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August 2, 2017

Kakaku.com, Inc.
Consolidated Earnings Report for the First Quarter of the Fiscal Year Ending March 31, 2018

Stock listings: Tokyo Stock Exchange (First Section)
Securities code: 2371
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Scheduled dates
Filing of statutory year-end financial report: August 10, 2017
Supplementary materials to financial results available: Yes
Fiscal year-end earnings presentation held: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2018

(1) Consolidated Operating Results

(% = year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit attributable to owners of the parent company		Total comprehensive income for the period	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Q1 FY2017	10,651	4.5	5,100	3.9	5,096	3.8	3,477	0.6	3,479	0.9	3,557	3.8
Q1 FY2016	10,189	-	4,910	-	4,908	-	3,456	-	3,449	-	3,445	-

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q1 FY2017	16.23	16.22
Q1 FY2016	15.79	15.77

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent company	Total equity attributable to owners of the parent company ratio
	¥ million	¥ million	¥ million	%
As of June 30, 2017	37,862	32,170	31,950	84.4
As of March 31, 2017	42,481	35,380	35,158	82.8

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year End	Total
	¥	¥	¥	¥	¥
FY2016	-	14.00	-	14.00	28.00
FY2017	-				
FY2017 (Forecast)		-	-	-	-

(Note) Revisions to most recent dividend forecasts: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% = year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent company		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
First half	22,500	8.1	10,500	3.6	10,480	3.4	7,180	2.8	33.53
Full year	48,000	10.4	23,300	8.6	23,250	8.4	15,850	7.0	74.03

(Note) Revisions to most recent dividend forecasts: None

(Reference) Consolidated earnings forecast according to J-GAAP

Net sales: ¥50,000 million, Operating income: ¥23,000 million, Ordinary income: ¥22,950 million and Profit attributable to owners of parent: ¥15,850 million

***Notes**

(1) Changes in Significant Subsidies during the Period: None

(2) Accounting policy changes and accounting estimate changes:

i) Changes in accounting policies required by IFRS: No

ii) Changes other than the above 1): None

iii) Changes in accounting estimates: None

iv) Restatements: None

(3) Number of shares issued (common stock)

1) Number of shares issued at end of period (treasury stock included):
June 30, 2017: 215,005,000 shares
March 31, 2017: 218,160,100 shares

2) Number of shares held in treasury at end of period:
June 30, 2017: 899,725 shares
March 31, 2017: 1,668,325 shares

3) Average number of shares outstanding during the period:
June 30, 2017: 214,416,987 shares
June 30, 2016: 218,466,066 shares

***** Quarterly consolidated earnings reports are exempt from quarterly review procedures.

***Appropriate Use of Earnings Forecasts and Other Important Information**

(Disclaimer Regarding Forward-Looking Statements)

The above forecasts, which constitute forward-looking statements, are prospects based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.

(Application of International Financial Reporting Standards (IFRS))

The Group has applied the International Financial Reporting Standards ("IFRS") from the first quarter of the fiscal year ending March 31, 2018. In addition, data for the first quarter of the fiscal year ended March 31, 2017 and for the fiscal year ended March 31, 2017 have been presented in accordance with the IFRS.

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1. Explanation of Operating Results and Financial Position

(1) Explanation of Operating Results

The Kakaku.com Group (the "Company") adopted International Financial Reporting Standards (IFRS) effective from the first quarter of its current fiscal year. Financial statement data presented herein for the year-earlier quarter and previous fiscal year have been restated on an IFRS basis to facilitate comparative analysis.

In the three months ended June 30, 2017, consolidated revenue grew 4.5% year on year to 10,651 million yen, consolidated operating profit grew 3.9% year on year to 5,100 million yen, consolidated profit before income taxes grew 3.8% year on year to 5,096 million yen and consolidated profit attributable to owners of the parent company grew 0.9% year on year to 3,479 million yen.

Operating results (after intersegment eliminations) are presented below by business segment.

(a) Internet Media Business

The Internet media business's revenue grew 4.4% year on year to 10,384 million yen while its operating profit grew 3.6% year on year to 5,030 million yen in the three months ended June 30, 2017.

