Financial Results
for the Fiscal Year Ended June 30, 2017
[Japanese GAAP]
(Non-consolidated)

August 7, 2017

Company name: WELLNET CORPORATION
Stock exchange listing: Tokyo Stock Exchange
Code number: 2428
URL: http://www.well-net.jp/
Representative: Kazuhiro Miyazawa, President and Representative Director
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Scheduled date of annual general shareholders' meeting: September 27, 2017
Scheduled date of commencing dividend payments: September 28, 2017
Scheduled date of filing securities report: September 28, 2017
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Yes

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

1. Financial Results for the Fiscal Year Ended June 30, 2017 (July 1, 2016 to June 30, 2017)

(1) Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2017	10,260	(2.6)	1,099	(46.5)	1,239	(38.3)	869	(35.6)
June 30, 2016	10,529	18.5	2,054	25.5	2,007	32.1	1,350	44.0

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2017	46.36	45.57	10.2	5.7	10.7
June 30, 2016	71.91	70.22	16.3	9.9	19.5

(Reference) Equity in earnings/loss of affiliates: Fiscal year ended June 30, 2017: ¥- million
Fiscal year ended June 30, 2016: ¥- million

(Note) The Company conducted a 2-for-1 share split effective July 1, 2016, based on the resolution of the meeting of the Board of Directors of the Company held on May 19, 2016. Net income per share and diluted net income per share are calculated as if the share split had occurred at the beginning of the prior fiscal year.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2017	22,457	8,780	38.7	460.36
As of June 30, 2016	21,104	8,485	40.0	453.37

(Reference) Equity: As of June 30, 2017: ¥8,698 million
As of June 30, 2016: ¥8,446 million

(Note) The Company conducted a 2-for-1 share split effective July 1, 2016, based on the resolution of the meeting of the Board of Directors of the Company held on May 19, 2016. Net assets per share is calculated as if the share split had occurred at the beginning of the prior fiscal year.

(3) Status of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Million yen	Million yen	Million yen	Million yen
As of June 30, 2017	2,328	(1,341)	(596)	15,348
As of June 30, 2016	2,554	218	(1,108)	14,958

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividend to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended June 30, 2016	-	0.00	-	80.00	80.00	745	55.6	9.1
Fiscal year ended June 30, 2017	-	0.00	-	50.00	50.00	944	107.9	10.9
Fiscal year ending June 30, 2018 (Forecast)	-	0.00	-	50.00	50.00		-	

(Note) Breakdown of year-end dividend for the fiscal year ended June 30, 2016
Ordinary dividend ¥74.00 Special dividend ¥6.00
(Note) On July 1, 2016, the Company carried out a 2-for-1 share split. For the fiscal year ended June 30, 2016, the actual amount of dividend before such share split is presented.

3. Financial Results Forecast for the Fiscal Year Ending June 30, 2018 (July 1, 2017 to June 30, 2018)

At this moment, it is difficult to indicate the numerical forecast as there are many uncertain factors that may impact the actual financial results for the fiscal year ending June 30, 2018. The forecast will be announced immediately when it becomes possible to make reasonable forecast.

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
First half	-	-	-	-	-	-
Full year	-	-	-	-	-	-

	Net income		Net income per share
	Million yen	%	Yen
First half	-	-	-
Full year	-	-	-

*** Notes:**

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(2) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2017: 19,400,000 shares
June 30, 2016: 19,400,000 shares

2) Total number of treasury shares at the end of the period:
June 30, 2017: 505,158 shares
June 30, 2016: 769,958 shares

3) Average number of shares during the period:
Fiscal year ended June 30, 2017: 18,758,434 shares
Fiscal year ended June 30, 2016: 18,786,561 shares

(Note) The Company conducted a 2-for-1 share split effective July 1, 2016. Total number of issued shares (common shares) is calculated as if the share split had occurred at the beginning of the prior fiscal year.

* These financial results are outside the scope of audit.

* Explanation of the proper use of financial results forecast and other notes

At this moment, it is difficult to indicate the numerical forecast as there are many uncertain factors that may impact the actual financial results for the fiscal year ending June 30, 2018. The forecast will be announced immediately when it becomes possible to make reasonable forecast.

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1. Overview of Business Results, etc.

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

During the fiscal year ended June 30, 2017, the markets on which the Company's business is grounded have entered a period of significant change with the progression of FinTech and the emergence of various new services such as the sharing business, in addition to the spread of smartphones. Under these circumstances, the Company announced the "Medium Term Five-Year Management Plan (July 2016 - June 2021)" in August 2016 to actively and boldly take on new business opportunities, and has conducted activities to vigorously promote "Response to the age of electronic money," "Promotion of Bus IT Promotion Solution Project" and "Service support for consumers from the business operator side" as priority measures.

For the fiscal year ended June 30, 2017, the first year of the "Medium Term Five-Year Management Plan (July 2016 – June 2021)," the Company reported net sales of ¥10,260 million (down 2.6% year-on-year), operating income of ¥1,099 million (down 46.5% year-on-year), ordinary income of ¥1,239 million (down 38.3% year-on-year) and net income of ¥869 million (down 35.6% year-on-year).

(2) Changes in Environment Surrounding the Company and Response Strategy = New Medium Term Five-Year Management Plan (July 2016 - June 2021)

The Company's main business domain is the non-face-to-face payment market and its peripheral market, and we have improved our performance by know-how and a track record accumulated in these markets. The non-face-to-face payment market is expected to continue achieving a certain level of growth in the future. During the period of the New Medium Term Five-Year Management Plan, rapid progression and practical application of FinTech is expected. Furthermore, we will pursue a growth strategy aimed at achieving the target of ¥5.0 billion in ordinary income in the final fiscal year by actively making investment to turn the major changes in environment such as the utilization and application of IoT into new business opportunities.

