



Introduction of the Inbound Business

Analyst Presentation material
November 4th, 2014

1 . Current Shobunsha Situation

2 . Introduction to the Inbound Business

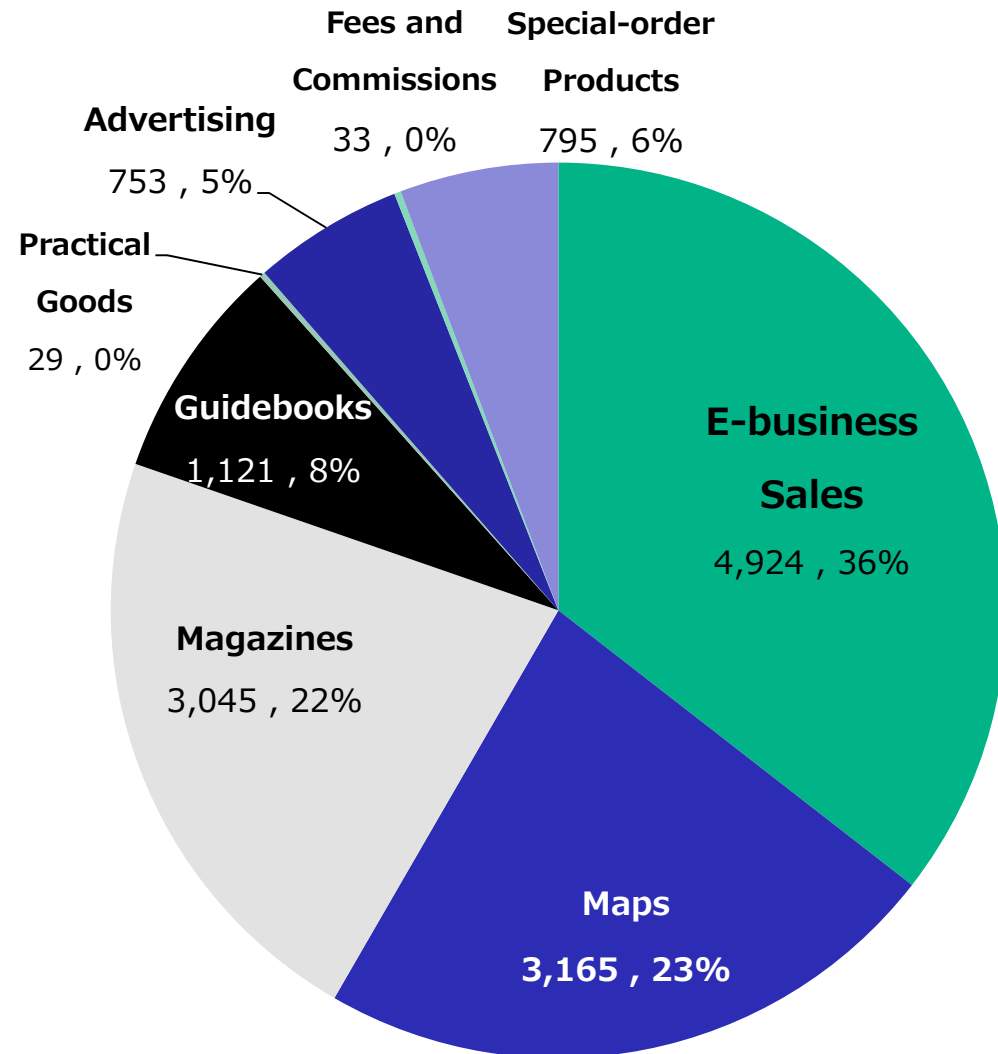
Current Sales by Segment



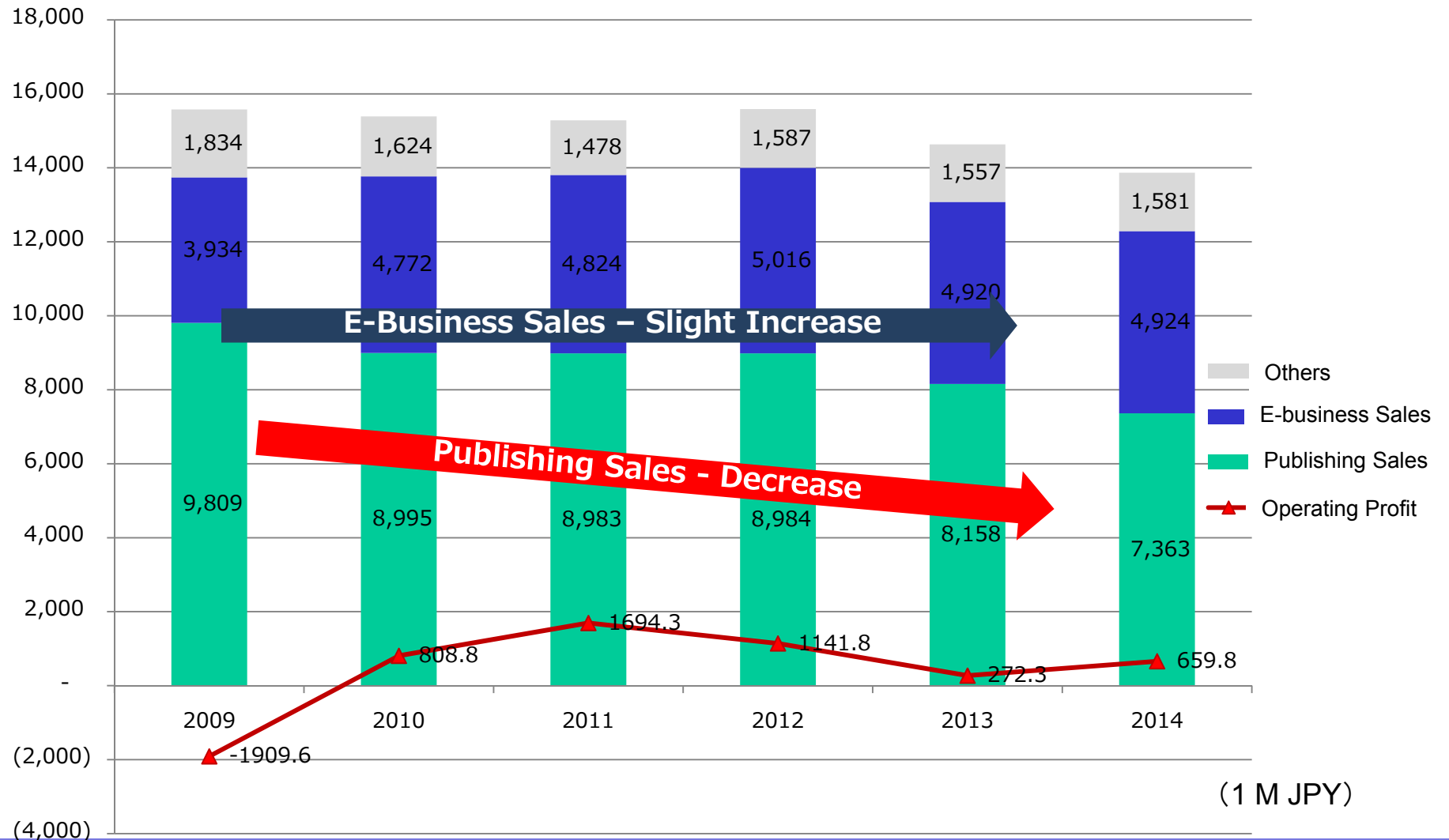
2014 Sales Composition by Segment

(1 M JPY)

E-business Sales	4,924
Maps	3,165
Magazines	3,045
Guidebooks	1,121
Practical Goods	29
Advertising	753
Fees and Commissions	33
Special-order Products	795
Total	13,870



