This filing was originally prepared and published by the company in Japanese as it contained timely disclosure information to be submitted to the Tokyo Stock Exchange (1st section). The English translation is for your reference only. To the extent there is any discrepancy between this English translation and the original Japanese filing, the Japanese filing will prevail. The following financial information was prepared in accordance with generally accepted accounting principles in Japan (JGAAP).

Financial Results (Consolidated) for Q1-Q3(Cumulative) of FY2016

October 26, 2016

Corporate Name: ValueCommerce Co., Ltd. Listed: TSE 1st section
Ticker Symbol: 2491 URL: http://www.valuecommerce.com/ir/
Representative: Representative Director, President and CEO (Name) Jin Kagawa
Contact person: Director of the Board, CFO (Name) Masatomo Endo
TEL: 81 3 6438 6860

Scheduled date of commencement of dividend payment: -
Scheduled date of filing the securities report: November 8, 2016
Results supplementary materials to be created: Yes
Scheduled date of an explanatory presentation to investors: October 27, 2016

(Amounts less than one million yen rounded down)

1. Consolidated Operating Results for the Third Quarter of FY2016 (Jan. 1 to September. 30, 2016)

(1) Consolidated Operating Results (Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Q1-Q3(cumulative) FY2016	13,179	7.7	689	(39.8)	753	(40.7)	245	(68.9)
Q1-Q3(cumulative) FY2015	12,233	26.3	1,145	0.4	1,271	2.4	788	10.6

(Note) Comprehensive income: Third quarter ended September 30, 2016: 321 million yen, (59.1)%
Third quarter ended September 30, 2015: 784 million yen, 2.3%

	Basic EPS (Earnings per share)	Diluted EPS (Diluted Earnings per share)
	Yen	Yen
Q1-Q3(cumulative) FY2016	7.38	7.38
Q1-Q3(cumulative) FY2015	23.75	23.71

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Book-value per share
	Million Yen	Million Yen	%	Yen
As of September 30, 2016	9,974	6,298	62.7	188.14
As of December 31, 2015	10,125	6,244	61.2	186.47

(Reference) Owners' equity: As of September 30, 2016 : 6,251 million yen
As of December 31, 2015 : 6,196 million yen

2. Dividends

	Dividend per share				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	—	4.00	—	6.00	10.00
FY2016	—	2.00			
FY2016 (Forecast)			—	2.00	4.00

(Note) Revisions to dividends forecast published most recently: Yes

3. Consolidated Operating Forecast for the Fiscal Year Ended Dec. 31, 2016 (Jan. 1 to Dec. 31, 2016)

(Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic EPS (Earnings per share)
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2016	17,300	3.9	850	(44.0)	910	(45.1)	350	(66.1)	10.53

(Note) Revisions to operating forecast published most recently: Yes

※ Notes

(1) Significant changes in scope of consolidation during this year: No

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies and accounting estimates, retrospective restatement

1. Changes in accounting policies due to amendment of accounting standards, etc. : Yes
2. Changes in accounting policies other than 1. : No
3. Changes in accounting estimates : No
4. Retrospective restatement : No

(Note) Please refer to "3. Changes in accounting principles, accounting estimates and restatement" in "2. Summary Information (Note)" of the Accompanying Materials.

(4) Number of shares issued (Common stock)

1. Common stock (including treasury stock)
   34,471,000 shares (as of Sep. 30, 2016)
   34,471,000 shares (as of Dec. 31, 2015)
2. Treasury stock
   1,242,200 shares (as of Sep. 30, 2016)
   1,242,400 shares (as of Dec. 31, 2015)
3. Average number of shares issued (cumulative period)
   33,228,780 shares (average during Jan. 1 to Sep. 30, 2016)
   33,218,708 shares (average during Jan. 1 to Sep. 30, 2015)

* Quarterly review

This outline of quarterly consolidated financial statements is not subject to the quarterly review procedures under the Financial Instruments and Exchange Act. The review procedures for the quarterly consolidated financial statements are being applied at the time of disclosure of this outline.