A. Released the WELLNET's "FinTech service," "*Shiharai-Hisho*" (August 2017)

We began the commercial service of "*Shiharai-Hisho*" on August 3, 2017 for our first client, The Kansai Electric Power Co., Inc. "*Shiharai-Hisho*" was conceptualized in 2011 for electronic money/cashless payment, which are expected to expand in the future, and its requirements have been defined and development has been pushed ahead since then.

The smartphone application "*Shiharai-Hisho*" is an electronic money service managed on servers with functions including the following:

1) Electronic money can be immediately charged from an affiliated bank (can be charged also from other receiving agencies).
2) The reminder function of the "*Hisho*" prevents one from "carelessly forgetting" payment, thereby improving the collection rate.
3) Costs will be reduced as a result of a shift from the issuance of invoices by mail to "Hisho."

To promote this service, we commenced proactive sales promotion activities, including working with The Kansai Electric Power Co., Inc., to appeal mainly to customers who pay by cash using the payment form. Going forward, we will make proposals to business operators who already have installed our payment system (display this service as a new payment method on the "Payment Method Guidance Screen (provided by the Company)," which is used eight million times per month by consumers for payment purposes), spread and expand the service in cooperation with partner banks, and conduct aggressive promotion (especially aimed at consumers). Through these efforts, we will vigorously push forward the promotion of the app and expansion of the payment volume to foster this service into the one responsible for the next generation of WELLNET.

B. Actively promoting Bus IT Promotion Project

We will develop, introduce, popularize and expand “Bus Mori! SERIES,” which constitutes the core of Bus IT Promotion Solution. Regarding the smartphone application service “Bus Mori! CONCIERGE” introduced in August 2016, the number of downloads was more than 50,000 thanks to active sales promotion in cooperation with bus companies through initiatives such as sponsoring the FM radio program “BUSTALGIA,” bus wrap advertising, and distributing pamphlets and leaflets. The number of routes on which the application can be purchased is also steadily increasing.

“Bus Mori! CONCIERGE” is a convenient app that allows users to complete all the processes, including reservation, purchase, change and cancellation, simply with their smartphones at hand anytime and anywhere. Over the past year, this application was further enhanced. Specifically, the “Smartphone Commutation Ticket” that we started providing in March 2017 was adopted by JR BUS KANTO CO., LTD., JR Bus Tohoku Co., Ltd. and JR Hokkaido Bus and is being aggressively marketed at local bus companies throughout Japan.

As for the authentication method of electronic tickets, in addition to “Bus Mori! MONTA,” an in-vehicle tablet which is already in service, we plan to introduce “*Denshi Mogiri*” function in November 2017, which would allow users to complete authentication with their smartphones only.

In order to achieve the final goal of making as many consumers as possible download and use the application, the Company will continuously and aggressively promote “Bus Mori! CONCIERGE,” which would allow consumers to “buy a highway bus ticket with your smartphone.”

C. Strengthening partnerships through open innovation

In an effort to capture the huge waves of “IoT” and “FinTech,” we will tackle business opportunities with precision by strengthening cooperation with universities, business entities, and companies with diverse knowledge and technologies. Regarding blockchain technology, we have conducted joint research with the National Institute of Informatics to contribute to the bus business and regional revitalization by utilizing IT through such initiatives as utilization of big data and yield management. We also completed preparations for establishing CVC so that we can flexibly cooperate with Hokkaido University and companies engaged in the development and establishment of the Company’s payment peripheral platform.

D. Stable system operation

We have improved the structure of our Sapporo Office based on the lessons learned from past failures. To be specific, with the support of NTT Advanced Technology Corporation, we unified the development styles of our Sapporo Office.

Regarding the structure of the Sapporo Office as well, we increased the number of Executive Officers to three and actively recruited employees.

On the infrastructure front, based on the judgment that the conventional method of infrastructure development cannot fully optimize rapidly changing traffic, we will increase cloud-based services that can flexibly handle scale-up and distributed processing in the next three years. Through this initiative, we will aim to achieve both stable operation and optimal cost performance.

E. Governance

The Company defines its raison d’etre and action guidelines for employees in WELLNET Arete (Virtue) with a view to implementing effective governance. Although the product may change, we will penetrate the Company’s core action philosophy to employees.

(WELLNET Arete)
Contribute to society by continuously making “systems that would be handy to have.”
Proposing and spreading such “systems” to the whole world.
Distributing the income gained from this to employees, shareholders and our next investment.

(WELLNET Employee Arete)
I will avoid the pitfalls of stereotypes and think freely.
I will first think on my own, and then propose the best solution for all.
I will promote open discussions while “the one who should decide” will decide and the organization will put it into action.
I will always clearly define “who” will do “what” by “when.”
I will repeatedly validate the execution result and improve thereon.
I will make honest, accurate and quick reports.
I will conduct business after documenting services to be provided and compensation to be received.
I will hold rectitude as my motto and accept neither entertainment nor gifts.

F. Enhancement of activities contributing to local communities/employee benefits

We established the ¥100 million WELLNET Scholarship for a lot of financially struggling students attending a technical college in Hokkaido. We have been encouraged by the many letters of gratitude we received from such students, enabling us to build wonderful relations with them. We further increased the fund for scholarship by ¥60 million in the fiscal year ended June 30, 2017, and will continuously contribute to local communities.