Sales Trend

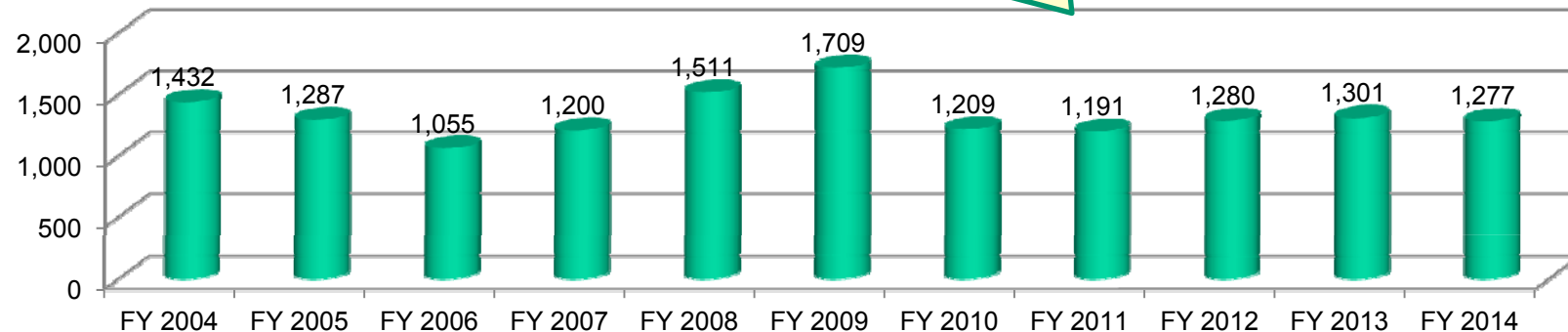


Balance Sheet Trend



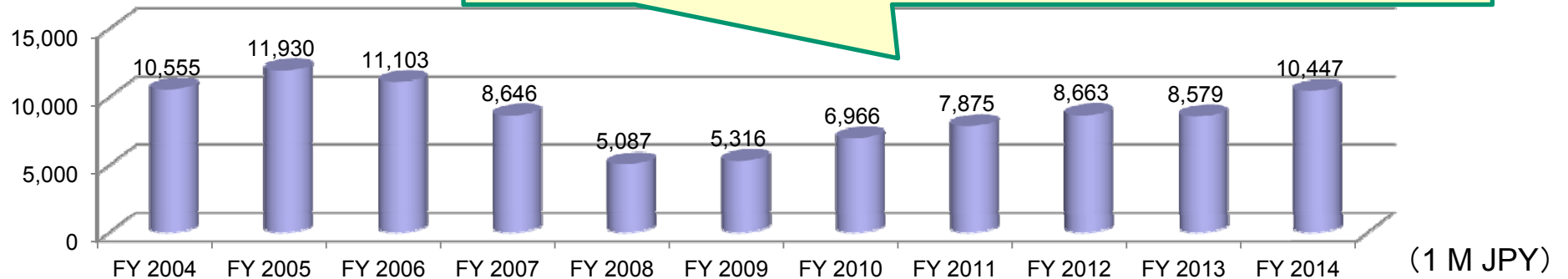
Depreciation Cost (Tangible & Intangible Assets)

4.1 Billion JPY write-down of long term assets (tangible and intangible) accounted in FY 2009 concurrent to significant operational losses in FY 2009. Following this period, depreciation costs decreased in the following periods starting in FY 2010



