

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (FY3/24)

[Japanese GAAP]

Company name: Shobunsha Holdings, Inc. Listing: Tokyo Stock Exchange, Standard Market
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Scheduled date of Annual General Meeting of Shareholders: June 27, 2024
 Scheduled date of payment of dividend: June 28, 2024
 Scheduled date of filing of Annual Securities Report: June 27, 2024
 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, 2024 (April 1, 2023–March 31, 2024)

(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, 2024	6,410	15.4	437	231.0	519	121.6	1,771	–
Fiscal year ended Mar. 31, 2023	5,553	20.2	132	–	234	–	30	–

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2024: 2,176 (–%)
Fiscal year ended Mar. 31, 2023: 51 (–%)

	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, 2024	97.44	–	15.3	3.0	6.8
Fiscal year ended Mar. 31, 2023	1.66	–	0.3	1.5	2.4

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2024: 6
Fiscal year ended Mar. 31, 2023: 4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	18,879	12,690	67.2	698.13
As of Mar. 31, 2023	15,579	10,513	67.5	578.40

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income) (million yen)

As of Mar. 31, 2024: 12,690 As of Mar. 31, 2023: 10,513

(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, 2024	(664)	2,194	(0)	6,277
Fiscal year ended Mar. 31, 2023	495	275	–	4,741

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, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended Mar. 31, 2024	–	0.00	–	5.00	5.00	90	5.1	0.8
Fiscal year ending Mar. 31, 2025 (forecasts)	–	0.00	–	–	–		–	

Note: The year-end dividend for the fiscal year ended March 2024 has been revised from the most recent announced dividend forecast. For details, please refer to “Notice Concerning Dividends of Surplus (Resumption of Dividends)” announced today.

In addition, there is currently no forecast for the year-end dividend for the fiscal year ending March 31, 2025. 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, 2025 (April 1, 2024–March 31, 2025)

(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	2,810	(0.5)	(360)	–	(320)	–	(380)	–	(20.91)
Full year	6,600	3.0	100	(77.1)	170	(67.3)	50	(97.8)	2.75

*** Notes**

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

Newly added: – Excluded: –

(2) Changes in accounting policies and accounting estimates, and restatements

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

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

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of issued shares (common stock)

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

As of Mar. 31, 2024: 18,178,173 shares As of Mar. 31, 2023: 18,178,173 shares

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

As of Mar. 31, 2024: 1,002 shares As of Mar. 31, 2023: 951 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2024: 18,177,205 shares Fiscal year ended Mar. 31, 2023: 18,177,222 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023–March 31, 2024)

(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, 2024	1,345	14.9	144	68.7	233	22.0	1,749	–
Fiscal year ended Mar. 31, 2023	1,171	(14.0)	85	(65.5)	191	(51.2)	171	–

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2024	96.22	–
Fiscal year ended Mar. 31, 2023	9.43	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	15,184	12,530	82.5	689.37
As of Mar. 31, 2023	12,198	10,426	85.5	573.60

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

As of Mar. 31, 2024: 12,530 As of Mar. 31, 2023: 10,426

* 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 2024. The Company decided to cancel the planned financial results meeting for analysts. Alternatively, the Company will have a conference call or other meeting.

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1. Overview of Results of Operations

(1) Results of Operations

During the current fiscal year (from April 1, 2023 to March 31, 2024) (hereinafter “the current fiscal year”), the Japanese economy showed a sign of recovery with a gradual increase in capital investment sustained by strong corporate earnings despite being affected by a slowdown in the recovery of overseas economies. As a result, the domestic employment and income conditions were mildly improved. In Japan, the COVID-19 infection that cast a heavy shadow over the world’s economy for a long time was downgraded in May 2023 to a Class 5 disease under the Infectious Disease Act, which is the same level as seasonal influenza. This change in the classification almost eliminated people’s anxiety about economic activity. The tourism market and the market related to accommodation and food/beverage services, in which Shobunsha Holding, Inc. (hereinafter, “the Company”) and its subsidiaries and associates (hereinafter collectively “the Group”) mainly operates its business, steadily recovered, with the extension of the nationwide travel support serving as a tailwind. In addition, large companies in particular have raised wages at a high level in 2024, following last year’s increase. This has raised expectations for a positive cycle of prices and wages for Japan to finally return to a robust growth path from deflation that has long undermined the Japanese economy. Meanwhile, continual rise in prices in Japan has been at its highest level in decades amid the ongoing effects of global inflation, which has occurred as a result of economic normalization and prolonged geopolitical risks. Under these circumstances, backed by the ongoing historic depreciation of the yen because of differences between domestic and foreign monetary policies as well as of geopolitical risks that have emerged in the Middle East, the inbound tourism market rapidly expanded. More than three million foreign travelers visited Japan in March 2024, which was a record high. In contrast, recovery in the outbound tourism market was still sluggish.