In addition, as part of our effort to enhance employee benefits, we opened “WELLNET Morino Childcare Center,” an in-office childcare center within the Sapporo Office, in April 2017. This facility provides employees working in the Sapporo Office an environment where they can work with peace of mind and is expected to also lead to the acquisition of excellent human resources.

(3) Changes in Management Structure

Guided by the management policy of actively and boldly taking on challenges of significantly expanding business opportunities, the Company decided to make a transition to a “company with audit and supervisory committee” subject to approval at the General Shareholders’ Meeting to be held in September 2017, out of a need to enhance transparency of the decision-making process and with an awareness of the corporate governance code.

The majority of the members of the Board of Directors are Outside Directors, with two Internal Directors and three Outside Directors. In addition, in order to show the Company’s stance of actively promoting female employees internally and externally, the Company has appointed one female Internal Director. Meanwhile, we also increased the number of Executive Officers to enhance our structure for achieving the target.

(4) Revenue Forecast and Return to Shareholders (Four Years from July 2017) (July 2017 - June 2021)

We will shift to a proactive management policy for creating a higher level of corporate value. In addition to the close relationship with the business operators providing services and products, we will launch several smartphone applications that directly engage payers, or consumers. Investment for changing the line of business in promotional activities aimed at recognition and spreading of such services, acquisition and training of human resources, and improvement of system performance, among other things, will amount to a significant amount. We will also swiftly decide in a timely manner and make bold investments to maximize the investment effect. Furthermore, we will aggressively engage in M&As if they are judged to contribute to the growth of the income of the Company.

Meanwhile, we will proceed with visualization of the revenue structure, which tends to become ambiguous with an increase in services handled and business operators and due to other factors.

As stated above, the Company has decided on the management policy of aggressively taking risks, including making large and swift investment in the field related to "FinTech service" in the face of large business opportunities currently available. As such, we will not disclose the initial financial forecast for the fiscal year ending June 2018.

Meanwhile, we will set the dividend payout ratio at 50% or more over the next four years from this fiscal year and pay a dividend of ¥50 even when dividend per share is less than ¥50, as consideration for shareholders and in order to encourage shareholders to make long-term investment with peace of mind. This amount is 35% higher than the ¥37 dividend* for the fiscal year ended June 30, 2016 (excluding special dividend), the final year of the previous Medium Term Three-Year Management Plan.

*The Company carried out a 2-for-1 share split on July 1, 2016.

Going forward, we will seek to become a company that is loved by our customers, employees, shareholders and local communities with high expectations as we work to improve our corporate value. We hope that you look forward to the challenges we take on in the future.

(2) Analysis of Financial Position

1) Status of assets, liabilities, and net assets

(Assets)

Current assets as of June 30, 2017 stood at ¥20,753 million. This mainly comprises cash and deposits of ¥15,848 million, securities of ¥2,999 million, and accounts receivable - trade of ¥457 million. Cash and deposits include ¥11,381 million of receiving agency deposit in money collection business, which is the money kept temporarily by the Company up to the predetermined date of transfer to operators in the following month. Meanwhile, non-current assets amounted to ¥1,704 million. This mainly comprises software of ¥828 million and investment securities of ¥206 million. As a result, total assets amounted to ¥22,457 million.

(Liabilities)

Current liabilities as of June 30, 2017 stood at ¥13,513 million. This mainly comprises receiving agency deposit of ¥11,381 million and deposits received of ¥760 million. Meanwhile, non-current liabilities amounted to ¥164 million. As a result, total liabilities amounted to ¥13,677 million.

(Net assets)

Net assets as of June 30, 2017 stood at ¥8,780 million. This mainly comprises shareholders' equity of ¥8,698 million.

2) Status of cash flows

Cash and cash equivalents (the "funds") as of June 30, 2017 stood at ¥15,348 million.

The status of cash flows as of June 30, 2017 and their contributing factors are as follows.

(Cash flows from operating activities)

Funds provided by operating activities for the fiscal year ended June 30, 2017 amounted to ¥2,328 million. Main factors for the increase are income before income taxes of ¥1,239 million and ¥1,815 million increase in receiving agency deposits, while the main factor for the decrease is income taxes paid of ¥755 million.

(Cash flows from investing activities)

Funds used in investing activities for the fiscal year ended June 30, 2017 amounted to ¥1,341 million. The main factor for the increase is proceeds from redemption of securities of ¥6,500 million, while main factors for the decrease are purchase of securities of ¥6,498 million, payments into time deposits of ¥1,000 million and purchase of intangible assets of ¥505 million.

(Cash flows from financing activities)

Funds used in financing activities for the fiscal year ended June 30, 2017 amounted to ¥596 million. The main factor for the decrease is cash dividends paid of ¥743 million.

(3) Basic Policy for Profit Sharing and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The dividend for the fiscal year ended June 30, 2017 will be ¥50 per share in accordance with the policy which was determined as our numerical target in the "New Medium Term Five-Year Management Plan (July 2016 – June 2021)."

With regard to the dividend for the next fiscal year, in accordance with the policy determined as our numerical target in the "New Medium Term Five-Year Management Plan (July 2016 - June 2021)," we will set the dividend payout ratio for the four years from this fiscal year at 50% or more (excluding extraordinary factors), and pay a dividend of ¥50 even when dividend per share is less than ¥50. This amount is 35% higher than the ¥37 dividend* for the fiscal year ended June 30, 2016 (excluding special dividend).

*The Company carried out a 2-for-1 share split on July 1, 2016.

On the basis of the net income forecast for the next fiscal year and by taking into account the stated target dividend payout ratio of 50% or more or dividend of ¥50, we are planning to pay ¥50 per share.

(4) Risks of Business

Among matters listed in the financial statements relating to 1. Business Results, 3. Management Policy, and 4. Non-consolidated Financial Statements, the following matters could potentially have a significant impact on the decisions of the investors.