(*kakaku.com*)

kakaku.com's revenue grew 3.4% year on year to 5,124 million yen in the three months ended June 30, 2017.

kakaku.com's shopping business made progress in boosting its gross transaction volume in consumer goods categories by improving its site's usability, but its revenue declined 0.8% year on year to 2,213 million yen as a result of a slight decrease in average revenue per sale. In *kakaku.com*'s service business, revenue increased 11.3% year on year to 2,095 million yen, bolstered by the telecom business's substantial revenue growth driven by the domestic and overseas Wi-Fi comparison services' growth coupled with buoyant revenues in other businesses also. In *kakaku.com*'s advertising business, revenue decreased 3.3% year on year to 816 million yen despite major growth in network advertising revenue. The decline in overall advertising revenue was attributable to a reduction in reserved advertising largely due to a falloff in PC sites' traffic.

kakaku.com had 51.81 million monthly unique users[1] in June 2017.

(*tabelog*)

tabelog's revenue grew 6.0% year on year to 4,654 million yen in the three months ended June 30, 2017.

tabelog's revenue from restaurants grew 13.9% year on year to 3,367 million yen as a result of an increase in the number of restaurants using its fee-based services as new fee plan[2] subscribers and an increase in average fee revenue per restaurant by virtue of growth in online reservation bookings. *tabelog*'s revenue from individual users declined 10.5% year on year to 760 million yen in the wake of a decrease in commission revenues from alliance partners. Revenue from *tabelog*'s advertising business likewise declined, down 9.7% year on year to 527 million yen.

tabelog had 98.97 million monthly unique users[1] in June 2017.

(New Media)

The new media business's revenue grew 3.6% year on year to 606 million yen in the three months ended June 30, 2017.

Real estate/housing information site *Sumaity* grew its commission revenue by upgrading its content and strengthening its sales. *Kinarino*'s commission and advertising revenue increased by virtue of robust growth in *Kinarino Mall*'s monthly gross transaction volume and intensified advertising sales efforts.

(b) Finance Business

The finance business's revenue grew 9.6% year on year to 267 million yen while its operating profit increased 22.1% year on year to 69 million yen in the three months ended June 30, 2017.

Consolidated subsidiary Kakaku.com Insurance, Inc., experienced growth in its insurance agency business's applications for both life and non-life insurance coverage.

1. The number of monthly unique users is the number of browsers that visited the site, not the number of

cumulative visits, during a month. Multiple visits by a single browser are counted as one user. Effective from November 2016, the Company changed its sites' traffic measurement logic in conjunction with diversification of mobile webpages.
2. *tabelog*'s new fee plans are restaurant service plans that aim to drive customer traffic to restaurants by promoting online reservations. The plans have fee structures that combine a monthly base fee with a variable fee based on online reservation bookings.

(2) Explanation of Financial Position

1) Analysis of Financial Position

Assets
Consolidated total assets at June 30, 2017, totaled 37,862 million yen, a 4,620 million yen decrease from March 31, 2017. The decrease was mainly the net result of a 6,214 million yen decrease in cash and cash equivalents, an 879 million yen increase in investments accounted for using equity method and a 638 million yen increase in non-current assets' other financial assets due to an increase in investment securities holdings.

Liabilities
Consolidated total liabilities at June 30, 2017, totaled 5,691 million yen, a 1,409 million yen decrease from March 31, 2017. The decrease was mainly the net result of a 1,859 million yen reduction in income taxes payable and a 302 million yen increase in other financial liabilities due to an increase in deposits payable.

Equity
Consolidated total equity at June 30, 2017, totaled 32,170 million yen, a 3,210 million yen decrease from March 31, 2017. The decrease was mainly the net result of 3,479 million yen of profit attributable to owners of the parent company, acquisition and disposal of 3,774 million yen of treasury shares and a 3,031 million yen dividend distribution from retained earnings.

2) Cash Flows
Cash and cash equivalents ("cash") at June 30, 2017, totaled 24,676 million yen, a 6,214 million yen decrease from March 31, 2017. Cash flows from operating, investing and financing activities were as follows.