* Note on proper use of the financial forecasts and other special notes

(Note on future descriptions)

This filing contains future description such as financial outlook. They are based on information currently available to the company and on certain assumptions we deem reasonable. They are not intended to constitute the company's guarantee that the outlook and description will be realized. The actual results may differ materially from those described in this filing due to various factors. For the assumptions for the financial forecasts and notes on use of the financial forecasts, please refer to "(3) Information about Consolidated Financial Forecasts" in "1. Qualitative Information Concerning Consolidated Business Results" on page 2 of the Accompanying Materials.

(Method to reach supplementary materials and contents of explanatory presentation)

The company schedules to hold an explanatory presentation to investors on October 27, 2016. The supplementary materials on financial results will be posted on the company's website soon after the presentation meeting.

1. Qualitative Information Concerning Consolidated Business Results

(1) Information about Operational Results

During the first nine months of the consolidated fiscal year under review, consumer spending was firm, and the employment situation improved. Corporate earnings remained high and came to a standstill, and companies were taking more cautious stance on business decisions. Regarding the economic outlook, less concern over the future of the global economy shored up business confidence, while there was concern over the effects of the appreciation of the yen and the Bank of Japan's negative interest rate policy on the financial industry.

The Internet advertising market in which the Group is involved has attracted a great deal of interest, with the expansion of business in applications and social media that make use of smartphones, advertising technology that utilizes vast amounts of information on the Internet (ad technology), O2O that provides services to attract customers by connecting the Internet with bricks-and-mortar retailers (online-to-offline), and marketing automation services to build and sustain relationships with customers.

In these circumstances, the Group added CRM functions (customer information management and customer relation building and retention) to the ad-serving technologies that it has developed and focused on developing a new business area where it will provide comprehensive services ranging from services for attracting services, which it has focused on, to customer services and retention (sustaining relationships with customers).

Revenues stood at JPY 13,179,479 thousand (up 7.7% Y/Y), reflecting steady performance in the mainstay affiliate marketing service and growth in new services, that is, ad network services and marketing automation services.

Operating income was JPY 689,358 thousand (down 39.8% Y/Y). This was attributable to steady performance of the existing businesses, as well as the aggressive measures taken in the ad network services to expand the media network, and the recording of amortization of goodwill related to the business acquisition in the previous term, and the recording of amortization of goodwill related to the acquisition of shares of DIGIMIHO Co., Ltd. in the previous term and the expenses of the relevant subsidiary.

Ordinary income was JPY 753,789 thousand (down 40.7% Y/Y) due to recognizing equity in the earnings of an affiliate of JPY 46,030 thousand and insurance income of JPY 45,705 thousand under non-operating income and Operating losses on investment in partnership of JPY 28,669 thousand under non-operating losses.

Net income attributable to owners of the parent was JPY 245,131 thousand (down 68.9% Y/Y) due to the recording of loss on valuation of investment securities of JPY 159,396 thousand and expense on head office relocation of JPY 74,844 thousand under extraordinary losses, and income taxes of JPY 236,017 thousand.

Segment performance was as follows:

From the previous consolidated fiscal year, the Group reported performance in four business segments as reporting segments: Affiliate Marketing Service, Storematch Services, Ad Network Services, and Other. The Ad Network Services and Other were added in the previous fiscal year. From the consolidated third quarter under review, the Company is reporting performance in two business segments, Advertising Business and CRM Business, consolidating its reporting segments in accordance with the business domains that the Group will focus on.

In the Advertising Business, the Group delivers advertisements of e-commerce providers and other advertisers that sell products and services on the Web to media posting advertising, including websites and applications. The business includes affiliate marketing service, storematch services, and ad network services.

In the CRM Business, the Group provides services that encourage consumers to visit and revisit markets where they are likely to make purchases by managing and analyzing consumers' purchase data and behavioral data at both online stores and bricks-and-mortar retailers and sending information in accordance with the needs of each consumer at the right time. The business includes marketing automation services.

Segment performance for the first nine months of the previous fiscal year has been prepared based on the new calculation method

(i) Advertising Business

In the first nine months of the consolidated fiscal year under review, revenue in affiliate marketing service, storematch services, and ad network services each rose from a year ago.