Forward-looking statements within the text are those identified by the company as of the date of announcement of the Financial Statement (August 7, 2017), and there is a possibly that our business performance and financial condition may be affected by the occurrence of events other than those listed below that are unforeseeable at this time.

1) Receiving agency deposit

The Multiple Payment Services provided by the Company transfers money to the customer business operator on a given date after temporarily storing the payment on behalf of the customer in a savings account managed separately under the Company's name. The money temporarily stored by the Company as a receiving agency is recognized on the balance sheet as both "cash and deposits" (assets) and "receiving agency deposits" (liabilities).

The payment stored in the receiving agency is managed separately from the Company's settlement funds in a checkable deposit account of a financial institution in order to protect the assets of the customers. To mitigate the risk of bad debt, the Company adopts a scheme to offset the fees (sales of the Company) when sending payment to the customer based on the contract. However, if financial administration polices related to pay off or the like are changed making the account no longer subject to deposit protection, there is a possibility that our business operations and performance will be affected by the changes to the storage methods of receiving agency payment or changes to the collection methods of our accounts receivable - trade.

2) Dependence on the infrastructure of the convenience store industry

In the Multiple Payment Services, the installation of kiosk terminals, etc. at a convenience store is a prerequisite for payment in convenience stores. Should convenience store companies change their methods for providing service, such as by changing terminals during the same period as other convenience store companies, there is a possibility that this will have an impact on our performance including incurring of cost to respond to such changes by the Company.

3) System failure and administrative risk

Because system shut down would be a grave problem for the Company, we take various measures, such as ensuring redundancy of server equipment and communication line and having maintenance personnel present 24 hours a day.

However, if unexpected matters including natural disaster or accident occur, misconduct is perpetrated by unforeseen external intruders, or there is faulty operation by an employee, it may lead to reduced functionality, malfunction, or failure, which may affect our performance.

As our business is an important service which handles money including receipt of payments, management is strictly carried out to avoid administrative risk. However, if an executive or employee of the Company were to make an error regardless of this strict management system, it could affect its performance by compromising trust in the Company.

4) The external environment

a. Intensifying competition in the payment service market

If the differentiation strategy in response to intensifying competition cannot achieve results as planned, we may get caught up in price competition.

b. Investment in origination and development of new businesses

Although we continue to conduct active capital investment, research and development investment, and sales promotion activities for new businesses such as "*Shiharai-Hisho*," if this service does not progress in accordance with our plan and if we cannot achieve adequate results from our investments, it may affect our performance.

c. Dependence on specific customers

Under the risk awareness of the external environment detailed above, we are working on origination of new services and new businesses, and expansion of new customers. Yet at present, the majority of our overall sales are derived from our top three user customers. Therefore, if the sales of our major customers fall due to the sales trend of the major customers or for any other reasons, it may affect our performance.

d. Intellectual property rights

As it is difficult to grasp the status of intellectual property rights in its business field in a timely and complete manner, there is a possibility that the Company will infringe upon the intellectual property rights of a third party and be subject to claims for damages or injunction.

e. Paradigm shift

If, for example, a completely new payment scheme, etc. arises as a result of innovation and other advances in the payment market, it may affect our performance.

5) Management of personal information

When carrying out its businesses, the Company sometimes retains customer's personal information, and we expect that we will handle more personal information as our service continues to expand in the future. We have acquired the PrivacyMark and Information Security Management System (ISMS) for handling of personal information, and pursuant to these, we have established an internal management system and heightened our awareness of information management.

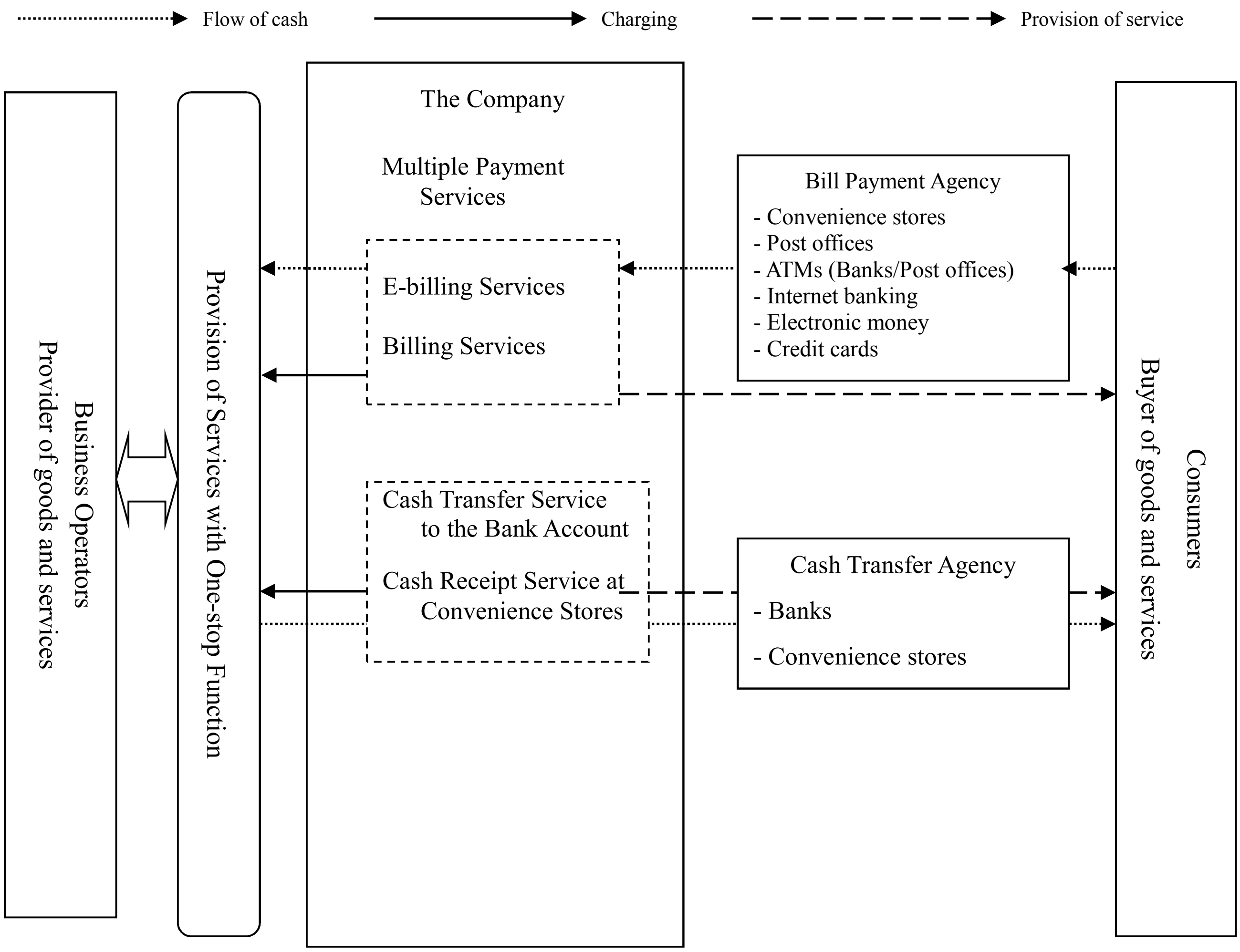
Although the possibility that personal information will be leaked is considered extremely low due to these measures, if there was external leakage of information due to any cause in the future, we may be subject to claims for damages, and it may affect our performance due to losses of social trust.