Net sales for the current fiscal year increased 857 million yen (15.4%) to 6,410 million yen (compared with 5,553 million yen one year earlier) due to a steady increase in sales in the retail publishing, subscription services, and e-books because of a higher traveling demand than a year ago. An increase was also seen in sales in advertising and special-order product businesses related to tourism due to the recovery of the market. This positive sales performance was due to the downgrade of COVID-19 to a Class 5 disease to be in time for the period of expanding demand for traveling and outings as well as the extension of the nationwide travel support both as stated above. In terms of profitability, operating profit was 437 million yen, an increase of 305 million yen from 132 million yen one year earlier. This increase was due to limited increases in cost of sales and selling, general and administrative expenses compared with the steady increase in sales. In line with the increase in operating profit, ordinary profit was 519 million yen, an increase of 285 million yen from 234 million yen one year earlier. In addition, we included in extraordinary income a gain on sale of non-current assets, as announced in “Notice of Transfer of Non-Current Assets, Recording of Extraordinary Income, and Revision to Full-Year Earnings Forecast” (Japanese version only) dated October 20, 2023. Thus, profit attributable to owners of parent was 1,771 million yen, an increase of 1,741 million yen from 30 million yen one year earlier.

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 apps; 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, the segment achieved a significant year-on-year increase in sales. This is because sales of retail publications increased as follows: an overall increase in sales of traveling magazines for Japan’s major tourist areas, which mainly consist of MAPPLE Magazines; robust sales of overseas travel magazines, despite concerns about the influence of the depreciation of the yen, for nearby Asian countries and regions such as Seoul and Taipei; and a steady increase in sales of e-books, including the subscription service to provide unlimited access to e-books. These strong sales were driven by higher traveling demand than the previous year. Furthermore, profit from the advertising business and special-order products also increased with the rapid recovery of the travel-related market as a tailwind. In the retail publications business related to traveling and outings, in addition to expansion of our staple traveling magazines, we published new books and magazines including *Hokkaido Travel*

Map Guide, which is a bible for travelers in Hokkaido to get a complete guide on the 179 Hokkaido municipalities categorized under 17 themes; *MAPPLE Plant Tour: Social Study Tour in the Metropolitan Tokyo Area/Keihanshin and Nagoya Areas*, which is a guidebook for readers to enjoy learning society; *Small Day Trips in Saitama/Gunma: Special Edition*, which is a new release two years after the previous release of the series; and nine titles of *MAPPLE WORLD*, which is a new series of overseas guidebook. Moreover, as commemoration of the opening of Extension of Hokuriku Shinkansen to Tsuruga on March 16, 2024, we published a travel guidebook *MAPPLE Hokuriku Shinkansen next!*, which is for traveling along the railroad line, in cooperation with five prefectures: Toyama Prefecture, Ishikawa Prefecture, Fukui Prefecture, Nagano Prefecture, and Gifu Prefecture. As map products, we published the completely revised edition of our best-seller *Nationwide Railway Map* and its e-book version, aimed at the railway enthusiast market, which has been re-fueled since relaxation of COVID-19-related restrictions. We also published our staple map products, *Yama to Kogen Chizu* (Mountain and Highland Maps) and *Touring Mapple 2024*, both of which came with charge-free app linking service. Furthermore, in the *Chizu de Sutto Atama ni Hairu* (quickly learn with a map) series, which is our well-received book series, we launched *55 Countries and Regions in Africa* and *Australia and Pacific Islands*, which are introduction books on overseas areas; *Chizu de Sutto Atamani Hairu Sekai no Shigen to Soudatsu-sen* (the world's resources and the battle for them), *Chizu de Sutto Atamani Hairu Sekai no Gunji Jousei* (the world's military landscape), and *Chizu de Sutto Atamani Hairu Chiseigaku* (geopolitics) in response to today's international circumstances; and *Zukai de Sutto Atama ni Hairu Murasaki Shikibu to Genji Monogatari*, which gives illustrated synopses of the big full-length novel *Genji Monogatari* (the Tale of Genji) and describes the personality and life of the author Murasaki Shikibu. In the business using web media, we have renewed the traveling media, *co-Trip Web*, three times since February 2024. The renewal was conducted based on the result of a user questionnaire survey. The media has now been made more visible and user-friendly. We also opened a crowd-funding site, *Lokomite*, in March 2024. With this site, we have established a scheme to leverage the Group's media capabilities and editing skills for invigorating local areas and promoting regional revitalization.