Cash flows from operating activities
Operating activities provided net cash of 2,259 million yen (vs. 2,437 million yen provided in the year-earlier period).
The net cash inflow's main sources were profit before income taxes of 5,096 million yen net of 3,608 million yen of income taxes paid, and 349 million yen of depreciation and amortization.

Cash flows from investing activities
Investing activities used net cash of 1,711 million yen (vs. 312 million yen used in the year-earlier period).
The main use was 1,382 million yen spent to purchase investment securities.

Cash flows from financing activities
Financing activities used net cash of 6,763 million yen (vs. 5,849 million yen used in the year-earlier period).
The main uses were 3,780 million yen spent to purchase treasury shares and 2,989 million yen paid out as dividends.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements
Consolidated earnings forecasts for the fiscal year ending March 31, 2018, and six months ending September 30, 2017, remain unchanged as disclosed in the Consolidated Earnings Report for the Fiscal Year ended March 31, 2017, released on May 10, 2017.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of April 1,2016	As of March 31, 2017	As of June 30, 2017
Assets			
Current assets			
Cash and cash equivalents	28,319	30,890	24,676
Trade and other receivables	5,761	5,428	5,257
Other financial assets	3	7	16
Other current assets	220	437	722
Total current assets	34,303	36,762	30,671
Non-current assets			
Property, plant and equipment	1,184	1,224	1,193
Goodwill and other intangible assets	1,979	2,176	2,201
Investments accounted for using equity method	—	—	879
Other financial assets	1,281	1,840	2,479
Deferred tax assets	412	413	380
Other non-current assets	64	65	60
Total non-current assets	4,920	5,719	7,191
Total assets	39,222	42,481	37,862

(Millions of yen)

	As of April 1,2016	As of March 31, 2017	As of June 30, 2017
Liabilities			
Current liabilities			
Trade and other payables	1,191	1,182	1,352
Other financial liabilities	125	168	470
Income taxes payable	3,780	3,488	1,629
Employee benefit obligations	857	937	618
Other current liabilities	964	1,033	1,308
Total current liabilities	6,917	6,809	5,377
Non-current liabilities			
Provisions	136	156	155
Other non-current liabilities	91	136	159
Total non-current liabilities	227	292	314
Total liabilities	7,144	7,101	5,691
Equity			
Capital stock	916	916	916
Capital surplus	819	822	824
Retained earnings	31,877	36,154	31,315
Treasury shares	(1,984)	(3,019)	(1,504)
Other components of equity	267	285	400
Total equity attributable to owners of the parent company	31,895	35,158	31,950
Non-controlling interests	183	222	220
Total equity	32,078	35,380	32,170
Total liabilities and equity	39,222	42,481	37,862

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Revenue	10,189	10,651
Operating expenses	5,280	5,552
Other income	1	1
Other expenses	0	0
Operating profit	4,910	5,100
Finance income	1	1
Finance expenses	3	3
Share of profit (loss) of associates and joint ventures accounted for by the equity method	—	(3)
Profit before income taxes	4,908	5,096
Income tax expense	1,452	1,619
Profit	3,456	3,477
Profit attributable to:		
Owners of the parent company	3,449	3,479
Non-controlling interests	8	(3)
Earnings per share		
Basic earnings per share (yen)	15.79	16.23
Diluted earnings per share (yen)	15.77	16.22

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	3,456	3,477
Other comprehensive income (Net of related tax effect)		
Items that will not be reclassified to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	(11)	97
Total items that will not be reclassified to profit or loss	(11)	97
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1)	1
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	—	0
Total items that may be reclassified to profit or loss	(1)	2
Other comprehensive income (Net of related tax effect)	(11)	99
Comprehensive income	3,445	3,575
Comprehensive income attributable to:		
Owners of the parent company	3,437	3,578
Non-controlling interests	8	(3)

(4) Condensed Consolidated Statements of Changes in Equity

Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

(Millions of yen)

