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November 2, 2017

Kakaku.com, Inc.
Consolidated Earnings Report for the Second 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 quarterly financial report: November 9, 2017
Dividend payout: December 1, 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 Second 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	%
Q2 FY2017	21,669	4.1	10,492	3.6	10,478	3.4	7,151	2.1	7,139	2.2	7,279	4.4
Q2 FY2016	20,822	-	10,131	-	10,131	-	7,007	-	6,982	-	6,969	-

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q2 FY2017	33.32	33.30
Q2 FY2016	32.06	32.03

(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 September 30, 2017	42,468	35,405	35,171	82.8
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	-	16.00			
FY2017 (Forecast)			-	16.00	32.00

(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	%	¥
Full year	48,000	10.4	23,300	8.6	23,250	8.4	15,850	7.0	74.14

(Note) Revisions to most recent dividend forecasts: None

***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

(3) Number of shares issued (common stock)

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

2) Number of shares held in treasury at end of period:
September 30, 2017: 1,230,491 shares
March 31, 2017: 1,668,325 shares

3) Average number of shares outstanding during the period:
September 30, 2017: 214,248,769 shares
September 30, 2016: 217,800,665 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 second 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 period and previous fiscal year have been restated on an IFRS basis to facilitate comparative analysis.

The Company's operating results for the six months ended September 30, 2017, are as follows.

Consolidated revenue grew 4.1% year on year to 21,669 million yen, driven mainly by growth in *tabelog*'s revenue from restaurants and *kakaku.com*'s service business revenue.

Consolidated operating profit grew 3.6% year on year to 10,492 million yen, mainly as a net result of revenue growth, a year-on-year reduction in advertising agency commissions paid and growth in advertising expenses.

Consolidated profit before income taxes grew 3.4% year on year to 10,478 million yen, mainly as a net result of operating profit growth and a net loss on equity-method investments.

Consolidated profit attributable to owners of the parent company grew 2.2% year on year to 7,139 million yen.

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

(a) Internet Media Business

The Internet media business's revenue grew 3.8% year on year to 21,125 million yen while its operating profit grew 3.1% year on year to 10,345 million yen in the six months ended September 30, 2017.

(*kakaku.com*)

kakaku.com's revenue grew 1.5% year on year to 10,266 million yen in the six months ended September 30, 2017.

In *kakaku.com*'s shopping business, revenue was down 2.1% year on year to 4,409 million yen under the weight of sluggish durable goods demand. In *kakaku.com*'s service business, revenue grew 10.0% year on year to 4,118 million yen, with both the personal finance and telecom businesses performing well. *kakaku.com*'s advertising business recruited new clients by pitching external distribution advertising but its revenue fell 7.2% year on year to 1,739 million yen as a result of non-recurrence of large spot advertising orders booked last year.

kakaku.com had 54.12 million monthly unique users[1] in September 2017.

(*tabelog*)

tabelog's revenue grew 6.3% year on year to 9,563 million yen in the six months ended September 30, 2017.

tabelog increased the total number of restaurants using its fee-based services as new fee plan[2] subscribers by launching omni-channel sales of fee-based services under the new fee plans from June and new restaurant listings from August. At September 30, new fee plan subscribership totaled 9,200 restaurants, up from 5,700 as of March 31. *tabelog* expects its new fee plan subscribership to increase to 13,000 restaurants by November. *tabelog*'s revenue from restaurants grew 14.9% year on year to 6,932 million yen, driven by growth in not only fee-paying restaurants but also online reservation bookings and average fee revenue per restaurant. *tabelog*'s revenue from individual users decreased 8.1% year on year to 1,573 million yen amid a decline in users of alliance partners' services. In its advertising business, *tabelog* released new advertising products heading into the second half of the fiscal year. In the six months ended September 30, however, its advertising revenue was down 15.5% year on year to 1,058 million yen as a result of delays in making sales pitches and booking advertising orders.

tabelog had 104.50 million monthly unique users[1] in September 2017.

(New Media)

The new media business's revenue grew 5.0% year on year to 1,295 million yen in the six months ended September 30, 2017.

4travel grew its revenue through growth in sales of *4travel* Global WiFi contracts to overseas travelers. Meanwhile, *Kinarino* increased its advertising revenue by releasing new premium advertising products and improving the quality of its advertising sales pitches.

(b) Finance Business

The finance business's revenue increased 14.9% year on year to 544 million yen while its operating profit surged 56.1% year on year to 145 million yen in the six months ended September 30, 2017.

