

FY2015 Fiscal Year Financial Results



June 3rd, 2015

Shobunsha Publications, Inc.

Stock exchange code: 9475

Contents

| | | |
|---|---|--------|
| 1 | FY2015 Summary of Consolidated Financials | P3-11 |
| 2 | FY2016 Forecast for fiscal year | P12-15 |
| 3 | Appendix | P16-18 |

【Note regarding this document and contents】
Financial figures under 1 million JPY are omitted.
% figures are rounded to the 0.1%.

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Table of Contents

1 FY 2015 Summary of Consolidated Financials

2 FY 2016 Forecast for Fiscal Year

3 Appendix

FY2015 Summary of Consolidated Financials for Fiscal Year

With the influence of decreasing digital sales and the unanticipated returns of retail publications, net sales dropped by 10.6%. Losses showed for operating income/ordinary profit/net profit.

| | FY2014 performance | FY2015 performance | Amount of fluctuation | Fluctuation rate | Performance forecast | Achievement Ratio |
|--|-----------------------|-----------------------|--------------------------|---------------------|-------------------------|----------------------|
| | | | | | | (million JPY) |
| Net sales | 13,870 | 12,395 | -1,475 | -10.6% | 13,950 | 88.9% |
| Operating Income(Loss) | 659 | -934 | -1,593 | - | 160 | - |
| (Sales amount ratio, same applies hereafter) | 4.8% | -7.5% | | | 1.1% | |
| Ordinary Income(Loss) | 699 | -887 | -1,586 | - | 200 | - |
| | 5.0% | -7.2% | | | 1.4% | |
| Net Income(Loss) | 433 | -7,042 | -7,475 | - | 200 | - |
| | 3.1% | -56.8% | | | 1.4% | |
| EPS (JPY) | 26.07 | -423.51 | -449.58 | - | 12.03 | - |

※Above forecast was announced 30th Oct 2014

FY 2015 Net sales by category for Fiscal Year (Compared to previous period)

The main cause behind the decrease in digital sales is the slackened growth of sales in the maturing PND(Portable car navigation) market. Advertisement income gained through merchandising of “Co-trip” brand.

| | FY 2014 performance | | FY 2015 performance | | Amount of Increase/Decrease | (million JPY) Increase/Decrease Rate |
|-------------------------|---------------------|----------------------|---------------------|----------------------|-----------------------------|---|
| | Result | Component percentage | Result | Component percentage | | |
| E-business sales | 4,924 | 35.5% | 4,363 | 35.2% | -561 | -11.4% |
| Fees and Commissions | 33 | 0.3% | 30 | 0.2% | -3 | -9.5% |
| Retail Publishing Total | 7,363 | 53.1% | 6,472 | 52.2% | -890 | -12.1% |
| Maps | 3,165 | 22.8% | 2,318 | 18.7% | -847 | -26.8% |
| Magazines | 3,045 | 22.0% | 2,949 | 23.8% | -96 | -3.2% |
| Guidebooks | 1,121 | 8.1% | 1,173 | 9.5% | 51 | 4.6% |
| Practical Books | 29 | 0.2% | 31 | 0.2% | 2 | 7.1% |
| Special-order Products | 795 | 5.7% | 668 | 5.4% | -127 | -16.1% |
| Advertising | 753 | 5.4% | 860 | 7.0% | 107 | 14.3% |
| Total | 13,870 | 100.0% | 12,395 | 100.0% | -1,475 | -10.6% |

FY2015 Highlights for fiscal year

- For digital sales, sales in the PND market which has been considered a growing segment showed a rapid decrease.
- For publication sales, weather conditions during the peak tourism season negatively affected the sales of magazines/maps. One of the reasons is the increase in returns of older version products due to publications of newer revised versions.
- Selling, general and administrative(SGA) expenses showed a large increase even during a phase when income decreased due to prior investment, sales promotion expenses, research and development expenses etc required for the promotion of the inbound business ¹.
- As a result of considering the realization of fixed assets and goodwill and taking into account the rapidly changing business environment surrounding our group, an impairment loss of JPY 58.68 billion has been recorded as extraordinary loss.

