



Inbound Business Development and FY Mar 2015 Performance

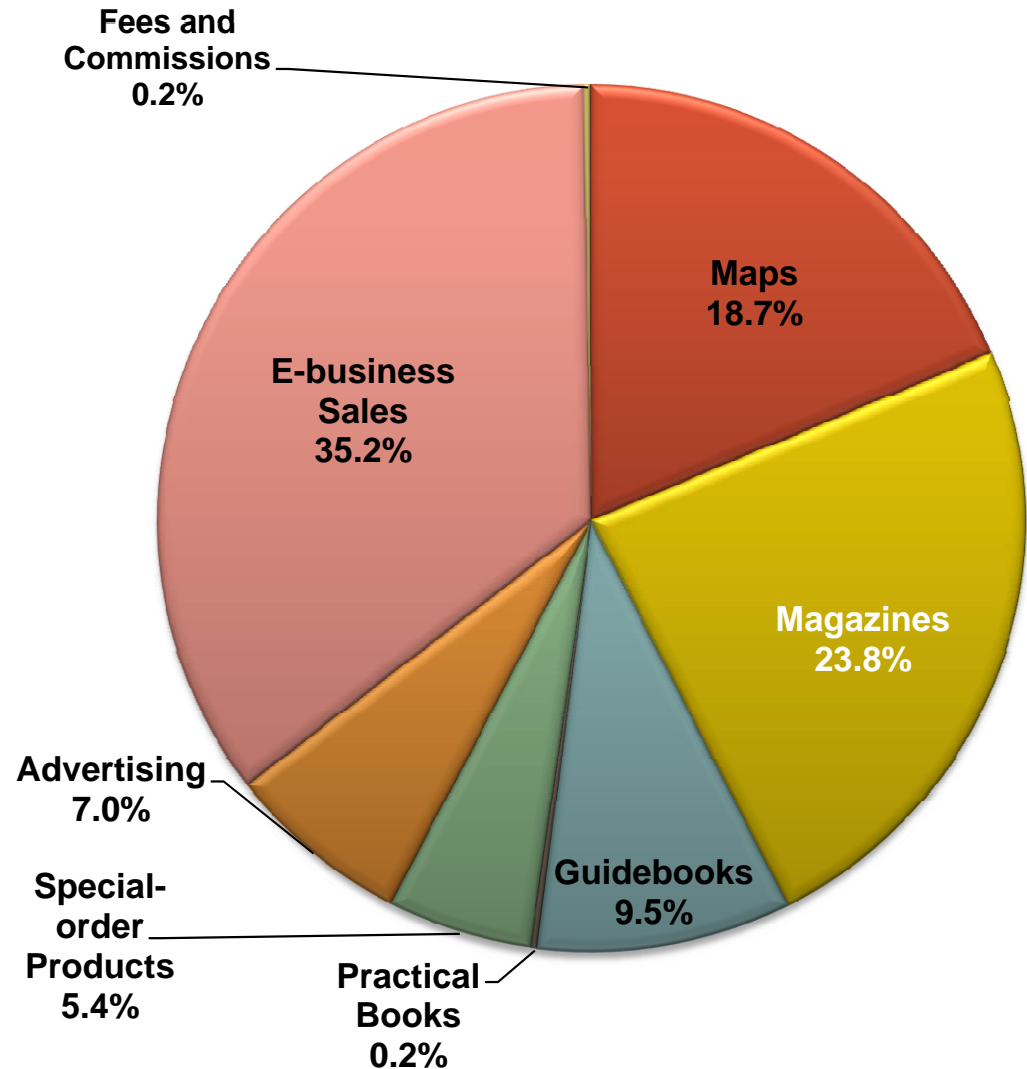
Analyst Presentation Material
June 3rd, 2015