Cash

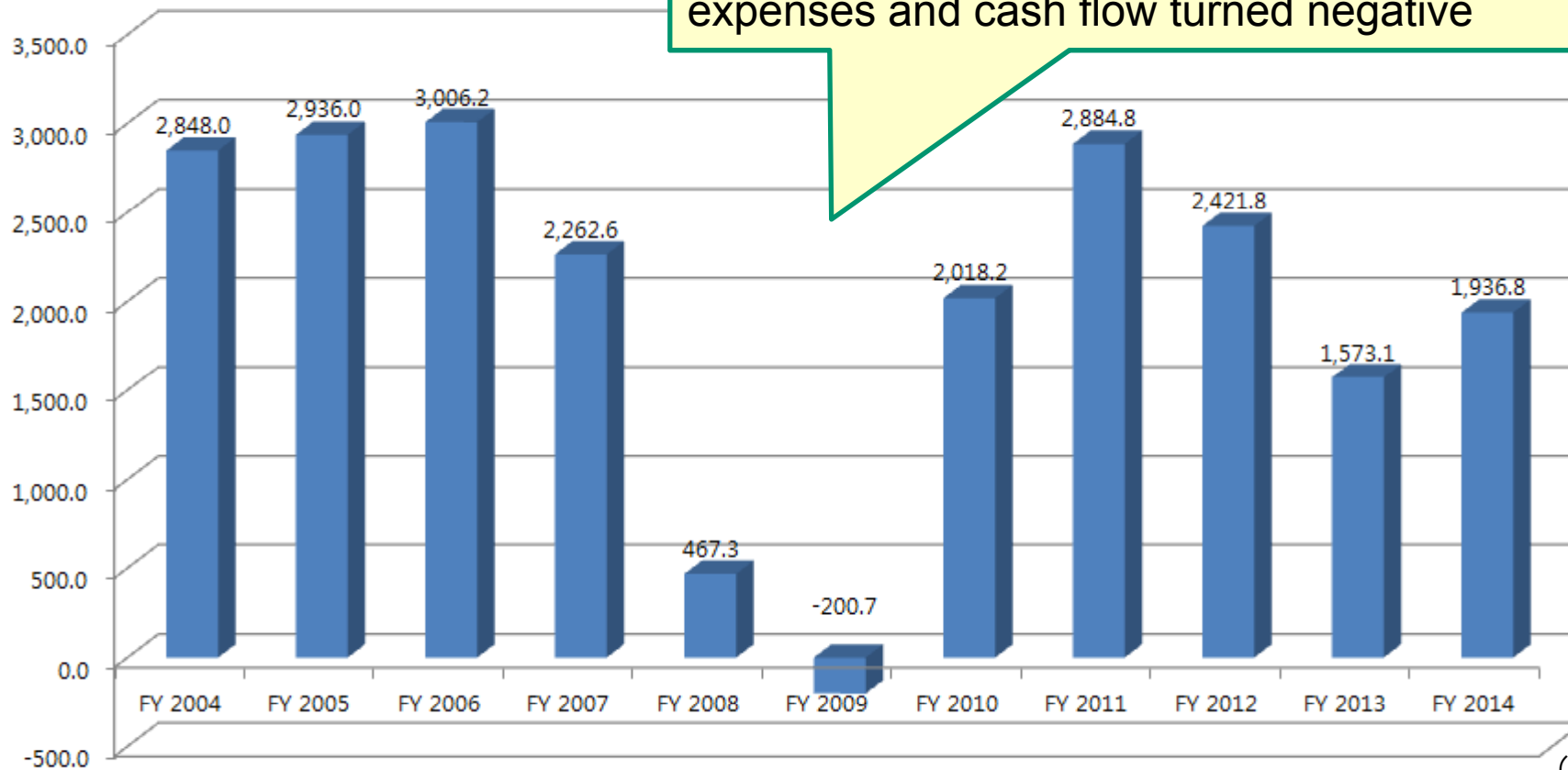
FY 2008 and FY 2009 saw significant operational losses, however, since a significant portion of losses were due to asset write-offs, cash balance