	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
					Other components of equity					Total		
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Net changes in fair value of financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Subscription rights to shares	Total other components of equity			
Balance at beginning of period	916	819	31,877	(1,984)	79	—	—	188	267	31,895	183	32,078
Profit	—	—	3,449	—	—	—	—	—	—	3,449	8	3,456
Other comprehensive income	—	—	—	—	(11)	(1)	—	—	(11)	(11)	—	(11)
Total comprehensive income	—	—	3,449	—	(11)	(1)	—	—	(11)	3,437	8	3,445
Dividends	—	—	(4,589)	—	—	—	—	—	—	(4,589)	—	(4,589)
Purchase or disposal of treasury shares	—	—	(23)	(1,278)	—	—	—	(6)	(6)	(1,307)	—	(1,307)
Share-based payment transactions	—	—	—	—	—	—	—	—	—	—	—	—
Cancellation of subscription rights to shares	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	7	—	—	—	—	—	—	7	—	7
Transfer from other components of equity to retained earnings	—	—	24	—	(24)	—	—	—	(24)	—	—	—
Total transactions with owners	—	—	(4,582)	(1,278)	(24)	—	—	(6)	(29)	(5,889)	—	(5,889)
Balance at end of period	916	819	30,743	(3,262)	45	(1)	—	182	226	29,443	191	29,634

Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)

(Millions of yen)

	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
					Other components of equity					Total		
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Net changes in fair value of financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Subscription rights to shares	Total other components of equity			
Balance at beginning of period	916	822	36,154	(3,019)	105	(4)	—	184	285	35,158	222	35,380
Profit	—	—	3,479	—	—	—	—	—	—	3,479	(3)	3,477
Other comprehensive income	—	—	—	—	97	1	0	—	99	99	—	99
Total comprehensive income	—	—	3,479	—	97	1	0	—	99	3,578	(3)	3,575
Dividends	—	—	(3,031)	—	—	—	—	—	—	(3,031)	—	(3,031)
Purchase or disposal of treasury shares	—	—	(5,288)	1,515	—	—	—	(1)	(1)	(3,774)	—	(3,774)
Share-based payment transactions	—	—	—	—	—	—	—	20	20	20	—	20
Cancellation of subscription rights to shares	—	2	—	—	—	—	—	(2)	(2)	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	2	(8,319)	1,515	—	—	—	17	17	(6,785)	—	(6,785)
Balance at end of period	916	824	31,315	(1,504)	202	(3)	0	201	400	31,950	220	32,170

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	4,908	5,096
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	284	349
Interest and dividend income	(1)	(1)
Decrease (increase) in trade and other receivables	888	172
Increase (decrease) in trade and other payables	(226)	175
Other	368	71
Subtotal	6,222	5,863
Interest and dividend income received	4	4
Income taxes paid	(3,789)	(3,608)
Net cash provided by (used in) operating activities	2,437	2,259

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from investing activities		
Purchase of property, plant and equipment	(103)	(53)
Purchase of intangible assets	(221)	(277)
Purchase of investment securities	—	(1,382)
Other	12	0
Net cash provided by (used in) investing activities	(312)	(1,711)
Cash flows from financing activities		
Purchase of treasury shares	(1,332)	(3,780)
Dividends paid	(4,542)	(2,989)
Proceeds from issuance of share options	25	5
Net cash provided by (used in) financing activities	(5,849)	(6,763)
Effect of exchange rate change on cash and cash equivalents	(1)	1
Net increase (decrease) in cash and cash equivalents	(3,725)	(6,214)
Cash and cash equivalents at beginning of period	28,319	30,890
Cash and cash equivalents at end of period	24,594	24,676

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Significant subsequent events)

Not applicable.

(First-time adoption)

The consolidated financial statements for the three months ended June 30, 2017 are the first consolidated financial statements prepared in accordance with IFRS. The last consolidated financial statements prepared in accordance with the Generally Accepted Accounting Principles in Japan ("J-GAAP") were for the fiscal year ended March 31, 2017, and the date of transition to IFRS was April 1, 2016.

(1) Exemptions under IFRS 1

As a general rule, IFRS requires first-time adopters to apply standards required under IFRS retrospectively. However, IFRS 1 provides exemptions that allow first-time adopters to voluntarily choose not to apply certain standards retrospectively and mandatory exceptions that prohibit retrospective application of certain standards. The effects of applying these exemptions have been reconciled in the retained earnings and other components of equity as of the transition date.