In the mainstay affiliate marketing service, services in the job and beauty sectors remained brisk, but performance in the financial sector was affected by the Bank of Japan's negative interest rate policy and changes in certain advertisers' operational policies. In the storematch services, services for stores run within Yahoo! Shopping remained steady performance. In the ad network services, the Company unified the two platforms AdLantis, which it had acquired in the preceding fiscal year, and ADPRESSO, which it developed in house, in February 2016, in an effort to strengthen its distribution capability. It also took aggressive measures to expand the media network, a recipient of ad distribution. As a result, this segment attained revenue of JPY 12,792,302 thousand (up 4.6% Y/Y) and segment operating income of JPY 1,263,472 thousand (down 8.2% Y/Y)

(ii) CRM Business

In the first nine months under review, the Company recorded an amortization of goodwill related to the inclusion of DIGIMIHO Co., Ltd., which provides the R∞ (R Eight), marketing automation services, in its consolidated subsidiaries. Mainly as a result of this, this segment attained revenue of JPY 387,176 thousand (this segment did not exist in the same period of the previous fiscal year) and posted a segment operating loss of JPY 347,971 thousand.

In September 2016, the Group started to provide STORE's R∞ (STORE' s R Eight), a CRM tool for Yahoo!

Shopping.

(2) Information about Financial Position

1. The status of assets, liabilities and net assets

(Assets)

Total assets at the end of the third quarter of the consolidated fiscal year under review amounted to JPY 9,974,374 thousand, a decrease of JPY 151,051 thousand from the end of the preceding consolidated fiscal year.

Current assets amounted to JPY 6,627,184 thousand, a decrease of JPY 816,154 thousand from the end of the preceding consolidated fiscal year. This was mainly due to a decrease in cash and deposits of JPY 677,505 thousand and a decrease in notes and accounts receivable-trade of 203,880 thousand.

Noncurrent assets amounted to JPY 3,347,190 thousand, an increase of JPY 665,103 thousand from the end of the preceding consolidated fiscal year. This was due to an increase in buildings and accompanying facilities, net of JPY 222,050 thousand, an increase in software of JPY 356,028 thousand, and an increase in guarantee deposits received of JPY 242,566 thousand, offsetting a decrease in goodwill of JPY 292,357 thousand.

(Liabilities)

Total liabilities at the end of the current third quarter of the consolidated fiscal year under review, amounted to JPY 3,675,918 thousand, a decrease of JPY 204,752 thousand from the end of the preceding consolidated fiscal year.

Current liabilities amounted to JPY 3,441,219 thousand, a decrease of JPY 354,627 thousand from the end of the preceding consolidated fiscal year. This was mainly due to a decrease in income taxes payable of JPY 373,461 thousand.

Noncurrent liabilities amounted to JPY 234,698 thousand, an increase of JPY 149,875 thousand from the end of the preceding consolidated fiscal year. This was mainly due to an increase indeferred tax liabilities of JPY 78,322 thousand.

(Net assets)

Total net assets at the end of the current third quarter of the consolidated fiscal year under review amounted to JPY 6,298,456 thousand, an increase by JPY 53,700 thousand from the end of the preceding consolidated fiscal year. This was mainly due to an increase in retained earnings of JPY 245,131 thousand as a result of recording the quarter net income attributable to owners of the parent and an increase in valuation difference on available-for-sale securities by JPY 77,124 thousand, offsetting a decrease in retained earnings of JPY 265,829 thousand as a result of a dividend of surplus.

2. Cash Flows

At the end of the third quarter of the consolidated fiscal year under review, the balance of cash and cash equivalents stood at JPY 3,521,296 thousand, a decrease of JPY 677,505 thousand from the end of the preceding consolidated fiscal year.

Cash flows during the third quarter of the consolidated fiscal year under review and their causes are as follows.

(Operating Cash Flows)

Net cash generated by operating activities amounted to JPY 549,874 thousand (compared to net cash of JPY 673,596 thousand generated in the preceding third quarter), mainly due to income before income taxes of JPY 481,148 thousand. Positive factors include a decrease in account receivable-trade of JPY 203,893 and depreciation of JPY 198,252. However, negative factors include tax payable of JPY 653,047 thousand.