Consolidated subsidiary Kakaku.com Insurance, Inc., benefited from growth in applications for both life and non-life insurance coverage in its insurance agency business and growth in data-driven advertising revenue.

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 September 30, 2017, totaled 42,468 million yen, a 14 million yen decrease from March 31, 2017. The decrease was mainly the net result of a 1,906 million yen decrease in cash and cash equivalents, an 867 million yen increase in investments accounted for using equity method and a 680 million yen increase in non-current assets' other financial assets due to an increase in investment securities holdings.

Liabilities
Consolidated total liabilities at September 30, 2017, totaled 7,062 million yen, a 39 million yen decrease from March 31, 2017. The decrease was mainly the net result of a 140 million yen reduction in income taxes payable, a 141 million yen decrease in other current liabilities due to a reduction in accrued consumption taxes, and a 141 million yen increase in trade and other payables.

Total equity
Consolidated total equity at September 30, 2017, totaled 35,405 million yen, a 25 million yen increase from March 31, 2017. The increase was mainly the net result of 7,139 million yen of profit attributable to owners of the parent company, acquisition and disposal of 4,254 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 September 30, 2017, totaled 28,984 million yen, a 1,906 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 7,437 million yen (vs. 7,371 million yen provided in the year-earlier period).
The net cash inflow's main sources were profit before income taxes of 10,478 million yen, net of 3,392 million yen of income taxes paid, and 715 million yen of depreciation and amortization.

Cash flows from investing activities
Investing activities used net cash of 2,048 million yen (vs. 781 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 7,297 million yen (vs. 7,562 million yen used in the year-earlier period).
The main uses were 4,288 million yen spent to purchase treasury shares and 3,035 million yen paid out as dividends.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

Consolidated earnings forecast for the fiscal year ending March 31, 2018, remains 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 September 30, 2017
Assets			
Current assets			
Cash and cash equivalents	28,319	30,890	28,984
Trade and other receivables	5,761	5,428	5,575
Other financial assets	3	7	19
Other current assets	220	437	697
Total current assets	34,303	36,762	35,274
Non-current assets			
Property, plant and equipment	1,184	1,224	1,138
Goodwill and other intangible assets	1,979	2,176	2,235
Investments accounted for using equity method	—	—	867
Other financial assets	1,281	1,840	2,519
Deferred tax assets	412	413	377
Other non-current assets	64	65	57
Total non-current assets	4,920	5,719	7,194
Total assets	39,222	42,481	42,468

(Millions of yen)

	As of April 1,2016	As of March 31, 2017	As of September 30, 2017
Liabilities			
Current liabilities			
Trade and other payables	1,191	1,182	1,323
Other financial liabilities	125	168	164
Income taxes payable	3,780	3,488	3,348
Employee benefit obligations	857	937	1,020
Other current liabilities	964	1,033	892
Total current liabilities	6,917	6,809	6,746
Non-current liabilities			
Provisions	136	156	155
Other non-current liabilities	91	136	161
Total non-current liabilities	227	292	316
Total liabilities	7,144	7,101	7,062
Equity			
Capital stock	916	916	916
Capital surplus	819	822	828
Retained earnings	31,877	36,154	34,951
Treasury shares	(1,984)	(3,019)	(1,956)
Other components of equity	267	285	432
Total equity attributable to owners of the parent company	31,895	35,158	35,171
Non-controlling interests	183	222	234
Total equity	32,078	35,380	35,405
Total liabilities and equity	39,222	42,481	42,468

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue	20,822	21,669
Operating expenses	10,680	11,171
Other income	2	4
Other expenses	13	10
Operating profit	10,131	10,492
Finance income	5	4
Finance expenses	4	2
Share of profit (loss) of associates and joint ventures accounted for by the equity method	—	(16)
Profit before income taxes	10,131	10,478
Income tax expense	3,125	3,327
Profit	7,007	7,151
Profit attributable to:		
Owners of the parent company	6,982	7,139
Non-controlling interests	24	12
Earnings per share		
Basic earnings per share (yen)	32.06	33.32
Diluted earnings per share (yen)	32.03	33.30

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	7,007	7,151
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	(37)	125
Total items that will not be reclassified to profit or loss	(37)	125
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(0)	1
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	—	1
Total items that may be reclassified to profit or loss	(0)	2
Other comprehensive income (Net of related tax effect)	(37)	127
Comprehensive income	6,969	7,279
Comprehensive income attributable to:		
Owners of the parent company	6,945	7,266
Non-controlling interests	24	12