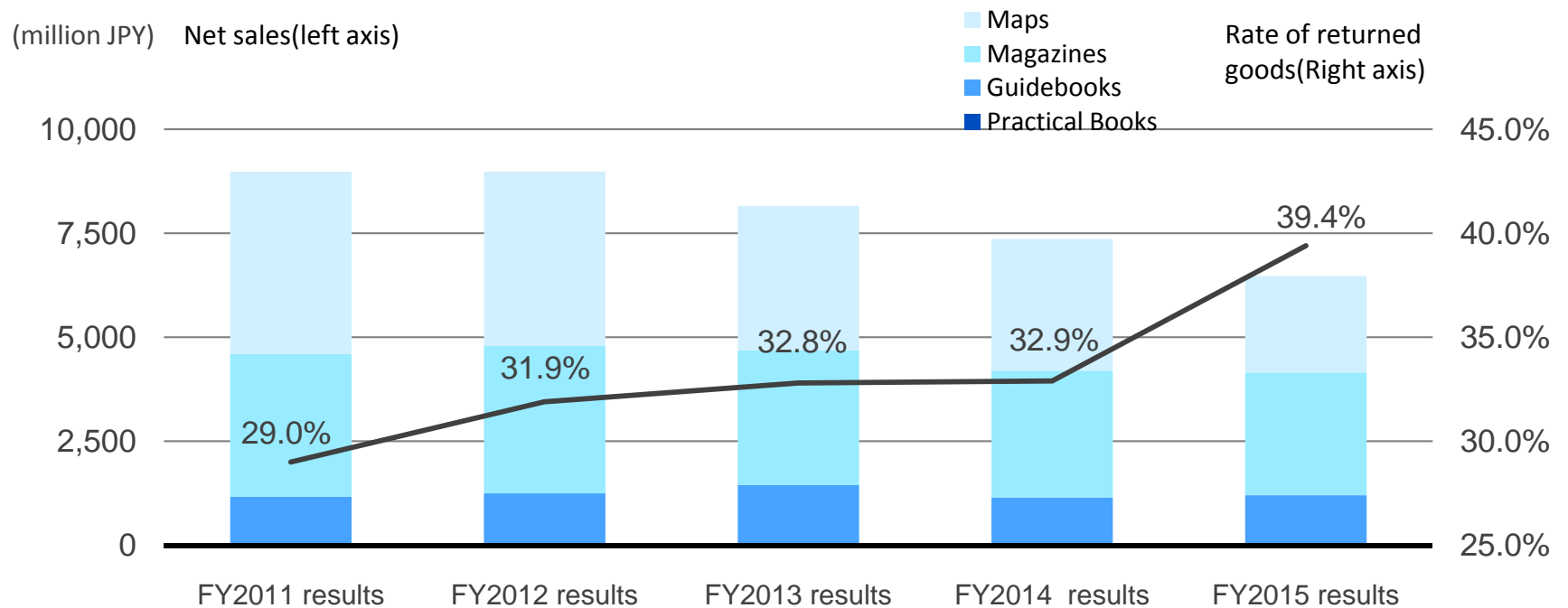
▶Breakdown and sum of major fixed assets that impairment losses have been calculated for:
-Database 33.78 billion JPY, -Land 19.27 billion JPY -Software 412 million JPY

- As a result of considering the realization of deferred tax assets, we have decided to reduce the full amount and recorded 215 million JPY as adjustment amount such as corporate tax etc.
- Dividend is anticipated to be the same amount as last period, 20 per share JPY.

¹ Inbound Business, a business model whereby Shobunsha gains advertisement fees through data provision service targeting inbound travelers, which we consider to be one of the key growth drivers for the entire group.

FY2015 Fiscal Year Publication Sales and Return Rates

Because of the early publishing of some of the revised-version map publications, the return period was front-loaded and returns increased for last year versions, and as a result, return rates rose to nearly 40%.