still increased (albeit increases were diminished)



Cash Flow Trend

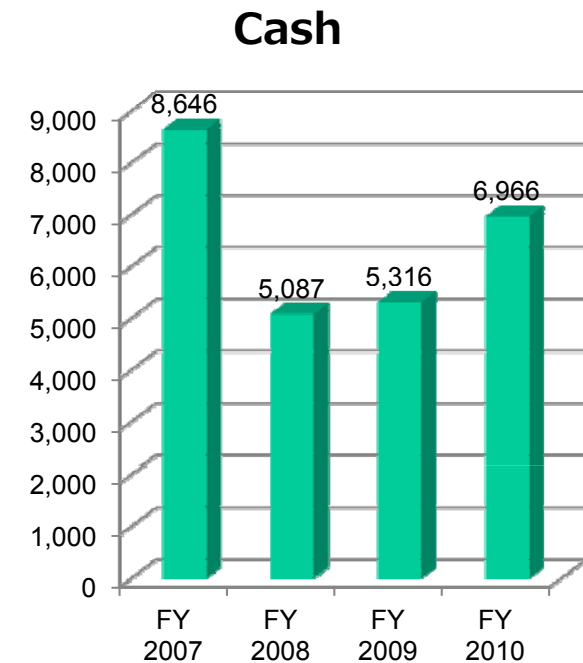
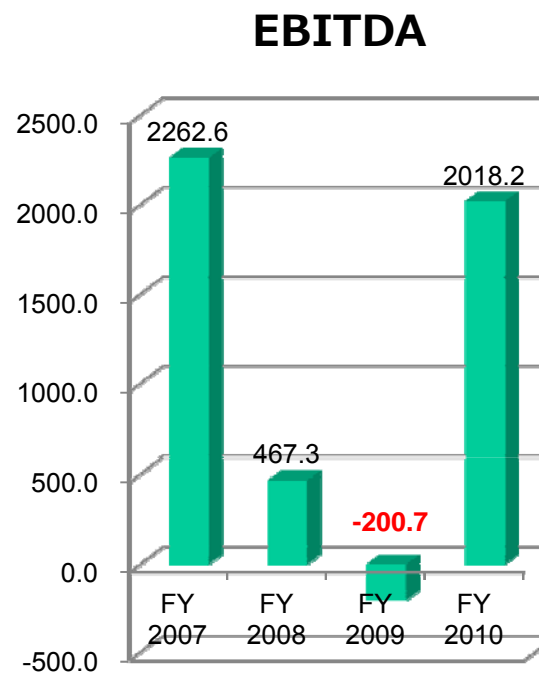
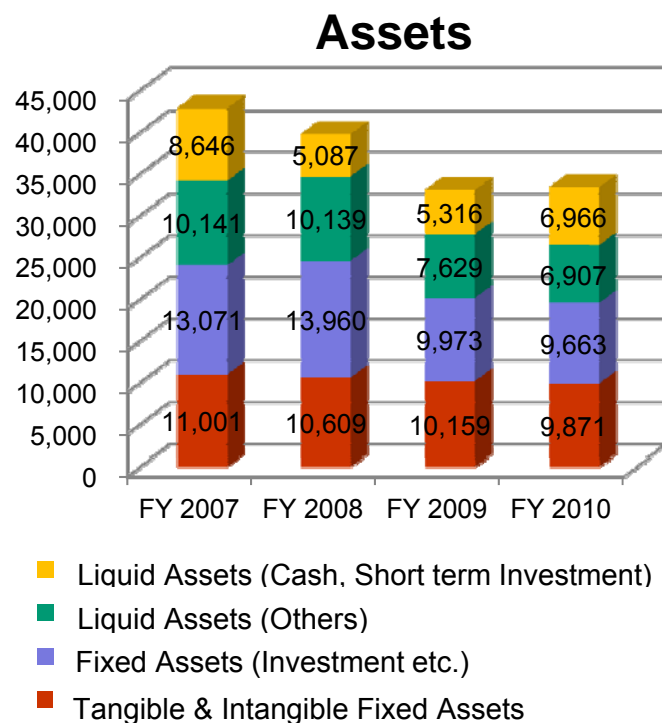