2. Corporate Group Overview

The Company conducts businesses centered on provision of payment and authentication services that connects business operators and consumers.

[Operations Diagram]

Operations diagram of the Company is as follows.



3. Basic Principle on the Selection of Accounting Standards

The Company’s policy, for the time being, is to prepare the financial statements in accordance with J-GAAP, in consideration of the comparability of financial statements over time as well as between companies.

With respect to the adoption of IFRS, the Company will make decision as appropriate, in view of the circumstances both in Japan and abroad.

4. Financial Statements and Primary Notes

(1) Balance Sheet

(Thousand yen)

	As of June 30, 2016	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	14,458,084	15,848,163
Accounts receivable - trade	526,603	457,038
Operating accounts receivable	529,068	233,052
Securities	2,999,229	2,999,842
Merchandise	2,649	2,677
Work in process	9,051	6,970
Supplies	1,653	1,553
Prepaid expenses	22,194	43,295
Deferred tax assets	46,833	4,022
Other	820,994	1,157,095
Total current assets	19,416,363	20,753,711
Non-current assets		
Property, plant and equipment		
Buildings	247,356	273,630
Accumulated depreciation	(121,508)	(129,185)
Buildings, net	125,848	144,444
Structures	9,779	9,779
Accumulated depreciation	(8,864)	(9,016)
Structures, net	915	763
Tools, furniture and fixtures	592,306	642,664
Accumulated depreciation	(482,452)	(508,963)
Tools, furniture and fixtures, net	109,854	133,700
Land	136,266	136,266
Leased assets	8,102	—
Accumulated depreciation	(8,012)	—
Leased assets, net	89	—
Construction in progress	38,746	273
Total property, plant and equipment	411,721	415,448
Intangible assets		
Trademark right	844	1,551
Software	530,268	828,020
Total intangible assets	531,113	829,571
Investments and other assets		
Investment securities	507,521	206,292
Long-term prepaid expenses	41,670	25,048
Investments in capital	25,000	71,664
Guarantee deposits	48,562	48,562
Prepaid pension cost	16,994	16,023
Deferred tax assets	99,702	86,496
Other	6,249	5,006
Total investments and other assets	745,701	459,094
Total non-current assets	1,688,536	1,704,114
Total assets	21,104,899	22,457,826

(Thousand yen)

	As of June 30, 2016	As of June 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	555,037	464,637
Operating accounts payable	1,043,952	456,332
Lease obligations	115	—
Accounts payable - other	283,858	252,644
Accrued expenses	18,024	13,240
Income taxes payable	433,632	—
Advances received	4,943	1,707
Deposits received	483,782	760,668
Receiving agency deposits	9,566,090	11,381,496
Other	8,850	182,400
Total current liabilities	12,398,289	13,513,128
Non-current liabilities		
Provision for granting of shares	31,240	35,925
Asset retirement obligations	6,845	6,946
Long-term accounts payable - other	119,007	119,007
Provision for contingent loss	64,002	—
Other	—	2,567
Total non-current liabilities	221,094	164,446
Total liabilities	12,619,384	13,677,574
Net assets		
Shareholders' equity		
Capital stock	667,782	667,782
Capital surplus		
Legal capital surplus	3,509,216	3,509,216
Total capital surplus	3,509,216	3,509,216
Retained earnings		
Legal retained earnings	22,010	22,010
Other retained earnings		
Reserve for special depreciation	4,695	3,130
General reserve	3,160,000	3,160,000
Retained earnings brought forward	2,076,740	2,018,191
Total retained earnings	5,263,446	5,203,332
Treasury shares	(993,464)	(682,037)
Total shareholders' equity	8,446,981	8,698,293
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(593)	129
Total valuation and translation adjustments	(593)	129
Subscription rights to shares	39,127	81,828
Total net assets	8,485,515	8,780,251
Total liabilities and net assets	21,104,899	22,457,826