FY Mar 2015 Financial performance

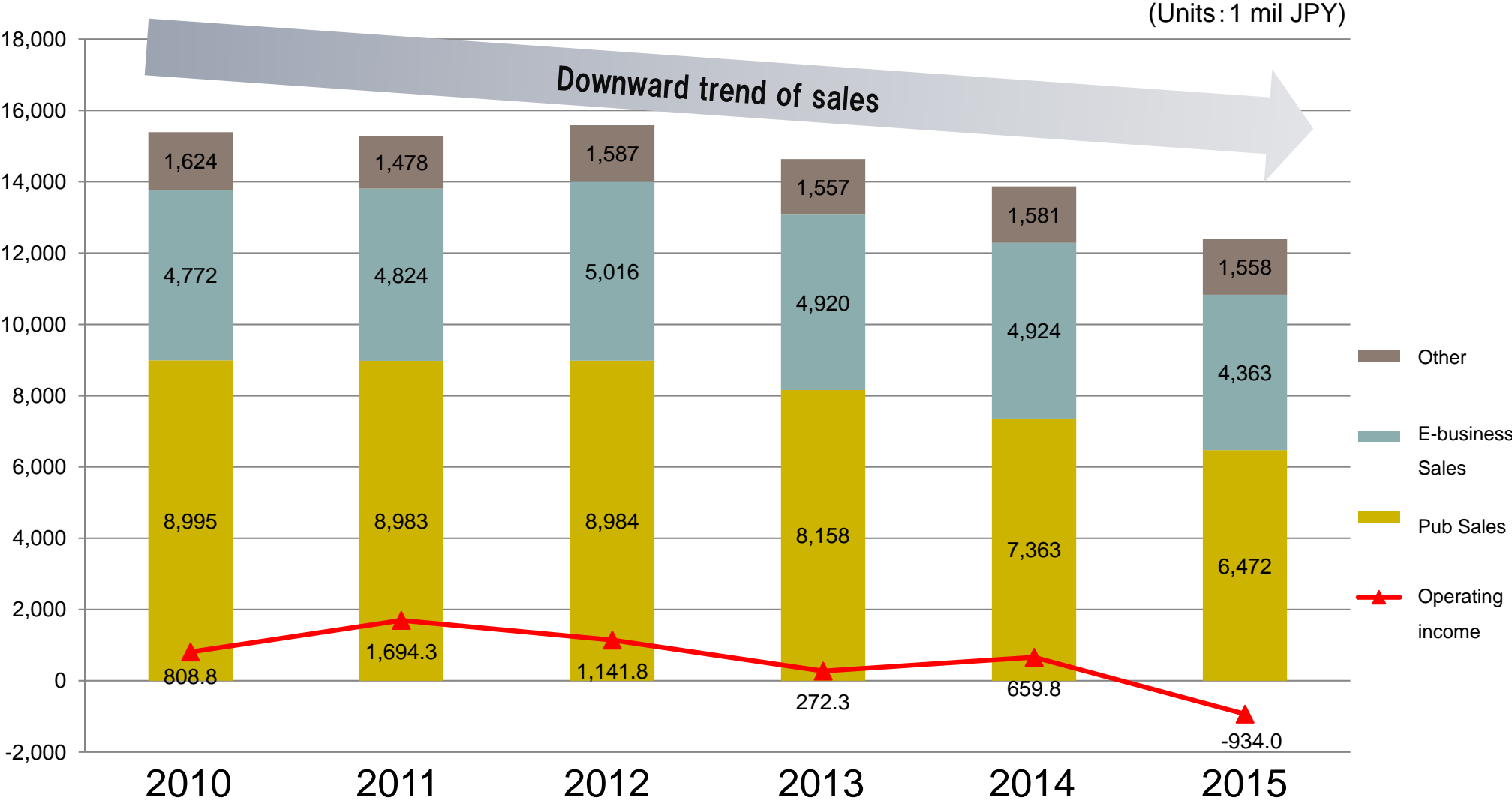
FY 3/2015 Net sales by category

(Units: mil JPY)

Maps	2,318
Magazines	2,949
Guidebooks	1,173
Practical Books	31
Special-order Products	668
Advertising	860
E-business Sales	4,363
Fees and Commissions	30
Totals	12,395



Sales and Operating Income



Profit and Loss Statement



(Units : 1 mil JPY)

	Prior Consolidated Fin Period	Cur Consolidated Fin Period
	From 2013/4/1 To 2014/3/31	From 2014/4/1 To 2015/3/31
Net sales	13,870	12,395
Cost of sales and Provision for sales returns-net	9,434	9,103
Gross profit	4,435	3,292
Selling, general and administrative expenses	3,776	4,226
Operating income (loss)	659	△934
Total non-operating income	76	79
Total non-operating expenses	36	32
Ordinary income (loss)	699	△887
Extraordinary income	35	2
Extraordinary losses		
Loss on sales of non-current assets and Loss on retirement of non-current assets	2	9
Loss on valuation of investment securities	-	4
Impairment loss	-	5,868
Total extraordinary losses	2	5,882
Income (loss) before income taxes and minority interests	732	△6,767
Income taxes-current	48	59
Income taxes-deferred	250	215
Net income (loss)	433	△7,042