As a result, net sales of the segment were 4,597 million yen (compared with 3,911 million yen one year earlier). Operating profit was 445 million yen (compared with 164 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 including police and fire departments that were less susceptible to economic trends. We have also focused on renewing contracts with private companies on subscription-based products. Furthermore, to achieve further growth, we have been putting a lot of emphasis on receiving orders of business-use car navigation while offsetting a decrease in demand of PND. This decrease has been caused by rapid shrinking of the commercial PND market due mainly to the spread of free-of-charge navigation apps available on smartphones and in-vehicle systems (display audio) linked with such apps. During the current fiscal year, we have constantly received orders of products for police and fire departments and also for taxi business and others in private sectors. In addition to the start of supply of *Business-use Car Navigation System SDK Ver. 8.0*, which is the latest version of our business-use car navigation product, we released *MAPPLE Route Navigator*, which is a car navigation related application specifically designed for cyclic operations along fixed routes, such as distribution, collection, inspection, and human transportation. This navigator allows drivers to share the knowledge on driving routes of experienced drivers, helping resolve challenges related to the 2024 logistics crunch in Japan. Furthermore, in relation to the qualified invoice system for consumption tax purposes starting in October 2023, we commercialized Address Cleansing Tool specifically designed to serve as an address normalization converter, to meet the needs of customers who wanted to smoothly check the list of their business partners against the list of business issuers of qualified invoice published by the National Tax Agency. What is more, we have added functionality that obtains real property registration information (land) to *MAPPLE Legal Affairs Bureau Map Viewer*, which allows users to seamlessly view maps kept at the registry offices across Japan. This viewer application features user-friendly, easy-to-see map functions and a readily available service with only a few simple steps, enabling users to obtain all matters of the real property registration information on land. We also released a renewal version of the School Zone Safety Support System providing support for implementing safety measures in school zones of elementary and junior high schools. This renewal

version is equipped with new functions including the data sharing function in response to requests from the schools that have introduced this system and their PTAs. As part of the initiative to achieve carbon neutrality, we concluded the Agreement on Promotion of Introduction of Electric Chargers for Electric Vehicles with Chiba Prefecture. One of our efforts for this initiative is that we have published a web site *Charging Spots and Sightseeing Map* since January 2024, providing full of information on charging stations in Chiba Prefecture and nice sightseeing places for going for a drive.

As a result, net sales of the segment were 1,589 million yen (compared with 1,572 million yen one year earlier). Operating loss was 151 million yen (compared with operating loss of 118 million yen one year earlier).

Sales Agency Business

The Company has disclosed this segment, which was included in Other Businesses stated below, as a new segment because the operating profit has met the disclosure standards of segment information for the current fiscal year.

The segment engages in serving as the point of contact for agreements of the business consignment when customers, who are mainly government agencies, consign business such as data production, etc., and thereby earns commission income for such dealings.

The Company has received new orders of business consignment from customers during the current fiscal year.

As a result, net sales of the segment were 145 million yen (compared with 8 million yen one year earlier). Operating profit was 95 million yen (compared with 8 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, other business operated as scheduled.

As a result, net sales of the segment were 78 million yen (compared with 60 million yen one year earlier). Operating profit was 31 million yen (compared with operating loss of 17 million yen one year earlier).

(2) Financial Position

Total assets at the end of the current fiscal year increased 3,299 million yen (21.2%) from the end of the previous fiscal year to 18,879 million yen. This was mainly due to increases in cash and deposits of 1,536 million yen, accounts receivable-trade of 567 million yen, merchandise and finished goods of 258 million yen, other of current assets of 669 million yen, investment securities of 572 million yen, other of investments and other assets of 502 million yen, which were partly offset by decreases in buildings and structures, net of 480 million yen, and land of 420 million yen. Total liabilities increased 1,123 million yen (22.2%) from the end of the previous fiscal year to 6,188 million yen. This was mainly due to increases in accrued expenses of 91 million yen, income taxes payable of 270 million yen, accrued consumption taxes of 358 million yen, refund liabilities of 87 million yen, provision for bonuses of 129 million yen, deferred tax liabilities of 141 million yen and other of non-current liabilities of 25 million yen. Total net assets increased 2,176 million yen (20.7%) from the end of the previous fiscal year to 12,690 million yen. This was due to an increase in valuation difference on available-for-sale securities of 355 million yen and the reporting of profit attributable to owners of parent.

Consequently, the equity ratio decreased 0.3 percentage points to 67.2%.

(3) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the current fiscal year on a consolidated basis increased 1,536 million yen from the end of the previous fiscal year to 6,277 million yen.