Major voluntary exemptions adopted by the Group are as follows.

・Business combinations

Under IFRS 1, a first-time adopter may choose not to retrospectively apply IFRS 3 to past business combinations. If retrospectively applied, all subsequent business combinations are restated in accordance with IFRS 3.

The Group has chosen not to retrospectively apply IFRS 3 to business combinations that occurred prior to the date of transition to IFRS. As a result, the amount of goodwill recognized in business combinations that occurred prior to the date of transition to IFRS has not been adjusted and represent the carrying amount in accordance with the previous accounting standards. Moreover, the said goodwill has undergone impairment testing as of the date of transition to IFRS, regardless of whether it had exhibited any signs of impairment.

・Share-based payment transactions

Under IFRS 1, with respect to share-based payments, a first-time adopter is encouraged, but not required, to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, and vested before the later of (a) the date of transition to IFRSs and (b) 1 January 2005. The Group has not retrospectively applied IFRS 2 to share-based payments vested prior to the date of transition to IFRS.

・Exchange differences on translation of foreign operations

Under IFRS 1, a first-time adopter may choose to deem the cumulative amount of exchange differences on translation of foreign operation to be zero as of the date of transition to IFRS. The Group has chosen to deem the cumulative amount of exchange differences on translation of foreign operation to be zero as of the date of transition to IFRS and recognized the said amount under retained earnings.

・Decommissioning liabilities included in the cost of property, plant and equipment

Under IFRS 1, with respect to specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates, a first-time adopter may measure the liability as at the date of transition to IFRS, estimate the amount that would have been included in the cost of the related asset by discounting the liability to the date when the liability first arose, and calculate the accumulated depreciation on that amount, as at the date of transition to IFRSs, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity in accordance with IFRS. The Group has applied this exemption and has calculated liabilities and accumulated depreciation based thereon.

(2) Mandatory exceptions of IFRS 1 prohibiting retrospective application

IFRS 1 prohibits the retrospective application of IFRS to "estimates," "derecognition of financial assets and financial liabilities," "non-controlling interests," "classification and measurement of financial assets" and "impairment of financial assets." The Group applies IFRS prospectively to these items from the date of transition to IFRS.

(3) Reconciliations

Reconciliations required by IFRS 1 are as follows. In the reconciliations below, "Reclassification" include items that do not affect retained earnings and comprehensive income, while "Recognition and measurement differences" include those that affect retained earnings and comprehensive income.

Additionally, the amounts in "J-GAAP" have been rounded down to the nearest one million yen, while the amounts in "Reclassification," "Recognition and measurement differences" and "IFRS" have been rounded off to the nearest one million yen.

Reconciliation of equity as of the date of transition to IFRS (April 1, 2016)

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	28,319	—	—	28,319		Cash and cash equivalents
Notes and accounts receivable-trade	5,764	(3)	—	5,761		Trade and other receivables
		3	—	3	G	Other financial assets
Deferred tax assets	367	(367)	—	—	G	
Other	226	(3)	(4)	220		Other current assets
Allowance for doubtful accounts	(3)	3	—	—		
Total current assets	34,673	(367)	(4)	34,303		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	855	—	328	1,184	A	Property, plant and equipment
Intangible assets	1,978	—	0	1,979	B	Goodwill and other intangible assets
Investment securities	675	605	—	1,281	G	Other financial assets
Guarantee deposits	605	(605)	—	—		
Deferred tax assets	50	367	(6)	412	G	Deferred tax assets
Other	68	(5)	—	64		Other non-current assets
Allowance for doubtful accounts	(4)	5	—	—		
Total non-current assets	4,230	367	322	4,920		Total non-current assets
Total assets	38,903	—	318	39,222		Total assets