(Investing Cash Flows)

Net cash used for investing activities amounted to JPY 943,067 thousand (compared to net cash of JPY 383,564 thousand used in the preceding third quarter), mainly due to the purchase of property, plant and equipment of JPY 242,704 thousand, payments for intangible assets of JPY 385,327 thousand and payment of security deposits of JPY 242,686 thousand.

(Financing Cash Flows)

Net cash used for financing activities amounted to JPY 280,095 thousand (compared to net cash of JPY 323,986 thousand used in the preceding third quarter), mainly due to cash dividend paid of JPY 264,201 thousand.

(3) Information about Consolidated Financial Forecasts

Announced on Junuary 29, 2016, the consolidated earnings outlook and dividend forecast for the fiscal year ending December 31, 2016 have been amended.

For details, please refer to the Notification Concerning Review of Earnings and Dividend Forecasts announced on the same day.

2. Summary Information (Note)

(1) Significant changes in scope of consolidation during this year

Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles, accounting estimates and restatement

Changes in accounting principles

(Application of the Accounting Standard for Business Combinations, etc.)

From the first quarter of the consolidated fiscal year under review, the Company is applying the Accounting Standard for Business Combinations (ASBJ Statement No. 21; September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013). With the application of these accounting standards, the Company has changed the presentation of net income and changed the presentation of "Minority interests" to "Non-controlling interests." To reflect these changes, changes have been made in the consolidated financial statements for the preceding third quarter of the consolidated fiscal year and for the preceding consolidated fiscal year.

(Application of practical handling in respect of changes to depreciation methods relating to tax reform act of 2016)

Following the revision of the Corporation Tax Act, the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (Practical Issues Task Force No. 32, June 17, 2016) was applied to the second quarter of the consolidated fiscal year under review, and the depreciation method relating to buildings and accompanying facilities, and structures, acquired after April 1, 2016 was changed from declining balance depreciation to straight-line depreciation.

The impact on operating income, ordinary income, and income before income taxes during the third quarter of the consolidated fiscal year under review is marginal.

3. Earnings Results for the Third Quarter

(1) Consolidated Balance Sheet

(Thousand yen)

	As of December 31, 2015	As of September 30, 2016
(Assets)		
Current assets		
Cash and deposits	4,198,801	3,521,296
Notes and accounts receivable- trade	2,452,495	2,248,615
Deferred tax assets	29,510	41,985
Accounts receivable- other	706,639	717,159
Other current assets	57,284	99,010
Allowance for doubtful accounts	(1,392)	(883)
Current assets in total	7,443,338	6,627,184
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities, net	581	222,631
Tools, instruments and fixtures, net	49,881	115,612
Leased assets, net	1,866	723
Other property, plant and equipment	804	—
Property, plant and equipment in total	53,132	338,967
Intangible assets		
Software	464,417	820,445
Software in progress	1,112	27,923
Goodwill	983,282	690,924
Other intangible assets	44,400	93,470
Intangible assets in total	1,493,212	1,632,764
Investments and other assets		
Investment securities	1,093,208	1,120,550
Security deposits	1,511	244,078
Deferred tax assets	34,561	—
Other investments	6,690	11,046
Allowance for doubtful accounts	(230)	(217)
Investments and other assets in total	1,135,741	1,375,457
Noncurrent assets in total	2,682,087	3,347,190
Total assets	10,125,425	9,974,374

(Thousand yen)

	As of December 31, 2015	As of September 30, 2016
(Liabilities)		
Current liabilities		
Accounts payable- trade	2,075,456	1,927,224
Accounts payable- other	1,159,636	1,326,704
Income taxes payable	373,758	297
Provision for bonuses	—	61,153
Other current liabilities	186,995	125,839
Current liabilities in total	3,795,847	3,441,219
Noncurrent liabilities		
Guarantee deposits received	82,713	80,327
Differed tax liabilities	—	78,322
Other noncurrent liabilities	2,109	76,049
Noncurrent liabilities in total	84,823	234,698
Liabilities in total	3,880,670	3,675,918
(Net assets)		
Shareholders' equity		
Capital stock	1,728,266	1,728,266
Capital surplus	1,088,466	1,088,558
Retained earnings	3,583,308	3,562,610
Treasury stock	(199,691)	(199,659)
Shareholders' equity in total	6,200,350	6,179,776
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,740)	73,383
Foreign currency translation adjustment	(447)	(1,443)
Accumulated other comprehensive income in total	(4,188)	71,939
Subscription rights to shares	48,593	46,739
Net assets in total	6,244,755	6,298,456
Liabilities and net assets	10,125,425	9,974,374