Statement of Cash Flows



(Units: 1 mil JPY)

	Previous Fiscal Year	Current Fiscal Year
	From 4/1/2013 To 3/31/2014	From 4/1/2014 To 3/31/2015
Cash flows from operating activities	2,287	1,210
Cash flows from investing activities	316	△504
Cash flows from financing activities	△636	629
Net increase in cash and cash equivalents	1,967	1,335
Beginning of Year cash and cash equivalents	8,479	10,446
End of Year cash and cash equivalents	10,446	11,782

Balance Sheet



	Previous FY	Current FY
	FY 3/31/2014	FY 3/31/2015
Assets		
Current assets		
Cash and deposits	9,421	11,357
Notes and accounts receivable	4,151	3,081
Inventory	1,820	1,933
Other	1,307	1,107
Total current assets	16,701	17,480
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	2,676	2,545
Machinery, equipment and vehicles (net)	58	45
Tools, furniture and fixtures (net)	88	85
Land	6,166	4,213
Total property, plant and equipment	8,990	6,889
Intangible assets		
Database	3,905	-
Goodwill	176	-
Other	696	325
Total intangible assets	4,779	325
Investments and other assets		
Investment securities	1,568	2,043
Net defined benefit asset	1,158	1,356
Other	795	233
Total investments and other assets	3,521	3,632
Total non-current assets	17,290	10,847
Total assets	33,992	28,328

	Previous FY	Current FY
	FY 3/31/2014	FY 3/31/2015
Liabilities		
Current liabilities		
Notes and accounts payable	998	1,305
Short -term loans payable	770	770
Current portion of long-term loans payable	75	50
Provision for bonuses	346	362
Provision for sales returns	815	607
Other	610	787
Total current liabilities	3,615	3,882
Non-current liabilities		
Bonds payable	-	1,000
Long -term loans payable	25	20
Deferred tax liabilities	1,075	1,134
Provision for directors' retirement benefits	194	224
Net defined benefit liability	76	85
Other	2	2
Total non-current liabilities	1,372	2,467
Total liabilities	4,987	6,350
Net assets		
Shareholders' equity		
Capital stock	9,903	9,903
Capital surplus	10,708	10,708
Retained earnings	8,314	1,000
Treasury shares	△525	△525
Total shareholders' equity	28,401	21,087
Accumulated other comprehensive income	603	890
Total net assets	29,004	21,978
Total liabilities and net assets	33,992	28,328

Status of Inbound Business Development

Market Trend of Inbound Tourists

日本経済新聞

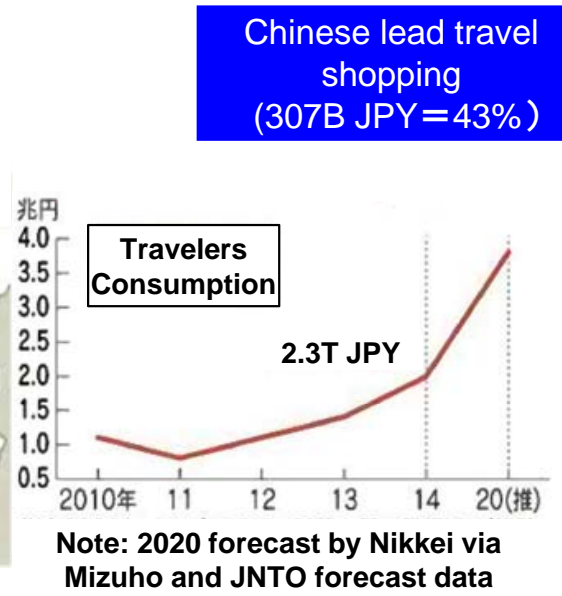
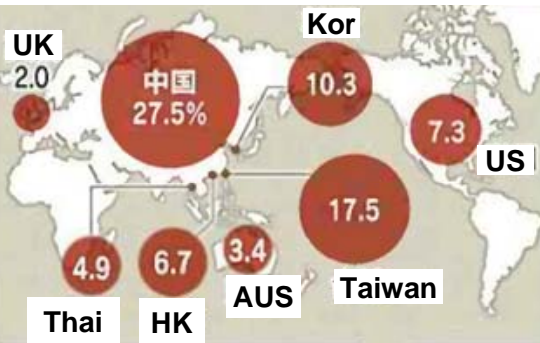
The Waking 「4 Trillion Yen」