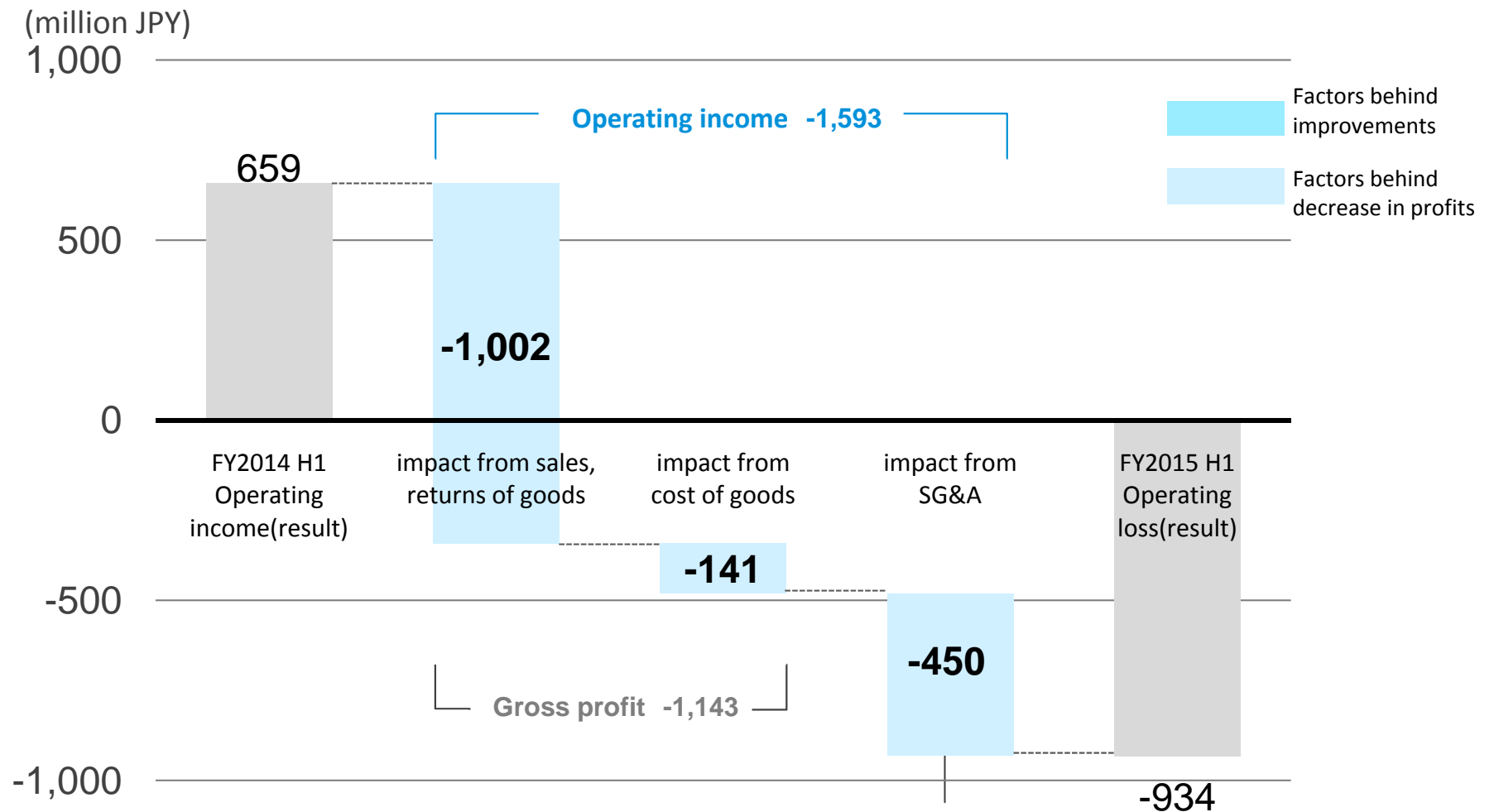


(million JPY)

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| Retail Publishing Total Sales | 8,983 | 8,983 | 8,158 | 7,363 | 6,472 |
| Maps | 4,375 | 4,180 | 3,470 | 3,165 | 2,318 |
| Magazines | 3,437 | 3,554 | 3,238 | 3,045 | 2,949 |
| Guidebooks | 1,125 | 1,219 | 1,432 | 1,121 | 1,173 |
| Practical Books | 43 | 29 | 16 | 29 | 31 |
| Return rate | 29.0% | 31.9% | 32.8% | 32.9% | 39.4% |

FY2015 Fiscal Year Analysis of Operating Income (Compared to previous fiscal year)

With the impact of reduced sales and increased returns, profits fell sharply. Cost wise, the increase in maintenance cost for car navigation related business and increased publication costs due to new travel related publications held an impact.



SGA was largely impacted by primary investments for the inbound business.