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Accounts payable-trade	187	1,004	—	1,191	G	Trade and other payables
Accounts payable-other	1,117	(1,117)	—	—	G	
Income taxes payable	3,780	—	—	3,780		Income taxes payable
Accrued consumption taxes	535	(411)	—	125	G	Other financial liabilities
Provision for bonuses	384	178	294	857	C	Employee benefit obligations
Other	617	347	0	964		Other current liabilities
Total current liabilities	6,623	—	294	6,917		Total current liabilities
Non-current liabilities						Non-current liabilities
Asset retirement obligations	119	—	16	136		Provisions
Other	50	—	41	91		Other non-current liabilities
Total non-current liabilities	169	—	57	227		Total non-current liabilities
Total liabilities	6,792	—	351	7,144		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	915	—	—	916		Capital stock
Capital surplus	819	—	—	819		Capital surplus
Retained earnings	31,894	—	(18)	31,877	E	Retained earnings
Treasury shares	(1,984)	—	—	(1,984)		Treasury shares
Accumulated other comprehensive income	93	188	(15)	267	D	Other components of equity
Subscription rights to shares	188	(188)	—	—		
	—	—	—	31,895		Total equity attributable to owners of the parent company
Non-controlling interests	183	—	0	183		Non-controlling interests
Total net assets	32,111	—	(33)	32,078		Total equity
Total liabilities and net assets	38,903	—	318	39,222		Total liabilities and equity

Reconciliation of equity as of June 30, 2016

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	24,594	—	—	24,594		Cash and cash equivalents
Notes and accounts receivable-trade	4,874	(1)	—	4,873		Trade and other receivables
		3	—	3	G	Other financial assets
Deferred tax assets	152	(152)	—	—	G	
Other	596	(3)	(4)	590		Other current assets
Allowance for doubtful accounts	(1)	1	—	—		
Total current assets	30,215	(152)	(4)	30,060		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	854	—	314	1,168	A	Property, plant and equipment
Intangible assets	2,007	—	6	2,014	B	Goodwill and other intangible assets
	—	1,235	—	1,235	G	Other financial assets
Deferred tax assets	97	152	3	253	G	Deferred tax assets
Other	1,296	(1,237)	—	59		Other non-current assets
Allowance for doubtful accounts	(2)	2	—	—		
Total non-current assets	4,254	152	323	4,729		Total non-current assets
Total assets	34,470	—	319	34,789		Total assets

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
	—	897	(4)	893	G	Trade and other payables
Income taxes payable	1,407	—	(5)	1,402		Income taxes payable
	—	583	—	583	G	Other financial liabilities
Provision for bonuses	198	222	309	729	C	Employee benefit obligations
Provision for directors' bonuses	8	(9)	—	—		
Other	2,992	(1,694)	0	1,299		Other current liabilities
Total current liabilities	4,606	—	300	4,907		Total current liabilities
Non-current liabilities						Non-current liabilities
Asset retirement obligations	139	—	16	156		Provisions
Other	50	—	43	93		Other non-current liabilities
Total non-current liabilities	190	—	59	249		Total non-current liabilities
Total liabilities	4,796	—	358	5,155		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	915	—	—	916		Capital stock
Capital surplus	819	—	—	819		Capital surplus
Retained earnings	30,767	—	(24)	30,743	E	Retained earnings
Treasury shares	(3,262)	—	—	(3,262)		Treasury shares
Accumulated other comprehensive income	59	182	(15)	226	D	Other components of equity
Subscription rights to shares	182	(182)	—	—		
	—	—	—	29,443		Total equity attributable to owners of the parent company
Non-controlling interests	190	—	0	191		Non-controlling interests
Total net assets	29,673	—	(39)	29,634		Total equity
Total liabilities and net assets	34,470	—	319	34,789		Total liabilities and equity

Reconciliation of equity as of March 31, 2017

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	30,890	—	—	30,890		Cash and cash equivalents
Notes and accounts receivable-trade	5,430	(3)	—	5,428		Trade and other receivables
	—	7	—	7	G	Other financial assets
Deferred tax assets	277	(278)	—	—	G	
Other	445	(7)	(2)	437		Other current assets
Allowance for doubtful accounts	(2)	3	—	—		
Total current assets	37,041	(278)	(2)	36,762		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	913	—	310	1,224	A	Property, plant and equipment
Intangible assets	2,151	—	25	2,176	B	Goodwill and other intangible assets
	—	1,815	25	1,840	G	Other financial assets
Investment securities	1,202	(1,202)	—	—		
Guarantee deposits	612	(612)	—	—		
Deferred tax assets	141	278	(6)	413	G	Deferred tax assets
Other	67	(2)	—	65		Other non-current assets
Allowance for doubtful accounts	(2)	2	—	—		
Total non-current assets	5,087	278	354	5,719		Total non-current assets
Total assets	42,129	—	352	42,481		Total assets