2015/01/28 | Nikkei MJ (Ryutsu News)

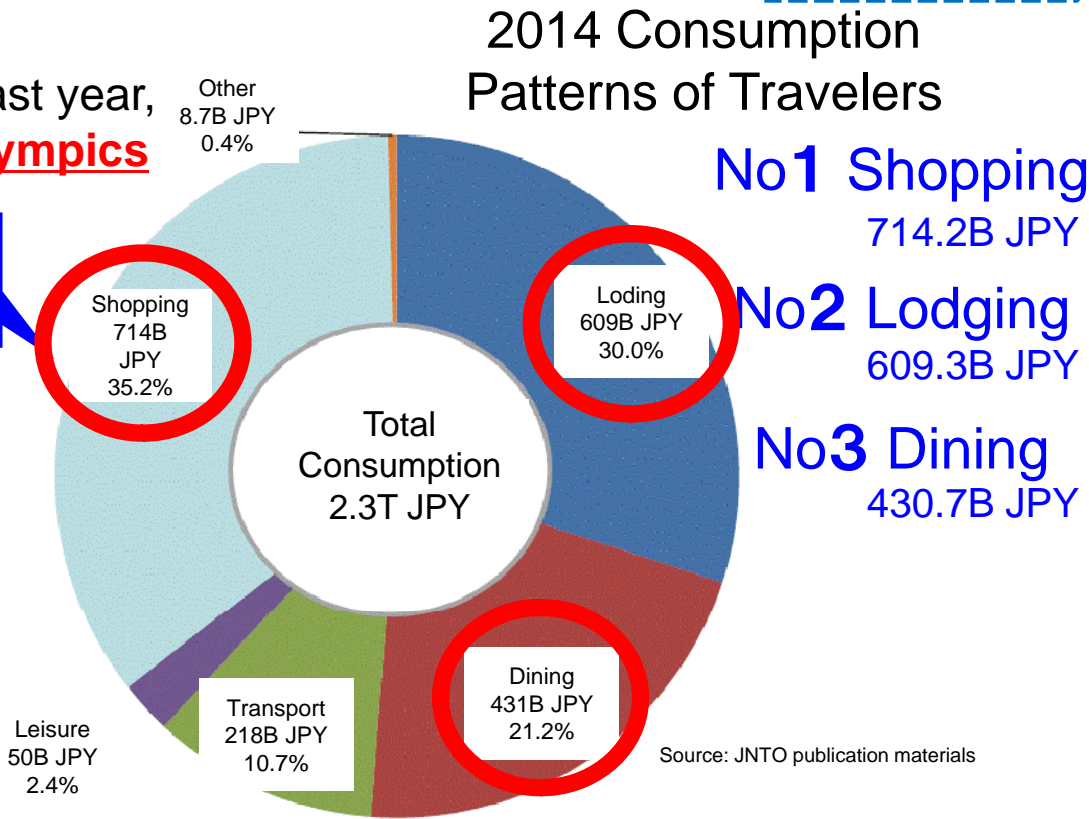


The Japan Inbound Market that grew to 2 trillion JPY last year, is expected to double to **4 trillion JPY by the 2020 Olympics**

Chinese Travelers constitute 25% of Inbound Consumption
2014 Inbound traveler Consumption Demographics









Chinese lead travel shopping (307B JPY = 43%)



Japan Inbound Business targets projected 4 trillion JPY consumption market

Shobunsha Strengths (Competitive Advantage)



		Maps	Travel Info	Dining	Hotel	Shopping
	Independent player of maps and travel guides	✓	✓	✓	✓	✓
	Map maker with strong hold in residential maps	✓				
	Auto navigation firm with strength in maps	✓				
	Dominant travel agency with travel guides		✓	✓	✓	✓
	Dominant IT restaurant reservation platform			✓		
	IT players in hotel and restaurant reservations			✓	✓	