(4) Condensed Consolidated Statements of Changes in Equity

Six months ended September 30, 2016 (From April 1, 2016 to September 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	—	—	6,982	—	—	—	—	—	—	6,982	24	7,007
Other comprehensive income	—	—	—	—	(37)	(0)	—	—	(37)	(37)	—	(37)
Total comprehensive income	—	—	6,982	—	(37)	(0)	—	—	(37)	6,945	24	6,969
Dividends	—	—	(4,589)	—	—	—	—	—	—	(4,589)	—	(4,589)
Purchase or disposal of treasury shares	—	—	(2,818)	(135)	—	—	—	(9)	(9)	(2,962)	—	(2,962)
Share-based payment transactions	—	—	—	—	—	—	—	7	7	7	—	7
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	—	—	(7,377)	(135)	(24)	—	—	(2)	(26)	(7,538)	—	(7,538)
Balance at end of period	916	819	31,482	(2,119)	18	(0)	—	186	204	31,302	208	31,510

Six months ended September 30, 2017 (From April 1, 2017 to September 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	—	—	7,139	—	—	—	—	—	—	7,139	12	7,151
Other comprehensive income	—	—	—	—	125	1	1	—	127	127	—	127
Total comprehensive income	—	—	7,139	—	125	1	1	—	127	7,266	12	7,279
Dividends	—	—	(3,031)	—	—	—	—	—	—	(3,031)	—	(3,031)
Purchase or disposal of treasury shares	—	—	(5,311)	1,063	—	—	—	(6)	(6)	(4,254)	—	(4,254)
Share-based payment transactions	—	—	—	—	—	—	—	32	32	32	—	32
Cancellation of subscription rights to shares	—	6	—	—	—	—	—	(6)	(6)	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	6	(8,342)	1,063	—	—	—	20	20	(7,254)	—	(7,254)
Balance at end of period	916	828	34,951	(1,956)	230	(3)	1	204	432	35,171	234	35,405

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	10,131	10,478
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	615	715
Interest and dividend income	(1)	(4)
Decrease (increase) in trade and other receivables	538	(147)
Increase (decrease) in trade and other payables	(44)	138
Other	(234)	(356)
Subtotal	11,005	10,826
Interest and dividend income received	4	4
Income taxes paid	(3,639)	(3,392)
Net cash provided by (used in) operating activities	7,371	7,437

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from investing activities		
Purchase of property, plant and equipment	(237)	(84)
Purchase of intangible assets	(552)	(582)
Purchase of investment securities	(5)	(1,382)
Other	13	0
Net cash provided by (used in) investing activities	(781)	(2,048)
Cash flows from financing activities		
Purchase of treasury shares	(3,013)	(4,288)
Dividends paid	(4,587)	(3,035)
Proceeds from issuance of share options	38	26
Net cash provided by (used in) financing activities	(7,562)	(7,297)
Effect of exchange rate change on cash and cash equivalents	(0)	1
Net increase (decrease) in cash and cash equivalents	(973)	(1,906)
Cash and cash equivalents at beginning of period	28,319	30,890
Cash and cash equivalents at end of period	27,347	28,984

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Significant subsequent events)

(Acquisition of treasury stock)

The Company has executed an acquisition of its treasury stock pursuant to the provisions of Article 156 of the Companies Act, as applied mutatis mutandis under Article 165, Paragraph 3, of the Companies Act.

Acquisition period:	October 1, 2017 to October 31, 2017 (contract basis)
Total number of shares acquired:	2,690,900 shares
Total acquisition cost:	4,169,432,571 yen
Method of acquisition	Open market purchase through the Tokyo Stock Exchange

(For reference)

1. Details of the September 20, 2017 resolution of the Board of Directors

(1) Class of shares to be acquired:	Common stock of Kakaku.com, Inc.
(2) Total number of shares to be acquired:	5,000,000 shares (maximum)
(3) Total acquisition cost:	7,000,000,000 yen (maximum)
(4) Acquisition period:	September 21, 2017 to November 20, 2017

2. Cumulative number of treasury stock repurchased pursuant to the Board of Directors resolution above (As of October 31, 2017):

(1) Total number of shares acquired:	3,050,800 shares
(2) Total acquisition cost:	4,670,006,071 yen

(First-time adoption)