Net cash used in operating activities was 664 million yen. The main factors were a gain on sale of non-current assets of 1,566 million yen, an increase in trade receivables of 567 million yen, an increase in other of current assets of 692 million yen, and an increase in other of non-current assets of 505 million yen, which were partly offset by profit before income taxes of 2,002 million yen, depreciation and amortization of 152 million yen, an increase in provision for bonuses of 129 million yen, and an increase in accrued consumption taxes of 358 million

yen.

Net cash provided by investing activities was 2,194 million yen. The main factor was proceeds from sale of property, plant and equipment of 2,425 million yen, which was partially offset by purchase of intangible assets of 107 million yen, and purchase of investment securities of 106 million yen.

Net cash used in financing activities was 0 million yen.

(4) Outlook

In the previous fiscal year, the Group turned into profitability for the consolidated financial results for the first time in three years after the impact of the COVID-19 pandemic. In the current fiscal year, the Company has achieved increases in both revenue and earnings year-on-year. We are aware that our upcoming key issues are to continuously achieve sustained growth and strengthen our financial base to make it more robust. In particular, the Group re-position the initiatives implemented to promote DX and realize a decarbonized society as part of our sustainability strategy that aligns with the corporate philosophy of “organization that provides support for good living and enjoyable traveling.” We will also continue focusing on the efforts based on DX promotion to further transform the existing businesses, to develop new businesses, and to develop products and services through business alliances with other companies.

As the concern over the future business environment was almost dispelled in relation to the prolonged impact of the COVID-19 pandemic, the service sectors in Japan including food/beverage and accommodation services, passenger transport services, and tourism and travel related service are expected to show a strong recovery trend continuously. On the other hand, this situation has coincided with the depreciation of yen to the level not seen in the last few decades. Coupled with the concern over the further rise in oil price and commodity prices due to the emerging tense situation in the Middle East, these events are expected to have various impacts on the Japanese economy in the future. Especially the depreciation of the yen has caused the inbound consumption to grow rapidly and energized the domestic tourism market. On the other hand, this has also simultaneously caused the rising prices of commodity at tourist sites such as soaring accommodation costs as well as overtourism, which can demotivate Japanese people from traveling domestically. The depreciation of the yen is, beyond doubt, serves as a headwind for outbound market. For the Group’s business that is based on Japanese travelers as main customers, we need to carefully see the impacts of the ongoing historic depreciation of the yen on the future business performance. Furthermore, rising prices of commodity can be a driver to increase costs in cost of sales and selling, general and administrative expenses in the Group’s business performance while putting pressure on earnings. Therefore, we recognize that we need to promote the labor-saving as well as streamlining in business through the use of DX and generative AI, etc.

Based on the recognition of the business environment above, as for the consolidated earnings forecast for the fiscal year ending March 31, 2025, we expect net sales of 6,600 million yen (up 3.0% year on year) with operating profit of 100 million yen, ordinary profit of 170 million yen, and profit attributable to owners of parent of 50 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.

Also, 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 given that it still takes a while for our business environment to return to the pre-pandemic level, etc. However, since we have recognized the operating profit in the current fiscal year which serves as an achievement of main business continuously from the previous year, we are considering to return this achievement to shareholder through dividends. However, currently we are not at stage where we can pay dividends from retained earnings. With an aim to establish the financial readiness to pay dividends and secure the flexibility and mobility for future capital policy, we will reduce the share capital and legal capital surplus within the necessary range and transfer them to other capital surplus. Then, we will reverse the other capital surplus and appropriate it for deficit disposition of retained earnings brought forward. In order to follow the capital reduction procedure for that purpose, we will make a proposal at the 65th Annual General Meeting of Shareholders.

Based on the above procedure as a condition, we plan to pay dividend of 5 yen per common stock for the end of the current fiscal year.

With this procedure, deficit of retained earnings brought forward will be eliminated, however, since the amount will be 0 yen, we plan to pay year-end dividends by using capital surplus as the source of funds for the dividend.

For the year-end dividends in the future, we would like to distribute them continuously based on the basic policy to pay stable dividends mentioned above, while considering the operating environment and the results of operations comprehensively.

The year-end dividend forecast for the fiscal year ending March 31, 2025 was undetermined although the service sectors in Japan including food/beverage and accommodation services, passenger transport services, and tourism and travel related services are expected to show a strong recovery trend continuously also in the future. This is because, as mentioned above, the situation remains unpredictable with regard to impacts of the historic depreciation of the yen and rising commodity prices on the future business performance and also we take into account the consolidated earnings forecasts based on the latest information and other conditions.