(2) Consolidated Statement of Income and Comprehensive Income

(Thousand yen)

	Third Quarter ended September 30, 2015 (Jan. 1 to Sep. 30, 2015)	Third Quarter ended September 30, 2016 (Jan. 1 to Sep. 30, 2016)
Revenue	12,233,278	13,179,479
Cost of revenue	9,214,519	10,299,298
Gross profit	3,018,758	2,880,180
Selling, general and administrative expenses	1,873,600	2,190,822
Operating income	1,145,158	689,358
Non-operating income		
Equity in earnings of an affiliate	80,132	46,030
Insurance income	6,329	45,705
Operating gains on investment in partnership	33,960	—
Others	6,495	10,245
Non-operating income in total	126,917	101,981
Non-operating expenses		
Operating losses on investment in partnership	—	28,669
Foreign exchange losses	206	7,424
Others	571	1,455
Non-operating expenses in total	778	37,549
Ordinary income	1,271,297	753,789
Extraordinary losses		
Expense on system failure countermeasure cost	51,133	—
Expenses on head office relocation	—	74,844
Impairment losses	9,119	18,894
Losses on valuation of investments securities	—	159,396
Others	—	19,505
Extraordinary losses in total	60,253	272,640
Income before income taxes	1,211,044	481,148
Income taxes- current	434,231	243,418
Income taxes- deferred	(12,123)	(7,401)
Income tax in total	422,108	236,017
Net income	788,935	245,131
(Break Down)		
Net income attributable to owners of the parent	788,935	245,131
Net income attributable to non-controlling interests	—	—
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,838)	77,124
Foreign currency translation adjustment	(417)	(516)
Share of other comprehensive income of associates accounted for using equity method	—	(479)
Other comprehensive income in total	(4,255)	76,128
Comprehensive income	784,679	321,260
(Break Down)		
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	784,679	321,260
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flow

(Thousand Yen)

	Third Quarter ended September 30, 2015 (Jan. 1 to Sep. 30, 2015)	Third Quarter ended September 30, 2016 (Jan. 1 to Sep. 30, 2016)
Operating cash flows		
Income before income taxes	1,211,044	481,148
Depreciation and Amortization	114,639	198,252
Amortization of goodwill	30,492	129,999
Stock based compensation expense	7,589	—
Increase (decrease) in allowance for doubtful accounts	(318)	(522)
Interest income	(809)	(445)
Interest expenses	98	67
Foreign exchange losses (gains)	150	6,543
Equity in losses (earnings) of an affiliate	(80,132)	(46,030)
Operating losses (gains) on investment in partnership	(33,960)	28,669
Loss (gain) on valuation of investment securities	—	159,396
Impairment losses	9,119	18,894
Expenses on head office relocation	—	74,844
Expense on system failure countermeasure cost	51,133	—
Decrease (increase) in note and accounts receivable- trade	(461,146)	203,893
Increase (decrease) in accounts payable- trade	308,356	(148,231)
Decrease (increase) in accounts receivable- other	100,763	33,444
Increase (decrease) in accounts payable- other	(74,924)	150,031
Increase (decrease) in deposits received	(12,048)	(5,781)
Increase (decrease) in guaranteed deposit received	(18,850)	(2,386)
Others, net	(47,224)	(35,215)
Subtotal	1,103,972	1,246,572
Interest and dividends income received	28,861	11,027
Interest expense paid	(98)	(67)
Head office relocation expense paid	(29,808)	(54,610)
Income taxes paid	(429,331)	(653,047)
Operating cash flows	673,596	549,874
Investing cash flows		
Purchase in property, plant and equipment	(19,074)	(242,704)
Purchase in intangible assets	(93,350)	(385,327)
Payment for investment securities	(91,648)	(88,292)
Proceeds from redemption of investment securities	—	15,824
Proceeds from distribution of investment in partnership	76,853	—
Proceeds from collection in security deposits	93,774	119
Payment for security deposits	(119)	(242,686)
Payment for business acquisition	(350,000)	—
Investing cash flows	(383,564)	(943,067)
Financing cash flows		
Proceeds from disposal of treasury stock	5,741	92
Repayment of long-term loans payable	—	(14,700)
Cash dividend paid	(328,494)	(264,201)
Others	(1,233)	(1,286)
Financing cash flows	(323,986)	(280,095)
Effect of exchange rate change on cash and cash equivalents	(567)	(4,217)
Net increase (decrease) in cash and cash equivalents	(34,522)	(677,505)
Beginning balance of cash and cash equivalents	4,742,365	4,198,801
Ending balance of cash and cash equivalents	4,707,842	3,521,296