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Accounts payable-trade	296	886	—	1,182	G	Trade and other payables
Accounts payable-other	1,031	(1,032)	—	—	G	
Income taxes payable	3,488	—	—	3,488		Income taxes payable
Accrued consumption taxes	547	(548)	—	—		
	—	168	—	168	G	Other financial liabilities
Provision for bonuses	386	237	314	937	C	Employee benefit obligations
Provision for directors' bonuses	34	(35)	—	—		
Other	709	323	—	1,033		Other current liabilities
Total current liabilities	6,494	—	314	6,809		Total current liabilities
Non-current liabilities						Non-current liabilities
Asset retirement obligations	140	—	15	156		Provisions
Other	95	—	41	136		Other non-current liabilities
Total non-current liabilities	236	—	56	292		Total non-current liabilities
Total liabilities	6,730	—	370	7,101		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	915	—	—	916		Capital stock
Capital surplus	819	—	3	822		Capital surplus
Retained earnings	36,174	—	(20)	36,154	E	Retained earnings
Treasury shares	(3,019)	—	—	(3,019)		Treasury shares
Accumulated other comprehensive income	101	184	(1)	285	D	Other components of equity
Subscription rights to shares	184	(184)	—	—		
	—	—	—	35,158		Total equity attributable to owners of the parent company
Non-controlling interests	222	—	0	222		Non-controlling interests
Total net assets	35,398	—	(18)	35,380		Total equity
Total liabilities and net assets	42,129	—	352	42,481		Total liabilities and equity

Reconciliation of comprehensive income for the three months ended June 30, 2016
(From April 1, 2016 to June 30, 2016)

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net sales	10,464	—	(275)	10,189	F	Revenue
Cost of sales	1,004	(1,005)	—	—	F, H	
Selling, general and administrative expenses	4,605	1,005	(330)	5,280	H	Operating expenses
	—	1	—	1	H	Other income
	—	0	—	0	H	Other expenses
Operating income	4,854	1	54	4,910		Operating profit
Non-operating income	2	(2)	—	—	H	
Non-operating expenses	2	(3)	—	—	H	
Extraordinary income	34	—	(34)	—	H	
	—	1	—	1	H	Finance income
	—	2	0	3	H	Finance expenses
Profit before income taxes	4,887	—	20	4,908		Profit before income taxes
Income taxes - current	1,204	197	50	1,452		Income tax expense
Income taxes - deferred	196	(197)	—	—		
Profit	3,486	—	(30)	3,456		Profit
						Attributable to:
Profit attributable to non-controlling interests	7	—	0	8		Owners of the parent company
Profit (loss) attributable to owners of parent	3,479	—	(30)	3,449		Non-controlling interests

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Profit	3,486	—	(30)	3,456		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	(34)	—	24	(11)		Net gain (loss) on financial assets measured at fair value through other comprehensive income
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	(0)	—	—	(1)		Exchange differences on translation of foreign operations
Total other comprehensive income	(34)	—	24	(11)		Total other comprehensive income
Comprehensive income	3,451	—	(7)	3,445		Comprehensive income
						Attributable to:
Comprehensive income attributable to owners of parent	3,444	—	(7)	3,437		Owners of the parent company
Comprehensive income attributable to non-controlling interests	7	—	0	8		Non-controlling interests

Reconciliation of comprehensive income for the three months ended June 30, 2017
(From April 1, 2016 to June 30, 2017)