FY2015 Fiscal Year SGA, Capital Expenditures and Depreciation

The increase in SGA is mainly due to the cost required for the promotion of the inbound business. As for capital expenditures, system investments were also made to strengthen the inbound business.

| | FY2014 Results | FY2015 Results | Amount of Increase/ Decrease | (million JPY) Increase/ Decrease Rate |
|-----------------------------------|-------------------|-------------------|------------------------------------|---|
| Net sales | 13,870 | 12,395 | -1,475 | -10.6% |
| SGA Total | 3,776 | 4,226 | 450 | 11.9% |
| Promotion expenses | 102 | 131 | 28 | 27.9% |
| Advertising expenses | 222 | 307 | 84 | 37.8% |
| Salaries, allowances and bonuses | 1,418 | 1,494 | 75 | 5.3% |
| Provision for bonuses | 171 | 180 | 9 | 5.4% |
| Depreciation | 127 | 113 | -14 | -11.2% |
| Research and Development | 149 | 195 | 46 | 30.8% |
| Other | 1,583 | 1,804 | 221 | 14.0% |
| Capital Expenditures Total | 414 | 570 | 156 | 37.8% |
| Tangible assets | 55 | 72 | 17 | 30.8% |
| Intangible assets | 358 | 498 | 139 | 38.9% |
| Depreciation & Amortization Total | 1,277 | 1,218 | -58 | -4.6% |
| Tangible assets | 211 | 197 | -13 | -6.6% |
| Intangible assets | 1,065 | 1,021 | -44 | -4.2% |

FY 2015 Fiscal Year Consolidated Balance Sheet

Fixed assets decreased sharply and the component ratio has changed significantly due to the large amount of impairment.

(million JPY)

| | End of FY2014 | | End of FY2015 | | Amount of Increase/Decrease | Factors behind increase/decrease |
|--|---------------|----------------------|---------------|----------------------|-----------------------------|--|
| | results | Component percentage | results | Component percentage | | |
| Total Assets | 33,992 | 100.0% | 28,328 | 100.0% | -5,664 | |
| Current assets | 16,701 | 49.1% | 17,480 | 61.7% | 778 | Financing in the form of unsecured convertible-bond |
| Inventory | 1,820 | 5.4% | 1,933 | 6.8% | 113 | |
| Non-current assets | 17,290 | 50.9% | 10,847 | 38.3% | -6,442 | Loss of database/land due to the delcaration of impairment |
| database | 3,905 | 11.5% | 0 | 0.0% | -3,905 | |
| Total Liabilities | 4,987 | 14.7% | 6,350 | 22.4% | 1,362 | |
| Current liabilities | 3,615 | 72.5% | 3,882 | 61.1% | 267 | Increase in notes and account payable |
| Non-current liabilities | 1,372 | 27.5% | 2,467 | 38.9% | 1,094 | Issue of unsecured convertible bond |
| Total Net assets | 29,004 | 85.3% | 21,978 | 77.6% | -7,026 | (Equity-to-asset ratio down by 7.7Pt) |
| Shareholder's equity | 28,401 | 97.9% | 21,087 | 95.9% | -7,313 | Decrease of accumulated earnings due to the recording of net loss |
| Total accumulated other comprehensive income | 603 | 2.1% | 890 | 4.1% | 287 | Increase of valuation difference on available-for-sales securities |
| TOTAL | 33,992 | 100.0% | 28,328 | 100.0% | -5,664 | |

FY2015 Fiscal Year Consolidated Cash Flow Statements

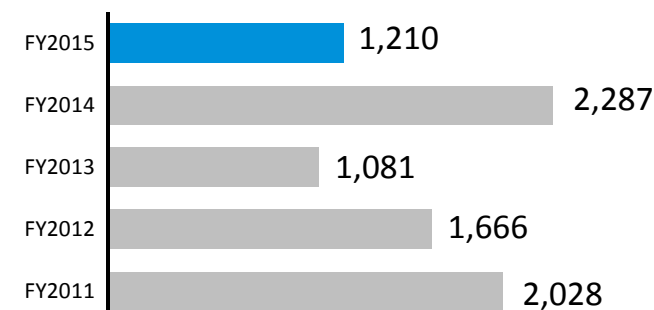
Cash flows from operating activities reflected the decrease in profitability.