We appreciate the understanding of shareholders about the circumstance of the Group and cordially ask for your 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)	
	FY3/23	FY3/24
	(As of Mar. 31, 2023)	(As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	4,741,144	6,277,422
Accounts receivable-trade	1,735,774	2,303,354
Merchandise and finished goods	883,329	1,141,408
Work in process	137,623	165,220
Raw materials and supplies	258	258
Other	90,294	759,696
Allowance for doubtful accounts	(278)	(341)
Total current assets	7,588,145	10,647,020
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,831,291	3,447,103
Accumulated depreciation	(3,570,485)	(2,667,268)
Buildings and structures, net	1,260,806	779,834
Machinery, equipment and vehicles	396,889	338,571
Accumulated depreciation	(386,214)	(324,327)
Machinery, equipment and vehicles, net	10,675	14,244
Tools, furniture and fixtures	502,657	387,843
Accumulated depreciation	(408,643)	(337,193)
Tools, furniture and fixtures, net	94,013	50,649
Land	2,979,124	2,558,671
Total property, plant and equipment	4,344,619	3,403,399
Intangible assets		
Other	64,673	92,691
Total intangible assets	64,673	92,691
Investments and other assets		
Investment securities	* 2,101,771	* 2,674,768
Retirement benefit asset	1,363,592	1,444,101
Other	162,305	665,092
Allowance for doubtful accounts	(45,480)	(48,038)
Total investments and other assets	3,582,188	4,735,924
Total non-current assets	7,991,481	8,232,015
Total assets	15,579,627	18,879,036

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	577,548	573,011
Short-term borrowings	770,000	770,000
Accrued expenses	159,911	251,479
Income taxes payable	23,566	293,593
Accrued consumption taxes	135,594	494,273
Refund liabilities	2,173,761	2,261,560
Provision for bonuses	169,770	298,806
Other	70,245	85,354
Total current liabilities	4,080,398	5,028,080
Non-current liabilities		
Deferred tax liabilities	653,086	794,661
Retirement benefit liability	94,975	103,121
Other	237,410	263,114
Total non-current liabilities	985,473	1,160,897
Total liabilities	5,065,871	6,188,977
Net assets		
Shareholders' equity		
Share capital	10,141,136	10,141,136
Capital surplus	4,168,372	4,168,372
Retained earnings	(4,616,223)	(2,844,951)
Treasury shares	(524)	(542)
Total shareholders' equity	9,692,760	11,464,014
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	892,980	1,248,319
Remeasurements of defined benefit plans	(71,985)	(22,275)
Total accumulated other comprehensive income	820,995	1,226,043
Total net assets	10,513,755	12,690,058
Total liabilities and net assets	15,579,627	18,879,036

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Net sales	*1 5,553,172	*1 6,410,305
Cost of sales	3,523,635	3,793,707
Gross profit	2,029,536	2,616,597
Selling, general and administrative expenses	*2, *3 1,897,357	*2, *3 2,179,088
Operating profit	132,178	437,509
Non-operating income		
Interest income	137	275
Dividend income	45,680	55,552
Rental income	2,840	2,640
Subsidy income	39,881	2,957
Share of profit of entities accounted for using equity method	4,435	6,234
Foreign exchange gains	1,174	23,561
Income from sales of used paper	4,930	4,869
Gain on investments in investment partnerships	11,317	–
Other	4,585	3,097
Total non-operating income	114,981	99,188
Non-operating expenses		
Interest expenses	11,357	11,388
Loss on valuation of derivatives	–	5,468
Other	1,343	204
Total non-operating expenses	12,700	17,061
Ordinary profit	234,459	519,636
Extraordinary income		
Gain on sale of non-current assets	*4 122,105	*4 1,566,728
Gain on sale of investment securities	–	5,811
Gain on sale of membership	713	–
Total extraordinary income	122,819	1,572,539
Extraordinary losses		
Loss on retirement of non-current assets	*5 0	*5 381
Loss on valuation of investment securities	225,663	46,129
Impairment losses	*6 70,413	*6 43,354
Total extraordinary losses	296,076	89,865
Profit before income taxes	61,202	2,002,310
Income taxes-current	27,392	268,952
Income taxes-deferred	3,669	(37,914)
Total income taxes	31,062	231,037
Profit	30,139	1,771,272
Profit attributable to owners of parent	30,139	1,771,272

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Profit	30,139	1,771,272
Other comprehensive income		
Valuation difference on available-for-sale securities	74,238	355,338
Remeasurements of defined benefit plans, net of tax	(52,416)	49,709
Total other comprehensive income	* 21,821	* 405,048
Comprehensive income	51,961	2,176,321
Comprehensive income attributable to:		
Owners of parent	51,961	2,176,321
Non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