EBITDA



(1 M JPY)

Shobunsha was able to secure strong cash flow and medium-term profitability as a result of the major asset write-downs in 2009. As Shobunsha prepares for the development of the Inbound Business, we are considering reassessing the value of assets that have been invested in the past thus enabling us to secure strong cash flow and improvement in profitability. *Details to be announced on a future date



(M JPY)

Weakness

**Declining sales of
Maps**

**Slow-down of
E-Commerce business**

Strength

Strong Cash Balance

**Strong Legacy Cash
Flow**

**Asset of Vast Digital
Contents (Investment
mostly complete)**

What is Inbound Business?



日本経済新聞

Travelers to Japan approach 10 million in first 9 months (of 2014), supporting Domestic Consumption
 Dated 2014/10/23 | Nikkei News Morning Edition

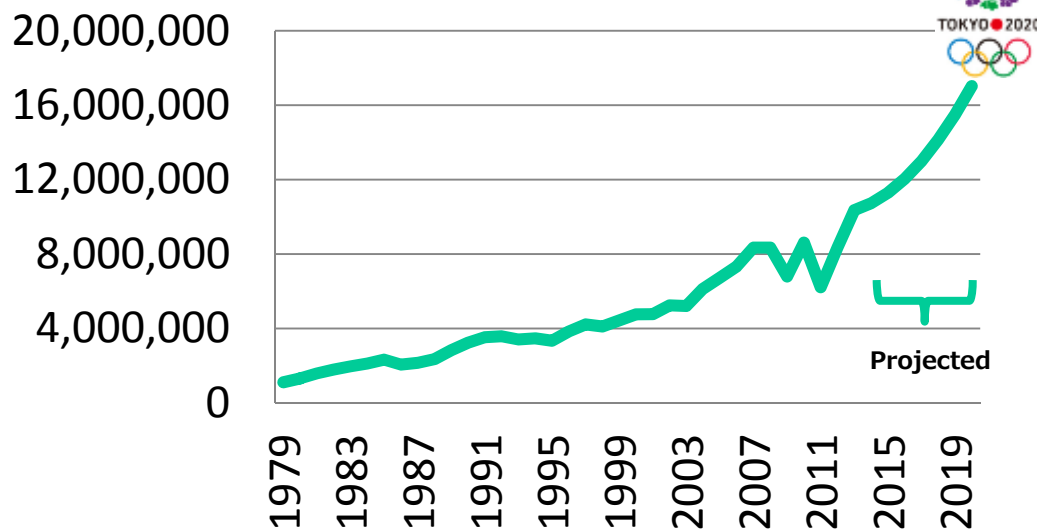
…Japan National Tourism Organization announces on 22nd travel figures for first nine months of 2014 increasing by 26% compared to prior period at 9.73 million…