(million JPY)

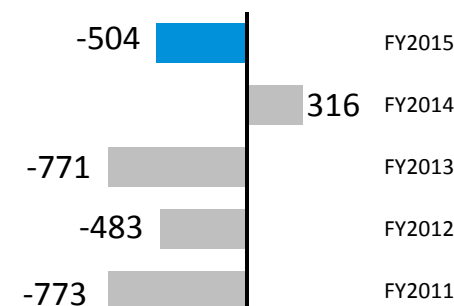
| | FY2014 Results | FY2015 Results | Amount of increase/decrease | Factors behind increase/decrease |
|---|----------------|----------------|-----------------------------|---|
| Cash flows from operating activities | 2,287 | 1,210 | -1,077 | Decrease in loss before income taxes and minority interests -7,499 Impairment loss +5,868 Decrease in notes and accounts receivable-trade +646 |
| Cash flows from investing activities | 316 | -504 | -820 | Earnings from refund of fixed deposit +500 Expenditure from deposit in time deposit -600 Decrease in income from sell off of investment securities -564 Increase in expenditure from acquisition of intangible fixed assets -111 |
| Cash flows from financing activities | -636 | 629 | 1,266 | Income from issue of corporate bonds +991 Increase of short-term loan payable +174 |
| Net increase(decrease) in cash and cash equivalents(- indicates decrease) | 1,967 | 1,335 | -631 | |
| Cash and cash equivalents at end of period | 10,446 | 11,782 | 1,335 | |

Cash flows Change over the past 5 years (million JPY)

Cash flows from operating activities



Cash flows from investing activities



Cash flows from financing activities

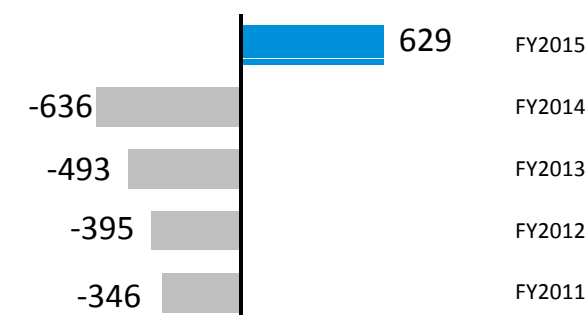


Table of Contents

1 FY 2015 Fiscal Year Summary of Consolidated Financials

2 FY 2016 Forecast for fiscal year

3 Appendix

FY2016 Forecast for fiscal year (Compared to previous fiscal year)

Sales wise, the aim is to secure revenue increase which will be the first in 4 fiscal years by reorganizing existing business fields and assertively developing new businesses. With the influence of this term's declaration of impairment, the amortization of intangible assets is expected to decrease.

| | FY2015 results | FY2016 forecast | Amount of Increase/Decrease | (million JPY) Increase/Decrease rate |
|--|------------------|-----------------|-----------------------------|---|
| Net sales | 12,395 | 13,890 | 1,494 | 12.1% |
| Operating income(Operating loss) (Operating income to net sales ratio, same applies hereafter) | -934 -7.5% | 500 3.6% | 1,434 | - |
| Ordinary income(Ordinary loss) | -887 -7.2% | 540 3.9% | 1,427 | - |
| Net income(Net loss) | -7,042 -56.8% | 500 3.6% | 7,542 | - |
| EPS(JPY) | -423.51 | 30.07 | 453.58 | - |
| Capital Expenditures Total | 570 | 820 | 249 | 43.7% |
| Tangible assets | 72 | 100 | 27 | 37.6% |
| Intangible assets | 498 | 720 | 221 | 44.6% |
| Depreciation & Amortization Total | 1,218 | 400 | -818 | -67.2% |
| Tangible assets | 197 | 195 | -2 | -1.4% |
| Intangible assets | 1,021 | 205 | -816 | -79.9% |
| Research and Development | 195 | 60 | -135 | -69.3% |