(2) Statement of Income

(Thousand yen)

	For the fiscal year ended June 30, 2016	For the fiscal year ended June 30, 2017
Net sales	10,529,005	10,260,276
Cost of sales	7,483,623	7,673,962
Gross profit	3,045,382	2,586,313
Selling, general and administrative expenses	990,515	1,487,153
Operating income	2,054,867	1,099,160
Non-operating income		
Interest income	1,795	1,828
Interest on securities	10,421	9,816
Dividend income	802	129
Gain on reversal of provision for contingent loss	—	39,958
Refunded consumption taxes	—	88,436
Other	4,154	3,659
Total non-operating income	17,174	143,828
Non-operating expenses		
Interest expenses	29	0
Loss on investments in partnership	—	3,335
Consumption taxes for prior periods	64,002	—
Other	71	72
Total non-operating expenses	64,103	3,408
Ordinary income	2,007,938	1,239,580
Income before income taxes	2,007,938	1,239,580
Income taxes - current	694,173	314,189
Income taxes for prior periods	(17,033)	—
Income taxes - deferred	(20,078)	55,701
Total income taxes	657,061	369,891
Net income	1,350,877	869,688

(Schedule of cost of sales)

Schedule of cost of sales

Class	Note no.	Fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016) Amount (Thousand yen)		Composition (%)	Fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017) Amount (Thousand yen)		Composition (%)
I. Cost of merchandise sold							
1. Beginning merchandise		2,741			2,649		
2. Cost of purchased merchandise		26,637			25,994		
Total		29,378			28,643		
3. Ending merchandise		2,649	26,728	0.3	2,677	25,966	0.3
II. Labor cost			191,503	2.5		219,508	2.7
III. Expenses			7,244,846	94.5		7,395,112	91.2
IV. Subcontract expenses			202,394	2.6		472,072	5.8
Total			7,665,472	100.0		8,112,660	100.0
Transfer to other account			178,306			440,778	
Beginning work-in-process			5,509			9,051	
Ending work-in-process			9,051			6,970	
Cost of sales			7,483,623			7,673,962	

(Notes) *1. Cost of sales is calculated based on the job-order cost system.

*2. Details of the main components are as follows.

(Thousand yen)

Item	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Receiving agency fees	6,675,216	6,736,751
Invoice postage fees	212,523	218,392
Depreciation	168,906	236,386
Other	188,201	203,582
Total	7,244,846	7,395,112

*3. Details of the transfer to other account are as follows.

(Thousand yen)

Item	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Software	173,228	420,957
Research and development expenses	5,077	19,821
Total	178,306	440,778

(3) Statement of Changes in Equity

Fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)

(Thousand yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Reserve for special depreciation	Other retained earnings: General reserve	Other retained earnings: Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	667,782	3,509,216	3,509,216	22,010	6,117	3,160,000	1,463,537	4,651,664
Changes of items during period								
Reversal of reserve for special depreciation					(1,529)		1,529	-
Increase in reserve for special depreciation from changes in tax rate					107		(107)	-
Dividends of surplus							(477,617)	(477,617)
Net income							1,350,877	1,350,877
Purchase of treasury shares								
Disposal of treasury shares							(35,571)	(35,571)
Retirement of treasury shares							(225,906)	(225,906)
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	(1, 421)	-	613,203	611,782
Balance at end of current period	667,782	3,509,216	3,509,216	22,010	4,695	3,160,000	2,076,740	5,263,446

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(650,078)	8,178,584	202	202	39,475	8,218,263
Changes of items during period						
Reversal of reserve for special depreciation		-				-
Increase in reserve for special depreciation from changes in tax rate		-				-
Dividends of surplus		(477,617)				(477,617)
Net income		1,350,877				1,350,877
Purchase of treasury shares	(630,284)	(630,284)				(630,284)
Disposal of treasury shares	60,992	25,420				25,420
Retirement of treasury shares	225,906	-				-
Net changes of items other than shareholders' equity			(795)	(795)	(348)	(1,144)
Total changes of items during period	(343,385)	268,396	(795)	(795)	(348)	267,252
Balance at end of current period	(993,464)	8,446,981	(593)	(593)	39,127	8,485,515

Fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

(Thousand yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for special depreciation	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	667,782	3,509,216	3,509,216	22,010	4,695	3,160,000	2,076,740	5,263,446
Changes of items during period								
Reversal of reserve for special depreciation					(1,565)		1,565	-
Increase in reserve for special depreciation from changes in tax rate								
Dividends of surplus							(745,201)	(745,201)
Net income							869,688	869,688
Purchase of treasury shares								
Disposal of treasury shares							(184,601)	(184,601)
Retirement of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	(1,565)	-	(58,549)	(60,113)
Balance at end of current period	667,782	3,509,216	3,509,216	22,010	3,130	3,160,000	2,018,191	5,203,332

	Shareholders' equity		Valuation and translation adjustments			
	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at beginning of current period	(993,464)	8,446,981	(593)	(593)	39,127	8,485,515
Changes of items during period						
Reversal of reserve for special depreciation		-				-
Increase in reserve for special depreciation from changes in tax rate						
Dividends of surplus		(745,201)				(745,201)
Net income		869,688				869,688
Purchase of treasury shares						-
Disposal of treasury shares	311,426	126,825				126,825
Retirement of treasury shares						-
Net changes of items other than shareholders' equity			722	722	42,701	43,423
Total changes of items during period	311,426	251,312	722	722	42,701	294,736
Balance at end of current period	(682,037)	8,698,293	129	129	81,828	8,780,251