\$14B USD
 Total Inbound
 Traveler
 consumption

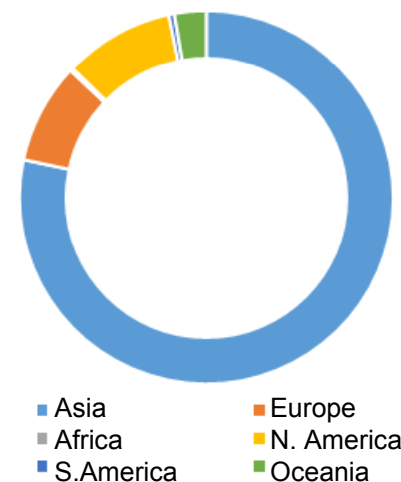
\$6B USD
 Total China, HK,
 Taiwan Inbound
 consumption

4.2M
 Total China, HK,
 Taiwan Travelers
 to Japan

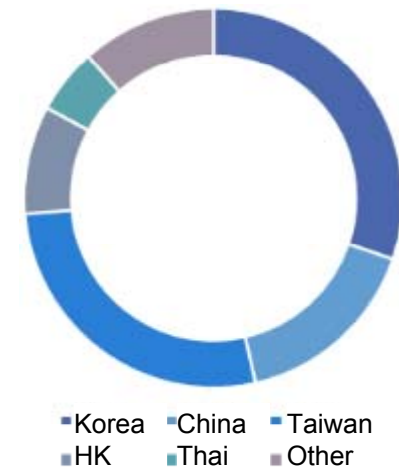
Increasing number of travelers to Japan



Japanese traveler demographics



Breakdown of Asian travelers to Japan



Shobunsha has a history of producing 'Travel'



		Map	Tourist	Food	Hotel	Shopping
	Map and travel guide book publishing house	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Map house, provides map to Google	<input checked="" type="checkbox"/>				
	Car-navigation map house	<input checked="" type="checkbox"/>				
	Travel agency with travel guide		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Restaurant reservation and search engine			<input checked="" type="checkbox"/>		
	Hotel and Restaurant search and reservation			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

As a result, Shobunsha accumulated vast amounts of **information** regarding Japanese Travel and holds significant volumes of POI data as well as **brand recognition**

Inbound Business is a potential media business for Chinese IT Platforms



Chinese IT Platforms have amassed strong memberships, but they have yet to optimize their monetization in Japan

