss, assets, and other items for each reportable segment

   The accounting treatment methods for reportable segments are generally the same as those listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

   The Company values inventory assets using prices after write-downs of book value based on decline in profitability.

   Profit in reportable segment is based on operating profit, after amortization of goodwill.

   Inter-segment sales and transfers are based on market prices.

3. Information pertaining to net sales, profit/loss, assets and other items in reportable segments and on revenue breakdown

(Thousands of yen)

	Reportable Segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated statement of income (Note 3)
	Media Business	Solutions Business	Subtotal				
Net sales							
Retail publishing	2,891,494	–	2,891,494	–	2,891,494	–	2,891,494
Special-order products	359,037	–	359,037	–	359,037	–	359,037
Advertising	316,727	–	316,727	–	316,727	–	316,727
e-business sales	338,349	1,569,697	1,908,046	–	1,908,046	–	1,908,046
Other	6,287	2,822	9,110	29,761	38,871	–	38,871
Revenue from contracts with customers	3,911,896	1,572,519	5,484,416	29,761	5,514,177	–	5,514,177
Other income	–	–	–	38,994	38,994	–	38,994
Sales to external customers	3,911,896	1,572,519	5,484,416	68,756	5,553,172	–	5,553,172
Inter-segment sales and transfers	70,659	150,413	221,072	–	221,072	(221,072)	–
Total	3,982,555	1,722,933	5,705,488	68,756	5,774,244	(221,072)	5,553,172
Segment profit (loss)	164,994	(118,779)	46,215	(9,551)	36,663	95,515	132,178
Segment assets	3,720,733	2,964,342	6,685,076	1,084,930	7,770,007	7,809,619	15,579,627
Other items							
Depreciation	7,296	14,128	21,424	20,868	42,293	114,379	156,673
Investments in entities accounted for using equity method	–	–	–	15,460	15,460	–	15,460
Increase in property, plant and equipment and intangible assets	59,640	76,635	136,276	572	136,848	17,479	154,327

Notes:
1. “Other” represents the businesses not included in any reportable segment and mainly consists of the real estate business.
2. Adjustment amount for inter-segment sales and transfers of minus 221,072 thousand yen is an eliminated inter-segment transaction.

   Adjustment amount for segment profit (loss) of 95,515 thousand yen is comprised of an elimination of inter-segment transaction of 454 thousand yen and net amount of corporate income/expenses that are not distributed to each reportable segment of 95,061 thousand yen.

   Adjustment amount for segment assets of 7,809,619 thousand yen is comprised of an elimination of inter-segment transaction of minus 1,925,312 thousand yen and corporate assets that are not distributed to each reportable segment of 9,734,932 thousand yen.

   Corporate assets consist mainly of assets not belonging to specific reportable segments (cash and deposits, investment securities) and assets related to administrative operations.

   The depreciation cost adjustment amount of 114,379 thousand yen is for corporate assets that are not distributed to each reportable segment.

   Adjustment of 17,479 thousand yen posted in increase in property, plant and equipment and intangible assets is an increase in corporate assets that are not distributed to each reportable segment.
3. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.

Related information

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

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

This information is omitted since sales to external customers in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is 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 segment
NIPPON SHUPPAN HANBAI INC.	953,146	Media Business
TOHAN CORPORATION	906,720	Media Business

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

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

This information is omitted since sales to external customers in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is 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 segment
NIPPON SHUPPAN HANBAI INC.	1,096,846	Media Business
TOHAN CORPORATION	1,085,041	Media Business

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

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

(Thousands of yen)

	Reportable Segment			Other	Total	Adjustment	Amount in the consolidated financial statements
	Media Business	Solutions Business	Subtotal				
Impairment loss	40,494	47,187	87,681	–	87,681	1,298	88,979

Note: Adjustment amount for impairment loss includes corporate assets that are not distributed to each reportable segment.

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

(Thousands of yen)

	Reportable Segment			Other	Total	Adjustment	Amount in the consolidated financial statements
	Media Business	Solutions Business	Subtotal				
Impairment loss	10,037	60,375	70,413	–	70,413	–	70,413

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

FY3/22 (Apr. 1, 2021–Mar. 31, 2022)

(Thousands of yen)

	Reportable Segment			Other	Total	Adjustment	Amount in the consolidated financial statements
	Media Business	Solutions Business	Subtotal				
Amortization for the period	–	–	–	19,438	19,438	–	19,438
Balance at the end of period	–	–	–	–	–	–	–

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Net assets per share	575.54	578.40
Net income (loss) per share	(86.82)	1.66

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

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

	FY3/22 (Apr. 1, 2021–Mar. 31, 2022)	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	(1,578,140)	30,139
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit (loss) attributable to common shareholders of parent (Thousands of yen)	(1,578,140)	30,139
Average number of shares outstanding during period (Thousands of shares)	18,177	18,177

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.