Shobunsha is the only firm with a **full spectrum** of robust travel offerings, with over 1 million POI data, and **brand strength** in Japan

Structure of Shobunsha Inbound Business



Overseas Partnerships

Firms with Partnerships



MAU
~200M



MAU
~20M

Potential Partners



MAU
440M

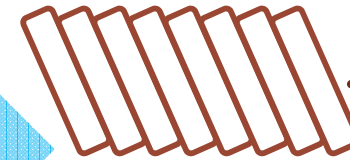


MAU
280M



Overseas partners with large IT memberships

Shobunsha Inbound Travel Gateway



Advertising

Reservation Fees

Sales Commission

Own Platform

DIGJAPAN!



Business Development

DiGJAPAN! Partnerships

Overseas partners with large non-IT memberships



Notes: Potential Partners have been kept anonymous. Tencent, Alibaba, and other firms for illustrative purposes only



Executing a powerful quantitative media platform

Case Study of BaWangCan (霸王餐)

BaWangCan is a major web campaign hosted quarterly by DianPing

Note: **90 mil users** participate in each BaWangCan event with **210 mil PV**



【3 nights 4 day Free Trip To Japan】 Campaign

Target Audience: Shanghai and Beijing
Prizes: 2 prizes, 4 travelers
Participation Period: 1 week

200k participants and 800k PV in 1 week!

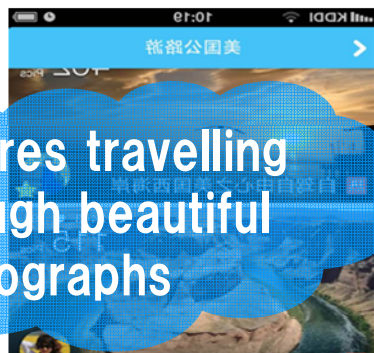
Strong potential for Japanese brands to message to Chinese consumers



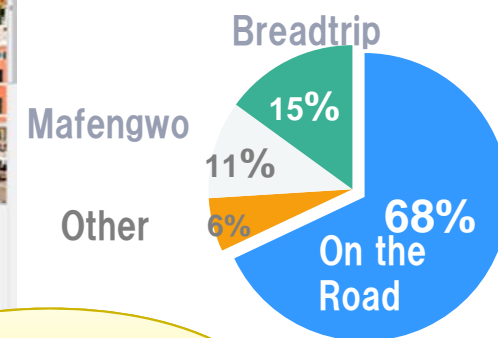
SNS community for Chinese travellers. **Ranked No.1 for 3 straight years** for travel blogs!



Inspires travelling through beautiful photographs



Travel blog market share



- Registered Users **20 Users**
- Monthly PV **24mil PV**
- Total Blogs **50 mil**

Selling domestic and overseas tour products

Providing Hotel reservations and tours to bloggers

Currently negotiating with travel agencies to start reservation service

Overseas

DiGJAPAN!
【Facebook】

- Taiwan 387,416
- Thailand 321,816
- English 20,299
- Singapore 10,307

DiGJAPAN!
【Partnerships (ex)】

- THAI
- 燦星旅遊 www.startravel.com.tw
- JET 東南旅遊
- SAMURAI WIFI
- tigerair

Total Fans Over 700k

Over 20 Partnerships

Expanding App users via partnerships with travel related overseas partners and building Facebook fan base



Download before flight

Use while in Japan



Cum. 120k Downloads!