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

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

(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	(4,616,223)	(524)	9,692,760
Changes during period					
Profit attributable to owners of parent			1,771,272		1,771,272
Purchase of treasury shares				(18)	(18)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	1,771,272	(18)	1,771,254
Balance at end of period	10,141,136	4,168,372	(2,844,951)	(542)	11,464,014

	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	892,980	(71,985)	820,995	10,513,755
Changes during period				
Profit attributable to owners of parent				1,771,272
Purchase of treasury shares				(18)
Net changes in items other than shareholders' equity	355,338	49,709	405,048	405,048
Total changes during period	355,338	49,709	405,048	2,176,302
Balance at end of period	1,248,319	(22,275)	1,226,043	12,690,058

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	61,202	2,002,310
Depreciation and amortization	156,673	152,269
Loss (gain) on valuation of short-term and long-term investment securities	225,663	46,129
Impairment losses	70,413	43,354
Loss (gain) on valuation of derivatives	–	5,468
Gain on sale of non-current assets	(122,105)	(1,566,728)
Loss (gain) on sale of membership	(713)	–
Share of loss (profit) of entities accounted for using equity method	(4,435)	(6,234)
Increase (decrease) in allowance for doubtful accounts	(17,310)	2,620
Increase (decrease) in retirement benefit liability	7,535	8,146
Decrease (increase) in retirement benefit asset	(32,901)	(8,860)
Increase (decrease) in refund liabilities	241,254	87,799
Increase (decrease) in provision for bonuses	(42,839)	129,036
Interest and dividend income	(45,817)	(55,828)
Rental income	(2,840)	(2,640)
Subsidy income	(39,881)	(2,957)
Interest expenses	11,357	11,388
Decrease (increase) in trade receivables	(254,217)	(567,580)
Decrease (increase) in inventories	38,346	(285,676)
Decrease (increase) in other current assets	25,484	(692,426)
Decrease (increase) in other non-current assets	(2,184)	(505,029)
Increase (decrease) in trade payables	61,017	(4,536)
Increase (decrease) in accrued consumption taxes	119,443	358,678
Increase (decrease) in other current liabilities	(85,900)	121,767
Increase (decrease) in other non-current liabilities	53,072	20,235
Subtotal	420,316	(709,293)
Interest and dividends received	45,818	55,800
Proceeds from rental income	2,640	2,640
Subsidies received	39,881	2,957
Settlement received	5,600	–
Interest paid	(11,357)	(11,450)
Extra retirement payments	(40,970)	–
Income taxes paid	(35,020)	(22,065)
Income taxes refund	68,865	17,245
Net cash provided by (used in) operating activities	495,774	(664,166)

	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,711)	(25,611)
Proceeds from sale of property, plant and equipment	439,158	2,425,005
Purchase of intangible assets	(157,491)	(107,419)
Purchase of investment securities	(3,866)	(106,920)
Proceeds from sale of investment securities	–	6,936
Loan advances	(1,200)	(5,000)
Proceeds from collection of loans receivable	2,025	1,865
Other, net	18,228	5,243
Net cash provided by (used in) investing activities	275,143	2,194,098
Cash flows from financing activities		
Purchase of treasury shares	–	(18)
Net cash provided by (used in) financing activities	–	(18)
Effect of exchange rate changes on cash and cash equivalents	–	6,364
Net increase (decrease) in cash and cash equivalents	770,917	1,536,278
Cash and cash equivalents at beginning of period	3,970,226	4,741,144
Cash and cash equivalents at end of period	* 4,741,144	* 6,277,422

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Notes to Consolidated Balance Sheet

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

	(Thousands of yen)	
	FY3/23	FY3/24
	(As of Mar. 31, 2023)	(As of Mar. 31, 2024)
Investment securities (stocks)	15,460	21,694

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)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
Packing and delivery expenses	61,790	71,760
Promotion expenses	67,899	73,125
Advertising expenses	12,015	13,341
Provision of allowance for doubtful accounts	(6,018)	2,640
Directors' compensations	172,830	168,180
Salaries, allowances and bonuses	684,955	726,832
Provision for bonuses	97,706	172,043
Legal welfare expenses	144,045	163,635
Retirement benefit expenses	20,847	35,416
Transportation expenses	55,540	63,118
Depreciation	99,232	80,199
Rent expenses	11,911	22,518
Business consignment expenses	63,321	96,279
Taxes and dues	47,006	45,732
Research and development expenses	6,354	2,951
Other	357,919	441,313
Total	1,897,357	2,179,088

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

	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
	6,354	2,951

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

(Thousands of yen)

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Buildings and structures	44,459	801,500
Machinery, equipment and vehicles	100	585
Tools, furniture and fixtures	42	–
Land	77,503	764,642
Total	122,105	1,566,728

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

(Thousands of yen)

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Buildings and structures	0	381

*6. Impairment loss

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 the 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.