(4)Notes to Quarterly Consolidated Financial Statement

(Notes on the Going Concern Premise)

Not applicable.

(Note if There Is a Considerable Change to Shareholders' Equity)

Not applicable.

(Segment Information)

Segment Information

1. For the third quarter of the Fiscal 2015 (Jan. 1 to Sep. 30, 2015)

1. Information on the amount of sales, profit/loss by reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Advertising Business	CRM Business	Total		
Revenue					
Revenue to clients	12,233,278	—	12,233,278	—	12,233,278
Inter-segment revenue	—	—	—	—	—
Total revenue	12,233,278	—	12,233,278	—	12,233,278
Segment operating income/loss	1,375,898	—	1,375,898	(230,739)	1,145,158

(Note) 1. The deduction of JPY 230,739 thousand listed as an adjustment to segment operating income is corporate expenses not allocated to any reporting segment.

2. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

2. Information on impairment loss of noncurrent assets, goodwill, etc. by reportable segment

(Material impairment loss of noncurrent assets)

Not applicable.

(Material change in goodwill)

In the advertising business segment, we took over the ad network business of Glossom, Inc. as of March 31, 2015, resulting in the booking of goodwill related to AdLantis, an ad delivery service dedicated to smartphones. The increase in goodwill related to this matter amounted to JPY 274,431 thousand in the current third quarter of the consolidated fiscal year.

(Material gain on negative goodwill)

Not applicable.

2. For the third quarter of the Fiscal 2016 (Jan. 1 to Sep. 30, 2016)

1. Information on the amount of sales, profit/loss by reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Advertising Business	CRM Business	Total		
Revenue					
Revenue to clients	12,792,302	387,176	13,179,479	—	13,179,479
Inter-segment revenue	—	—	—	—	—
Total revenue	12,792,302	387,176	13,179,479	—	13,179,479
Segment operating income/loss	1,263,472	(347,971)	915,501	(226,143)	689,358

(Note)1. The deduction of JPY 226,143 thousand listed as an adjustment to segment operating income is corporate expenses not allocated to any reporting segment.

2. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

2. Information on impairment loss of noncurrent assets, goodwill, etc. by reportable segment

(Material impairment loss of noncurrent assets)

Not applicable.

(Material change in goodwill)

In the CRM business segment, the goodwill of JPY 724,097 thousand, which was tentatively calculated at the time of the acquisition of shares in DIGIMIHO Co., Ltd., was recorded. The amount was modified to JPY 561,738 thousand after completing the allocation of the acquisition cost.

(Material gain on negative goodwill)

Not applicable.

3. Changes related to reporting segments

Our reporting segments were defined according to our structural units for which separate financial information is available and the board meeting conducts a regular review to decide the allocation of operating resources and evaluate the performance.

To assess the results in each reporting segment more appropriately, the Company has reviewed its allocation rules mainly for general and administrative expenses, among other rules, and has changed its method for calculating profit and loss in each reporting segment from the first quarter of the consolidated fiscal year.

In addition, we are developing CRM business, including R∞ (R eight), a marketing automation service, as a possible new primary source of revenue, and started full-fledged business in September.

At the same time, we reselected the business fields in which the existing services must be reviewed or consolidated, and decided that the advertising business, including the existing affiliate marketing service and the storematch service, and the CRM business, including the marketing automation service, should be our focus.