Japan



Info Posting Service



Ad sales



Currently expanding ad service in Japan

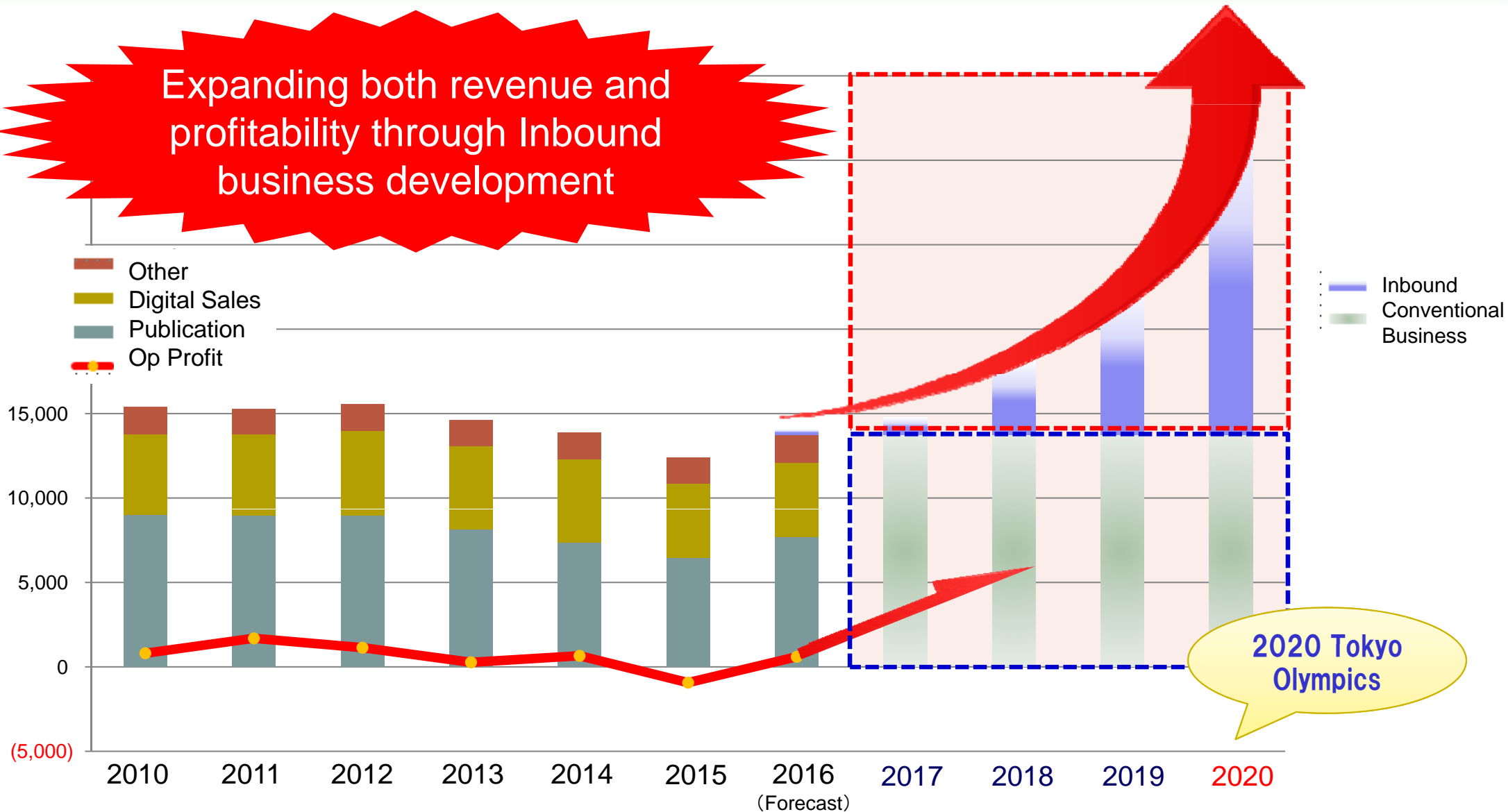
Revenue Projection of Inbound Business



<u>Business Model</u>	<u>FY 3/2016 Revenue*</u>	<u>Market Forecast in 2020</u>	<u>2020 Inbound segment revenue forecast</u> ※ () indicates market share		
			<u>MIN</u>	<u>MID</u>	<u>MAX</u>
Ad Sales	200 - 600 M JPY	<p>~4 T JPY Tot Traveler Consumption</p> <p>↓</p> <p>Estimated ad market ~200B JPY</p> <p>Estimating 5% ad spending for on total traveler consumption</p>	2B JPY (1%)	4B JPY (2%)	10B JPY (5%)
Reservation Fees	100-300 M JPY	~1.2T JPY Total hotel spending	1B JPY (1~2%)	2B JPY (2~3%)	3B JPY (3~5%)
Sales Commission	Start-up	~1.4T JPY Total Shopping spend	2B JPY (5~7%)	4B JPY (7~10%)	8B JPY (10~20%)
Total:	30~900 M JPY		5B JPY	9B JPY	21B JPY

Future projection of Inbound Business

Expanding both revenue and profitability through Inbound business development



※Inbound business segments expected to have higher profitability margins compared to conventional publication business