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

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

Amid the ongoing depreciation of the yen to a level not seen in the last few decades, this situation has caused the inbound consumption to grow rapidly and energized the domestic tourism market. On the other hand, this has also caused the rising prices of commodity at tourist sites such as soaring accommodation costs as well as overtourism, which can demotivate Japanese people from traveling domestically.

The depreciation of the yen is, beyond doubt, serves as a headwind for outbound market. For the Group's business that is based on Japanese travelers as main customers, the ongoing historic depreciation of the yen has caused the concern over the business performance in the future.

We expect that a severe business environment as mentioned above will continue also 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	43,354
Total	43,354

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)	
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	82,436	518,700
Reclassification adjustments	–	(5,811)
Before tax effect adjustments	82,436	512,889
Tax effect	(8,197)	(157,550)
Valuation difference on available-for-sale securities	74,238	355,338
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(85,958)	33,362
Reclassification adjustments	10,407	38,285
Before tax effect adjustments	(75,550)	71,648
Tax effect	23,133	(21,938)
Remeasurements of defined benefit plans, net of tax	(52,416)	49,709
Total other comprehensive income	21,821	405,048

Notes to Consolidated Statement of Changes in Equity

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.

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

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

	Number of shares as of Apr. 1, 2023	Increase	Decrease	Number of shares as of Mar. 31, 2024
Outstanding shares				
Common stock	18,178	–	–	18,178
Total	18,178	–	–	18,178
Treasury shares				
Common stock	0	0	–	1
Total	0	0	–	1

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

Among dividends with a record date that falls under the consolidated fiscal year, for those with an effective date in the subsequent period

(Resolution)	Type of shares	Total amount of dividends (thousand yen)	The source of funds for the dividend	Dividend per share (yen)	Record Date	Effective Date
Annual General Meeting of Shareholders on June 27, 2024	Common stock	90,885	Capital surplus	5	March 31, 2024	June 28, 2024

Notes to Consolidated Statement of Cash Flows

*Reconciliation of cash and cash equivalents at the end of the fiscal year and amount on the consolidated balance sheet
(Thousands of yen)

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Cash and deposits	4,741,144	6,277,422
Time deposits with maturity over three months	–	–
Cash and cash equivalents	4,741,144	6,277,422

Segment and Other Information

Segment information

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 three reportable segments classified by products or services based on the business operations: the Media Business, the Solutions Business, and the Sales Agency 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. The Sales Agency Business engages in serving as the point of contact for agreements of the business consignment when customers consign business such as data production, 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	Sales Agency 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	8,408	17,519	21,352	38,871	–	38,871
Revenue from contracts with customers	3,911,896	1,572,519	8,408	5,492,825	21,352	5,514,177	–	5,514,177
Other income	–	–	–	–	38,994	38,994	–	38,994
Sales to external customers	3,911,896	1,572,519	8,408	5,492,825	60,347	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	8,408	5,713,897	60,347	5,774,244	(221,072)	5,553,172
Segment profit (loss)	164,994	(118,779)	8,408	54,624	(17,960)	36,663	95,515	132,178
Segment assets	3,720,733	2,964,342	7,930	6,693,007	1,077,000	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.

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

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 three reportable segments classified by products or services based on the business operations: the Media Business, the Solutions Business, and the Sales Agency 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. The Sales Agency Business engages in serving as the point of contact for agreements of the business consignment when customers consign business such as data production, 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	Sales Agency Business	Subtotal				
Net sales								
Retail publishing	3,459,424	–	–	3,459,424	–	3,459,424	–	3,459,424
Special-order products	356,068	–	–	356,068	–	356,068	–	356,068
Advertising	351,435	–	–	351,435	–	351,435	–	351,435
e-business sales	423,786	1,585,323	–	2,009,110	–	2,009,110	–	2,009,110
Other	6,568	4,303	145,214	156,086	–	156,086	–	156,086
Revenue from contracts with customers	4,597,284	1,589,626	145,214	6,332,125	–	6,332,125	–	6,332,125
Other income	–	–	–	–	78,179	78,179	–	78,179
Sales to external customers	4,597,284	1,589,626	145,214	6,332,125	78,179	6,410,305	–	6,410,305
Inter-segment sales and transfers	82,955	151,338	–	234,294	–	234,294	(234,294)	–
Total	4,680,239	1,740,965	145,214	6,566,419	78,179	6,644,599	(234,294)	6,410,305
Segment profit (loss)	445,109	(151,745)	95,383	388,747	31,781	420,528	16,980	437,509
Segment assets	4,299,505	2,415,713	274,310	6,989,530	1,021,343	8,010,873	10,868,162	18,879,036
Other items								
Depreciation	18,586	20,500	208	39,294	18,340	57,635	94,756	152,391
Investments in entities accounted for using equity method	–	–	–	–	21,694	21,694	–	21,694
Increase in property, plant and equipment and intangible assets	38,362	62,998	–	101,361	–	101,361	39,719	141,080

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 234,294 thousand yen is an eliminated inter-segment transaction.