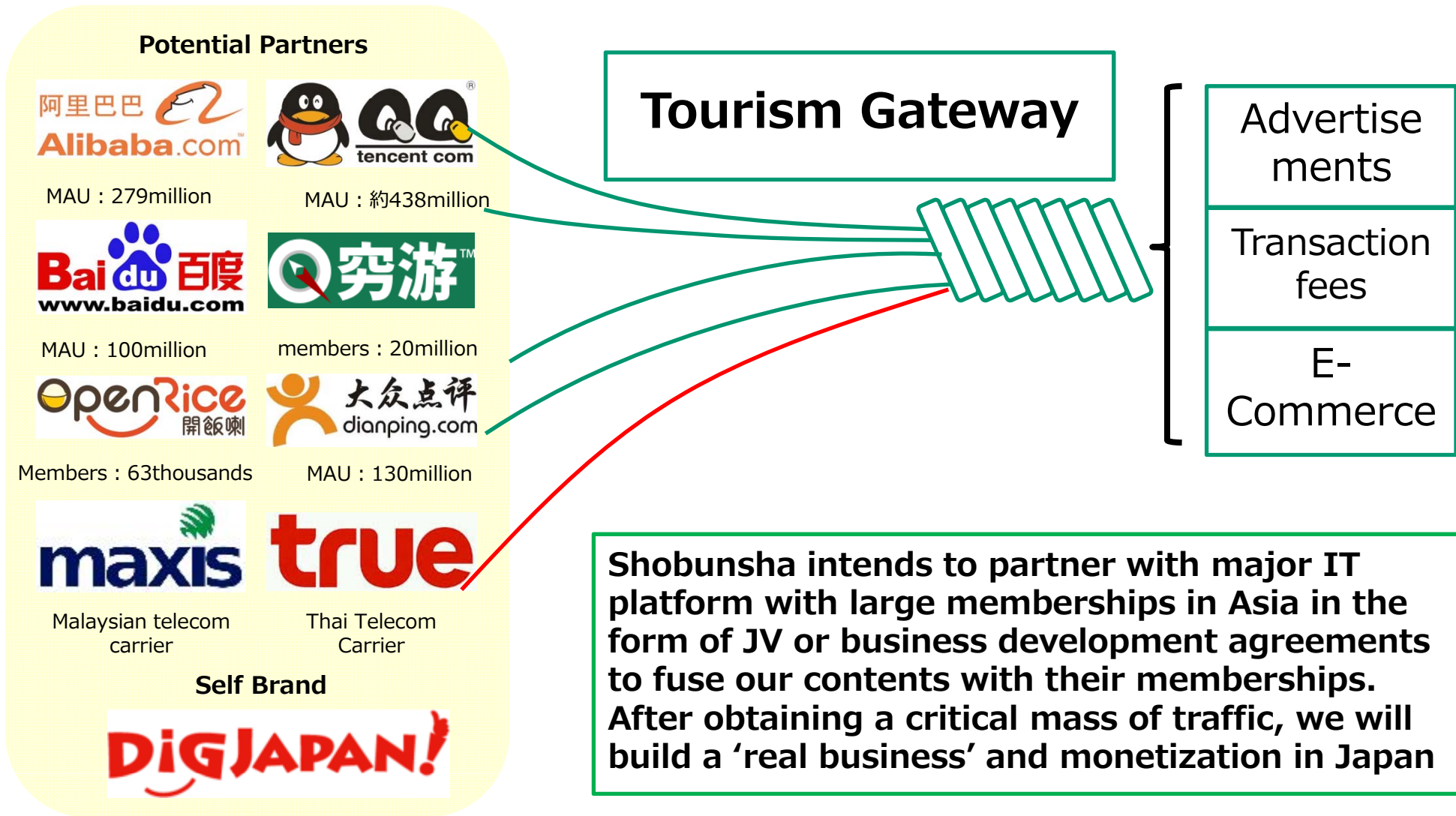


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A new business may be born by joining the Chinese IT platform memberships and Shobunsha's legacy of travel contents

Structure of Inbound Business



Snapshot of Partners (Firms with whom Shobunsha has exchanged Memorandum of Understanding)



DianPing



Shanghai

Private Company
Established 2003
Market Capitalization: NA
P/E: NA
Membership: 150 million total users
250 billion page views per month

- Social Networking Site focused on supporting local lifestyles. Platform based on user generated information and ranking
- Vast information base gathered from 2,300 cities
- Provides large user base with variety of O2O services such as Groupon style purchasing, Online Restaurant Reservations, and Coupons
- Received minority investment from 騰訊控股有限会社 (Tencent) with associated strategic relationships