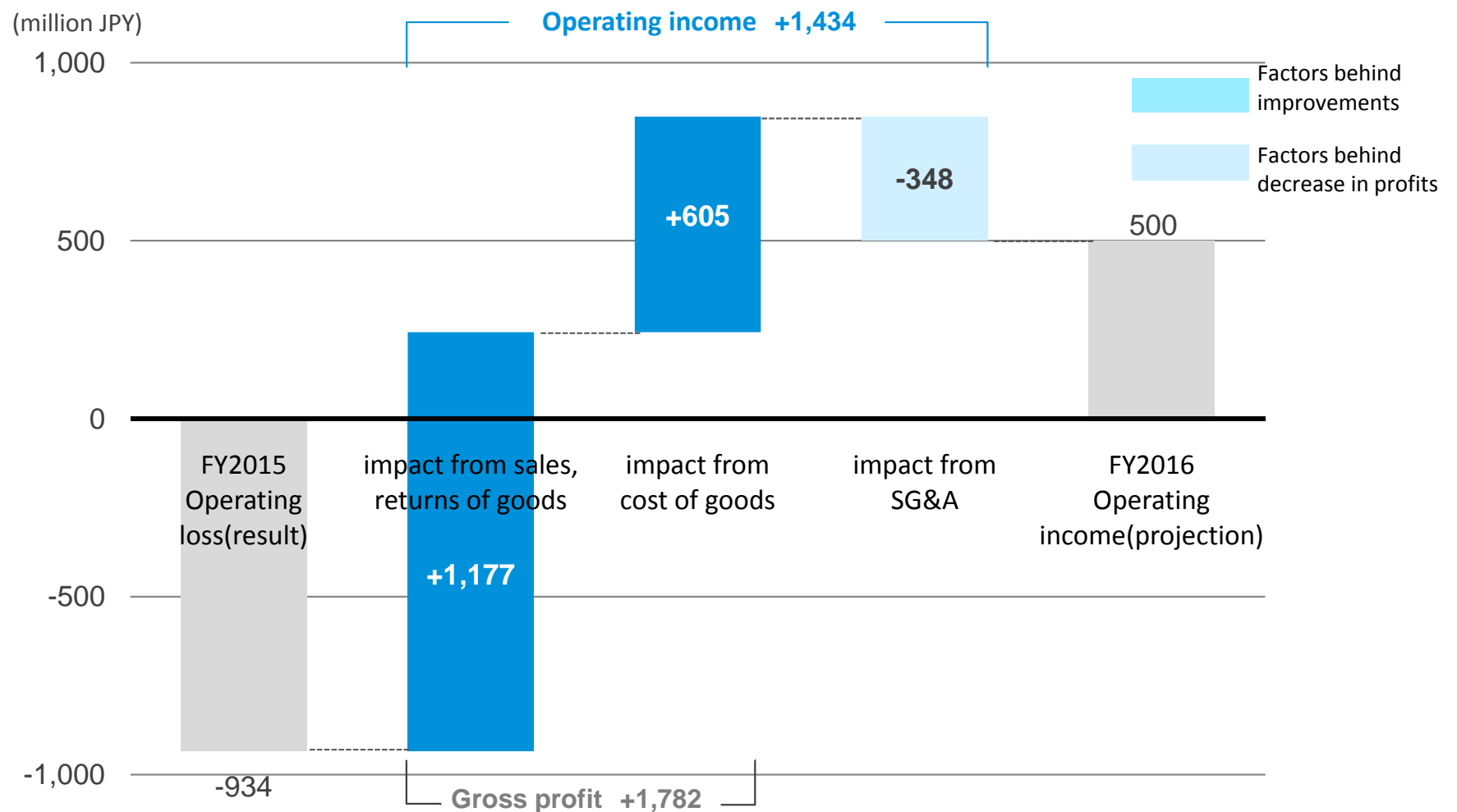
FY2016 Fiscal Year Projection of net sales by category (Compared to previous fiscal year)

Based on the current strategy and the state of progress, the sales from the inbound business has included in the “E-business sales” and “Fees and Commissions”. The retail publishing total is projected to increase with measures to suppress returns.

| | FY 2015 Fiscal Year | | FY 2016 Fiscal Year | | Amount of Increase/Decrease | (million JPY) |
|-------------------------|---------------------|----------------------|---------------------|----------------------|-----------------------------|------------------------|
| | Result | Component percentage | Projection | Component percentage | | Increase/Decrease Rate |
| E-business sales | 4,363 | 35.2% | 4,380 | 31.5% | 16 | 0.4% |
| Fees and Commissions | 30 | 0.2% | 130 | 1.0% | 99 | 323.2% |
| Retail Publishing Total | 6,472 | 52.2% | 7,710 | 55.5% | 1,237 | 19.1% |
| Maps | 2,318 | 18.7% | 2,990 | 21.5% | 671 | 29.0% |
| Magazines | 2,949 | 23.8% | 3,520 | 25.3% | 570 | 19.4% |
| Guidebooks | 1,173 | 9.5% | 1,150 | 8.3% | -23 | -2.0% |
| Practical Books | 31 | 0.2% | 50 | 0.4% | 18 | 56.9% |
| Special-order Products | 668 | 5.4% | 820 | 5.9% | 151 | 22.7% |
| Advertising | 860 | 7.0% | 850 | 6.1% | -10 | -1.2% |
| Total | 12,395 | 100.0% | 13,890 | 100.0% | 1,494 | 12.1% |