(4) Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended June 30, 2016	For the fiscal year ended June 30, 2017
Cash flows from operating activities		
Income before income taxes	2,007,938	1,239,580
Depreciation	207,291	279,396
Interest and dividend income	(13,020)	(11,773)
Interest expenses	29	0
Loss (gain) on investments in partnership	—	3,335
Decrease (increase) in operating accounts receivable	196,371	296,015
Decrease (increase) in notes and accounts receivable - trade	(61,695)	69,565
Decrease (increase) in inventories	(3,288)	2,153
Increase (decrease) in operating accounts payable	(312,897)	(587,619)
Increase (decrease) in notes and accounts payable - trade	134,300	(90,400)
Increase (decrease) in receiving agency deposits	817,845	1,815,405
Other, net	181,801	96,328
Subtotal	3,154,676	3,111,988
Interest and dividend income received	17,852	5,686
Interest expenses paid	(29)	(0)
Income taxes paid	(618,014)	(789,609)
Net cash provided by (used in) operating activities	2,554,484	2,328,064
Cash flows from investing activities		
Purchase of securities	(4,897,008)	(6,498,719)
Proceeds from redemption of securities	4,300,000	6,500,000
Purchase of property, plant and equipment	(29,239)	(87,048)
Purchase of intangible assets	(230,512)	(505,601)
Payments into time deposits	(1,100,000)	(1,000,000)
Proceeds from withdrawal of time deposits	2,200,000	—
Proceeds from redemption of investment securities	—	300,000
Payments for investments in capital	(25,000)	(50,000)
Net cash provided by (used in) investing activities	218,239	(1,341,368)
Cash flows from financing activities		
Purchase of treasury shares	(630,284)	—
Proceeds from disposal of treasury shares resulting from exercise of subscription rights to shares	—	124,456
Proceeds from issuance of subscription rights to shares	—	22,426
Repayments of lease obligations	(1,365)	(115)
Cash dividends paid	(476,686)	(743,352)
Net cash provided by (used in) financing activities	(1,108,336)	(596,586)
Net increase (decrease) in cash and cash equivalents	1,664,387	390,109
Cash and cash equivalents at beginning of period	13,293,652	14,958,039
Cash and cash equivalents at end of period	14,958,039	15,348,149

(5) Notes to Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Additional information)

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

The Company, in accordance with the revision of the Corporation Tax Act, changed the depreciation method from the declining-balance method to the straight-line method for accessories to buildings and structures acquired on or after April 1, 2016 by applying "Practical Solution on a change in depreciation method due to Tax Reform 2016" (PITF No. 32, June 17, 2016) to the fiscal year under review. The change has minimal impact on operating income, ordinary income or income before income taxes of the fiscal year under review.

(Significant accounting policies)

1. Valuation standards and valuation methods for securities

(1) Held-to-maturity securities

Amortized cost method (interest method)

(2) Available-for-sale securities

Available-for-sale securities with market value
The market value method is applied, based on the market value as of the fiscal-end. The entire valuation difference from the purchase price is recorded directly as net assets, and the cost of securities sold is calculated using the moving-average method.

2. Valuation standards and valuation methods of inventories

(1) Merchandise

Stated at cost using the moving-average method (balance sheet amount is calculated by writing down the book value of assets which decreased in profitability).

(2) Work in process

Stated at cost using the specific identification method (balance sheet amount is calculated by writing down the book value of assets which decreased in profitability).

(3) Supplies

Stated at cost using the last purchase price method (balance sheet amount is calculated by writing down the book value of assets which decreased in profitability).

3. Depreciation methods of non-current assets

(1) Property, plant and equipment (excluding leased assets)

Declining balance method (however, straight-line method for all the buildings (excluding accessories) acquired on or after April 1, 1998, accessories to buildings and structures acquired on or after April 1, 2016, and server equipment providing services on an integrated basis with software, of tools, furniture and fixtures).
The useful lives of the major assets are as follows.

Buildings:	7-39 years
Tools, furniture and fixtures:	3-15 years

(2) Intangible assets (excluding leased assets)

Straight-line depreciation
Software for internal use is amortized based on its internally estimated useful life (5 years).

(3) Leased assets

The straight-line method, substituting the lease term with the useful life, assuming no residual value.

4. Basis for recording allowances
(1) Allowance for doubtful accounts

To prepare for bad debt losses, the Company records estimated amount of uncollectable receivables, based on loan loss ratio for general receivables, and case-by-case review of collectability for specific receivables such as doubtful accounts receivable. Since actual loan loss until the end of the fiscal year under review was negligible, loan loss ratio for general receivables is assumed as zero.

(2) Provision for bonuses

To prepare for the payment of bonuses for employees, estimated amount of payment of bonuses is recorded.

(3) Provision for retirement benefits

To prepare for the payment of employees' retirement benefits, an amount based on retirement benefit obligations (amount required by simplified method at year-end to pay for voluntary termination) and pension assets as of the end of the fiscal year under review is recorded. In the event that pension assets exceed retirement benefit obligations, such excess shall be recorded as prepaid pension cost under "other" in investments and other assets.

(4) Provision for granting of shares

To prepare for the granting of shares to employees in accordance with the Share Granting Rules, estimated amount of share granting obligations as of the end of the fiscal year under review is recorded.

(5) Provision for contingent loss

To prepare for contingent liabilities (tax obligations) in dispute with tax authorities, an estimated amount to be paid (including additional tax and other charges) has been recorded for the case of tax reassessments conducted by the authorities for the period from the fiscal year ended June 30, 2014 to the fiscal year under review.