Adjustment amount for segment profit (loss) of 16,980 thousand yen is comprised of an elimination of inter-segment transaction of minus 87 thousand yen and net amount of corporate income/expenses that are not distributed to each reportable segment of 17,068 thousand yen.

Adjustment amount for segment assets of 10,868,162 thousand yen is comprised of an elimination of inter-segment transaction of minus 1,937,862 thousand yen and corporate assets that are not distributed to each reportable segment of 12,806,025 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 94,756 thousand yen is for corporate assets that are not distributed to each reportable segment.

Adjustment of 39,719 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.

4. Matters related to changes in reportable segment

Due to its increasing importance, the Sales Agency Business is included in reportable segment beginning with FY3/24.

The segment information for FY3/23 is prepared and disclosed based on the reportable segments after the revision.

Related information

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

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

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
TOHAN CORPORATION	1,706,538	Media Business
NIPPON SHUPPAN HANBAI INC.	1,489,752	Media Business

Information related to impairment losses on non-current assets for 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	Sales agency Business	Subtotal				
Impairment loss	10,037	60,375	–	70,413	–	70,413	–	70,413

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

(Thousands of yen)

	Reportable Segment				Other	Total	Adjustment	Amount in the consolidated financial statements
	Media Business	Solutions Business	Sales agency Business	Subtotal				
Impairment loss	–	43,354	–	43,354	–	43,354	–	43,354

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

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

Not applicable.

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Net assets per share	578.40	698.13
Net income per share	1.66	97.44

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

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

	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Net income (loss) per share		
Profit attributable to owners of parent (Thousands of yen)	30,139	1,771,272
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to common shareholders of parent (Thousands of yen)	30,139	1,771,272
Average number of shares outstanding during period (Thousands of shares)	18,177	18,177

Subsequent Events

Reduction in the amounts of share capital and legal capital surplus and appropriation of surplus

The Company has resolved at its Board of Directors meeting held on May 15, 2024 that the Company would submit the proposal for reducing the amounts of share capital and legal capital surplus and appropriation of surplus to the 65th Annual General Meeting of Shareholders to be held on June 27, 2024.

1. Purpose of reduction in the amounts of share capital and legal capital surplus and appropriation of surplus

The Company has recognized the deficit of retained earnings brought forward of 3,026,483,173 yen as of March 31, 2024. As a part of management strategy to realize the sustainable growth and the medium- and long-term improvement of corporate value for the Group, with an aim to dispose of this deficit and strengthen its financial position and also to secure the flexibility and mobility of future capital policy, the Company will reduce the amounts of share capital and legal capital surplus pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act and appropriate the surplus pursuant to Article 452 of the Companies Act.

2. Outline of reduction in the amount of share capital

1) The amount of share capital to be reduced

From the share capital of 10,141,136,257 yen, 5,141,136,257 yen will be reduced, bringing the share capital to 5,000,000,000 yen.

2) Method of reduction in the amount of share capital

It will be reduction of capital without compensation, with no change made in the total number of issued shares. Only the amount of share capital will be reduced and otherwise appropriated to other capital surplus.

3. Outline of reduction in the amount of legal capital surplus

1) The amount of legal capital surplus to be reduced

From the legal capital surplus of 4,076,769,221 yen, 2,576,769,221 yen will be reduced, bringing the legal capital surplus to 1,500,000,000 yen.

2) Method of reduction in the amount of legal capital surplus

Reduced amount in legal capital surplus of 2,576,769,221 yen will be transferred to other capital surplus.

4. Outline of appropriation of surplus

Under the condition that the reduction of the share capital and legal capital surplus comes into effect, from other capital surplus of 7,809,508,592 yen, 3,026,483,173 yen will be transferred to retained earnings brought forward and appropriated for deficit disposition.

5. Schedule for reduction in the amounts of share capital and legal capital surplus and appropriation of surplus

1) Date of resolution at the Board of Directors Meeting	May 15, 2024
2) Date of resolution at the Annual General Meeting of Shareholders	June 27, 2024 (planned)
3) Creditor objection statement notice	May 24, 2024 (planned)
4) Creditor objection statement final deadline	June 24, 2024 (planned)
5) Effective date	June 27, 2024 (planned)

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.