The Group has disclosed its condensed consolidated financial statements prepared in accordance with IFRS from the first quarter of the fiscal year ending March 31, 2018. 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 September 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	27,346	—	—	27,347		Cash and cash equivalents
Notes and accounts receivable-trade	5,225	(2)	—	5,223		Trade and other receivables
		4	—	4	G	Other financial assets
Deferred tax assets	310	(310)	—	—	G	
Other	500	(4)	(3)	494		Other current assets
Allowance for doubtful accounts	(1)	2	—	—		
Total current assets	33,810	(310)	(3)	33,068		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	927	—	304	1,231	A	Property, plant and equipment
Intangible assets	2,090	—	12	2,103	B	Goodwill and other intangible assets
		1,203	—	1,203	G	Other financial assets
Deferred tax assets	128	310	15	453	G	Deferred tax assets
Other	1,280	(1,205)	—	76		Other non-current assets
Allowance for doubtful accounts	(2)	2	—	—		
Total non-current assets	4,424	310	331	5,065		Total non-current assets
Total assets	37,804	—	328	38,133		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
		1,133	(8)	1,125	G	Trade and other payables
Income taxes payable	3,281	―	(10)	3,272		Income taxes payable
		141	―	141	G	Other financial liabilities
Provision for bonuses	408	212	339	960	C	Employee benefit obligations
Provision for directors' bonuses	17	(17)	―	―		
Other	2,341	(1,469)	―	873		Other current liabilities
Total current liabilities	6,049	―	322	6,371		Total current liabilities
Non-current liabilities						Non-current liabilities
Asset retirement obligations	139	―	16	156		Provisions
Other	55	―	41	96		Other non-current liabilities
Total non-current liabilities	194	―	57	252		Total non-current liabilities
Total liabilities	6,244	―	379	6,623		Total liabilities
Net assets						Equity
Shareholders' equity						
Capital stock	915	―	―	916		Capital stock
Capital surplus	819	―	―	819		Capital surplus
Retained earnings	31,518	―	(36)	31,482	E	Retained earnings
Treasury shares	(2,119)	―	―	(2,119)		Treasury shares
Accumulated other comprehensive income	33	186	(15)	204	D	Other components of equity
Subscription rights to shares	186	(186)	―	―		
				31,302		Total equity attributable to owners of the parent company
Non-controlling interests	207	―	0	208		Non-controlling interests
Total net assets	31,560	―	(51)	31,510		Total equity
Total liabilities and net assets	37,804	―	328	38,133		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 six months ended September 30, 2016
(From April 1, 2016 to September 30, 2016)

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net sales	21,843	—	(1,022)	20,822	F	Revenue
Cost of sales	2,470	(2,471)	—	—	F, H	
Selling, general and administrative expenses	9,339	2,471	(1,131)	10,680	H	Operating expenses
		2	—	2	H	Other income
		13	—	13	H	Other expenses
Operating income	10,033	(11)	109	10,131		Operating profit
Non-operating income	6	(6)	—	—	H	
Non-operating expenses	16	(16)	—	—	H	
Extraordinary income	34	—	(34)	—	H	
		5	—	5	H	Finance income
		4	0	4	H	Finance expenses
Profit before income taxes	10,057	—	74	10,131		Profit before income taxes
Income taxes - current	2,988	20	116	3,125		Income tax expense
Income taxes - deferred	19	(20)	—	—		
Profit	7,048	—	(42)	7,007		Profit
						Attributable to:
Profit attributable to non-controlling interests	23	—	0	24		Non-controlling interests
Profit (loss) attributable to owners of parent	7,024	—	(42)	6,982		Owners of the parent company

(Millions of yen)

Presentation under J-GAAP	J-GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Profit	7,048	—	(42)	7,007		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	(60)	—	24	(37)		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)	—	—	(0)		Exchange differences on translation of foreign operations
Total other comprehensive income	(60)	—	24	(37)		Total other comprehensive income
Comprehensive income	6,987	—	(18)	6,969		Comprehensive income
						Attributable to:
Comprehensive income attributable to owners of parent	6,963	—	(19)	6,945		Owners of the parent company
Comprehensive income attributable to non-controlling interests	23	—	0	24		Non-controlling interests

Reconciliation of comprehensive income for the fiscal year ended March 31, 2017
(From April 1, 2016 to March 31, 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 September 30, 2016	As of March 31, 2017
Property, plant and equipment (See Note A)	217	201	206
Goodwill (See Note B)	―	12	25
Accumulating paid absences (See Note C)	(203)	(235)	(217)
Exchange differences on translation of foreign operations (See Note D)	15	15	15
Other	(47)	(30)	(49)
Total adjustments to retained earnings	(18)	(36)	(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 six months ended September 30, 2016 (From April 1, 2016 to September 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.