FY2016 Fiscal Year Analysis of Operating Income (Compared to previous fiscal year)

With primary factors such as the increase of sales and the lightened burden of depreciation and amortization, operating income is expected to turn into a surplus. SGA is expected to increase further due to the costs related to new businesses.



Index of contents

1 FY 2015 Fiscal Year Summary of Consolidated Financials

2 FY 2016 Forecast for Fiscal Year

3 Appendix

Summary of Group Corporate Organization

Shobunsha Group currently consists of 5 entities: corporate headquarters corporation, 3 subsidiary companies, and 1 affiliated corporation (by the equity accounting method).
(As of March 31th, 2015)

| | | | | |
|-----------|----------------------|---|--|--|
| Shobunsha | Company Name | Shobunsha Publications, Inc. | | |
| | Founded | May-60 | | |
| | Established | Jun-64 | | |
| | Number of Employees | 375(as of 31 Mar 15) | | |
| | Listed Market | First Section of The Tokyo Stock Exchange | | |
| | Address | 3-1 Kojimachi, Chiyoda-ku, Tokyo | | |
| | Business Description | Shobunsha group's core business is the development of our original map and guide data. Our other businesses built around this business include the publishing and distributing of maps,magazines and guidebooks, the planning/production/distribution of digital database and providing other related services. | | |

| | | | | |
|----------------------|----------------------|---|--|---|
| subsidiary Companies | Company Name | Canvas Mapple Co., Ltd. | Mapple On Co., Ltd. | Shobunsha Digital Solution Co., Ltd. |
| | Investment ratio | 100% | 100% | 100% |
| | Business Description | Development,Planning and Distribution of Map softwares for car navigation systems | Planning,Distribution and web advertisement business of application software for mobiles (cell phones · smartphones) | Mapping Business and System Solution Business |

Key Topics of FY 2015

| Release date | Topics |
|--------------|---|
| Apr.23.2014 | Launch of "Seven Travel Map Powered by MAPPLE", a service that enables consumers to print-out guide maps through the multi-copying machines installed in Seven-Eleven convenient stores. |
| May.12 | Launch of "Co-trip Magazine" a seasonal magazine that offers ideas for a new way of lifestyle by linking everyday life with travel. |
| Jun.20 | Launch of series "Tabitte", a guidebook targeted for people traveling without cars / Sold domestically in 20 areas |
| Sep.17 | Total sales for the guidebook series for women "Co-Trip" reaches 10 million copies. |
| Nov.4 | Launch of free tourism application for inbound travelers "DiGJAPAN!" in 5 languages (English, Chinese(Simplified, Traditional), Korean, Thai) |
| Feb.4.2015 | Update of free tourism application for inbound travelers "DiGJAPAN!" Addition of popular areas, Kyoto and Osaka and the coupon function |
| Feb.16 | Release of "Touring the world heritages of Japan", a map guidebook featuring popular world heritages such as Tomioka Silk Mill |
| Feb.19 | Release of supporter's guidebook for Urawa Reds, a popular J-League Soccer Team "Mapple Magazine Urawa Reds" |
| Mar.6 | Release of "Mapple Magazine Let's get on the Hokuriku Shinkansen!", a guidebook introducing the wonders of traveling by Shinkansen and the stations along the Hokuriku Shinkansen railway line. |



『Co-Trip Magazine』
(Above: 4th Series released in Feb.2015)



『tabitte』



『DiG JAPAN!』 application



『Touring the world heritages of Japan』



Disclaimer Items

For Plans, projections, and strategy notated in this document that are not based on historical facts are projections of future performance. These projections are based on information available at the time of this release and on management judgment.

Actual performance may be affected by a variety of factors and may differ significantly from projections. Management requests readers and investors to take note of this discrepancy.

Furthermore, management requests that investors refrain from investing solely on projected information found on this document.