Travo

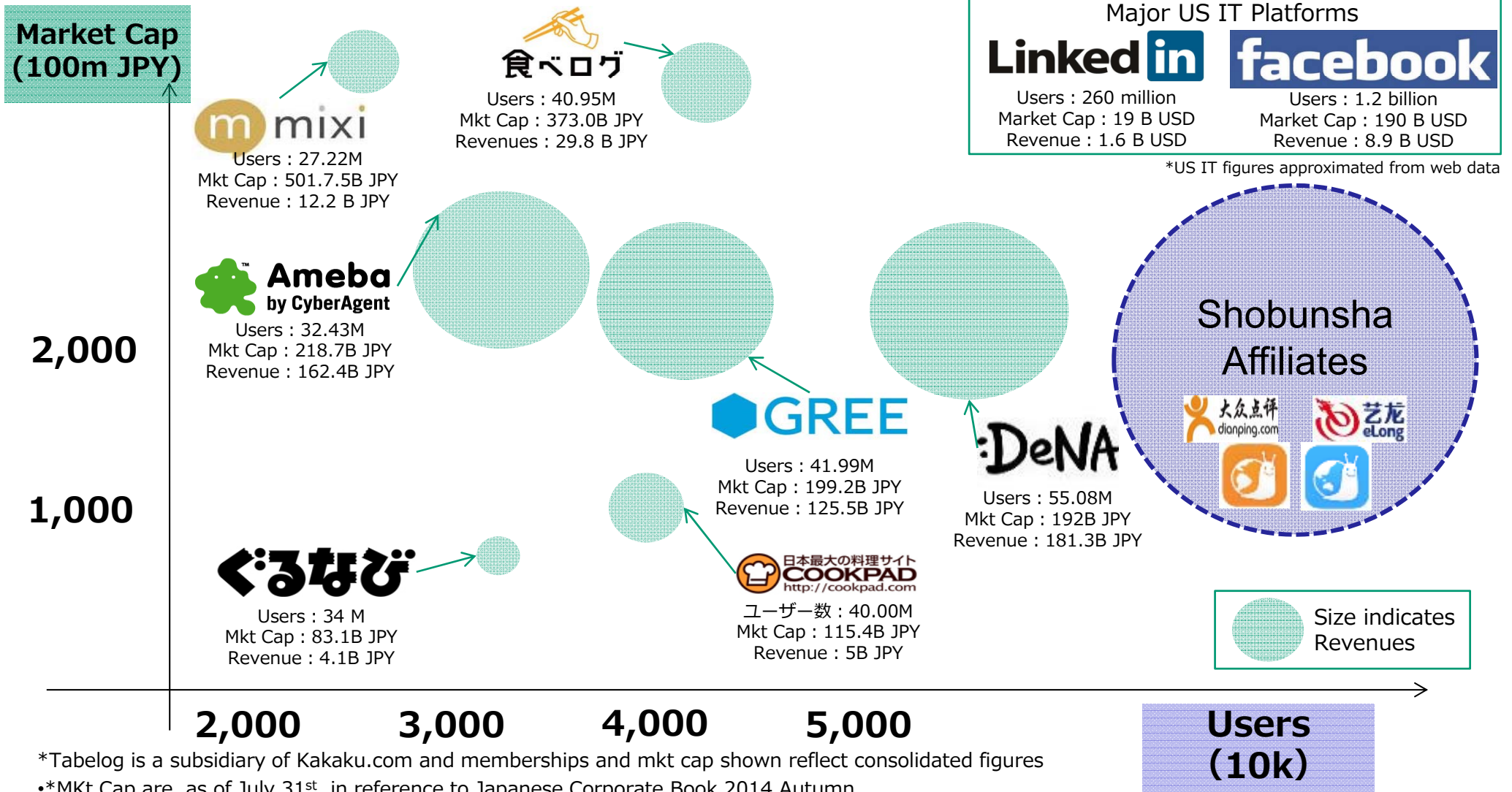


Shanghai

Private Company
Established 2011
Market Capitalization: NA
P/E: NA
Membership: 20 million total users
12 million MAU

- Travo is a travel IT platform dedicated to smart phone applications with its flagship application 在路上 (on the road) aiming to help users 'travel like a local'
- Flagship application 'On the Road' Launched in 2011 in Shanghai, China, boasting innovate means for users to share photographs, travel information and experiences via SNS
- Recently launched second application 'Tao On the Road' whereby users are able to purchase travel packages usually accessible only by locals
- Received minority investment from 阿里巴巴集团 (Alibaba)

Diagram of Market Cap and Memberships



*Tabelog is a subsidiary of Kakaku.com and memberships and mkt cap shown reflect consolidated figures

•*Mkt Cap are as of July 31st, in reference to Japanese Corporate Book 2014 Autumn.

Shobunsha successfully evolved
from a **publishing house** to **data provider**

We believe the **Inbound Business** will nurture

Shobunsha to grow from a **data Provider**

to a firm that **does business with data**

Rationale of partnership with Whiz Partners



Whiz Partners is a professional team with a powerful network and legacy of guiding numerous firms into the Chinese markets

TRANSPAC



Simon Wong
Founding Partner

TRANSPAC



Jason Wong
Founding Partner

TRANSPAC



Louis Choy
Founding Partner

TRANSPAC



Frank Liu
Advisor

Gwangdong Hi-Tech



Dr. Xie Ming Quan
Advisor

Global Pharm Holdings



Yin Yunlu
Advisor

Case study: Transaction cases of Transpac Capital Ltd.



Recruited Jack Ma to the firm as a CEO, as part of the initial investment. Stock held by Softbank originally came from Transpac.



旺旺集团

WANT WANT GROUP

Former WWG corporate entity was helped by Iwatsuka Confectionery. WWG made a magnificent rise to the top of Chinese FNB industry and contributes to Iwatsuka's profitability



Sanyo Foods aided TingYi at a time of financial difficulty. TingYi since rose to the top of Chinese FNB industry and contributes significantly to Sanyo foods today



Transpac took leading role in establishing Yuasa subsidiaries in China beginning with road bike motors and helped ultimate expansion in the Chinese motorcycle industry