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net sales	45,089	—	(1,625)	43,464	F	Revenue
Cost of sales	4,493	(4,493)	—	—	F, H	
Selling, general and administrative expenses	19,434	4,493	(1,914)	22,014	H	Operating expenses
	—	11	—	11	H	Other income
	—	13	—	13	H	Other expenses
Operating income	21,161	(3)	289	21,447		Operating profit
Non-operating income	20	(21)	—	—	H	
Non-operating expenses	18	(18)	—	—	H	
Extraordinary income	36	—	(37)	—	H	
	—	10	—	10	H	Finance income
	—	5	(4)	1	H	Finance expenses
Profit before income taxes	21,200	—	256	21,457		Profit before income taxes
Income taxes - current	6,317	6	282	6,606		Income tax expense
Income taxes - deferred	5	(6)	—	—		
Profit	14,877	—	(26)	14,851		Profit
Profit attributable to non-controlling interests	38	—	0	39		Profit attributable to non-controlling interests
Profit (loss) attributable to owners of parent	14,838	—	(26)	14,812		Profit attributable to owners of the parent

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Profit	14,877	—	(26)	14,851		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	11	—	38	50		Net gain (loss) on financial assets measured at fair value through other comprehensive income
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	(4)	—	—	(4)		Exchange differences on translation of foreign operations
Total other comprehensive income	7	—	38	45		Total other comprehensive income
Comprehensive income	14,884	—	11	14,896		Comprehensive income
						Attributable to:
Comprehensive income attributable to owners of parent	14,846	—	11	14,857		Owners of the parent company
Comprehensive income attributable to non-controlling interests	38	—	0	39		Non-controlling interests

Notes to reconciliations

A. Property, plant and equipment

Property, plant and equipment, which were primarily depreciated using the declining balance method under J-GAAP, are depreciated using the straight-line method under IFRS.

B. Goodwill

Under J-GAAP, goodwill had been amortized by the straight-line method over the period in which it was reasonably estimated to have effect. Under IFRS, however, goodwill arising from business combinations is not amortized but undergoes impairment testing each period.

C. Accumulating paid absences

Under IFRS, a liability is recognized for accumulating paid absences, for which accounting treatment was not required under J-GAAP.

D. Exchange differences on translation of foreign operations

The Group has adopted the exemption of IFRS 1 with respect to the cumulative amount of exchange differences on translation of foreign operations and has chosen to deem the cumulative amount of exchange differences on translation of foreign operation to be zero as of the date of transition to IFRS and recognized the said amount under retained earnings.

E. Retained earnings

The effects of the above reconciliations on retained earnings (net of related tax effects) are as follows. (Figures in parentheses represent loss)

(Millions of yen)

	As of April 1, 2016	As of June 30, 2016	As of March 31, 2017
Property, plant and equipment (See Note A)	217	208	206
Goodwill (See Note B)	―	6	25
Accumulating paid absences (See Note C)	(203)	(214)	(217)
Exchange differences on translation of foreign operations (See Note D)	15	15	15
Other	(47)	(40)	(49)
Total adjustments to retained earnings	(18)	(24)	(20)

F. Reconciliation of net sales

Under J-GAAP, revenue and cost of sales from transactions in which the Group acted as the principal were presented gross. Under IFRS, transactions in which the Group acted as an agent are presented net.

G. Reclassifications in the Consolidated Statements of Financial Condition

In accordance with the provisions of the IFRS, reclassification has been carried out mainly with respect to the following items.

・All deferred tax assets and deferred tax liabilities have been reclassified as non-current.

・Financial assets and financial liabilities are presented separately.

・Accounts payable-other have been reclassified under trade and other payables.

H. Reclassifications in the Consolidated Statement of Income

In accordance with the provisions of the IFRS, reclassification has been carried out mainly with respect to the following items.

・Expenses, which were presented as cost of sales and selling, general and administrative expenses under J-GAAP, have been included in operating expenses under IFRS.

・Income and expenses, which were presented as non-operating income, non-operating expenses, extraordinary income and extraordinary losses under J-GAAP, have been presented as finance income and finance expenses in terms of finance-related items; while all other income and expenses are included in other income and other expenses under IFRS.

Reconciliations of cash flows for the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

There are no material differences between the Consolidated Statements of Cash Flows disclosed in accordance with J-GAAP and the Consolidated Statements of Cash Flows disclosed in accordance with IFRS.

Reconciliations of cash flows for the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

There are no material differences between the Consolidated Statements of Cash Flows disclosed in accordance with J-GAAP and the Consolidated Statements of Cash Flows disclosed in accordance with IFRS.