5. The range of cash within the statement of cash flows
Cash within the statement of cash flows include cash at hand, demand deposits and short-term investments that are easily converted into cash, with little risk of fluctuation in value and reach maturity within three months from acquisition.

6. Other significant matters underlying the preparation of financial statements
Accounting of consumption taxes
All transactions are recorded net of consumption taxes and local consumption taxes.
Non-deductible consumption taxes are recorded as periodic expenses for the fiscal year in which they incur. However, non-deductible consumption taxes associated with non-current assets are recorded under "other" in investments and other assets, subject to equal amortization in accordance with the provisions of the Corporation Tax Act.

(Notes to Balance Sheet)

* Receiving agency deposit

Receiving agency deposit is a deposit related to money collection business, and an equivalent amount is included in the deposits.

(Notes to Statement of Income)

*1 Approximate ratio of expenses included in selling expenses was 6% in the previous fiscal year, and 14% in the fiscal year under review. Approximate ratio of expenses included in general and administrative expenses was 94% in the previous fiscal year, and 86% in the fiscal year under review.

The major components and amounts of selling, general and administrative expenses are as follows.

(Thousand yen)

	For the fiscal year ended June 30, 2016	For the fiscal year ended June 30, 2017
Advertising expenses	16,430	158,331
Directors' compensations	93,860	121,832
Salaries, allowances and bonuses	267,905	296,227
Rent expenses	45,933	45,978
Depreciation	37,965	41,201
Commission fees	77,112	338,076

*2 Total research and development expenses included in selling, general and administrative expenses

(Thousand yen)

For the fiscal year ended June 30, 2016	For the fiscal year ended June 30, 2017
32,316	17,067

(Notes to Statement of Changes in Equity)

For the fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)

1. Class and total number of issued shares and class and total number of treasury shares

(Shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares (Note 1)	9,800,000	-	100,000	9,700,000
Total	9,800,000	-	100,000	9,700,000
Treasury shares				
Common shares (Note 2, 3)	345,554	263,125	126,700	481,979
Total	345,554	263,125	126,700	481,979

(Notes)

1. The decrease in issued shares by 100,000 shares of common shares is due to the retirement of treasury shares carried out on August 31, 2015.
2. The increase in treasury shares by 263,000 shares of common shares is due to the purchase of treasury shares carried out based on the resolution approving such purchase at the Board of Directors meeting held on October 30, 2015. The increase of 125 shares was due to acquisition of fractional shares.
3. The decrease in treasury shares by 126,700 shares of common shares is due to the decreases of 100,000 treasury shares through the retirement carried out on August 31, 2015, 25,800 shares associated with the exercise of stock options, and 900 shares associated with the grant by the Board Benefit Trust (J-ESOP).
4. Following the introduction of the Board Benefit Trust (J-ESOP), Trust & Custody Services Bank, Ltd. (Trust Account E) purchased 1,000 shares of the Company on June 25, 2010. The number of treasury shares stated herein includes 97,900 shares at beginning of period and 97,000 shares at end of period in the Company held by the Trust Account E as of June 30, 2016.

2. Matters related to stock acquisition rights and treasury shares acquisition rights

Type	Schedule of stock acquisition rights	Class of shares for the purpose of stock acquisition rights	Number of shares for the purpose of stock acquisition rights				Balance at the end of period (Thousand yen)
			Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period	
Submitting company	1st series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	9,012
	2nd series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	10,050
	1st series stock acquisition rights in the form of performance-based stock options	-	-	-	-	-	3,337
	3rd series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	10,073
	4th series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	6,654
Total		-	-	-	-	-	39,127

3. Dividends

(1) Cash dividends paid

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
September 28, 2015 Annual General Meeting of Shareholders	Common shares	477,617	50	June 30, 2015	September 29, 2015

(Note) Total amount of dividend includes dividend paid to Trust & Custody Services Bank, Ltd. (Trust Account E) based on the Board Benefit Trust (J-ESOP) scheme.

(2) Dividends for which the record date falls in the fiscal year under review, but the effective date fall in the following fiscal year

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
September 28, 2016 Annual General Meeting of Shareholders	Common shares	745,201	Retained earnings	80	June 30, 2016	September 29, 2016

(Note) Total amount of dividend includes dividend paid to Trust & Custody Services Bank, Ltd. (Trust Account E) based on the Board Benefit Trust (J-ESOP) scheme.

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

1. Class and total number of issued shares and class and total number of treasury shares

(Shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares (Note 1, 2)	9,700,000	9,700,000		19,400,000
Total	9,700,000	9,700,000		19,400,000
Treasury shares				
Common shares (Note 1, 3, 4)	481,979	481,979	266,200	697,758
Total	481,979	481,979	266,200	697,758

(Notes)

1. The Company conducted a 2-for-1 share split of common shares effective July 1, 2016.
2. The increase in issued shares by 9,700,000 shares of common shares is due to the share split.
3. The increase in treasury shares by 481,979 shares of common shares is due to the share split.
4. The decrease in treasury shares by 266,200 shares of common shares is due to the decreases of 264,800 shares associated with the exercise of stock options, and 1,400 shares associated with the grant by the Board Benefit Trust (J-ESOP).
4. Following the introduction of the Board Benefit Trust (J-ESOP), Trust & Custody Services Bank, Ltd. (Trust Account E) purchased 1,000 shares of the Company on June 25, 2010. The number of treasury shares stated herein includes 97,000 shares at beginning of period and 192,600 shares at end of period in the Company held by the Trust Account E as of June 30, 2017.

2. Matters related to stock acquisition rights and treasury shares acquisition rights

Type	Schedule of stock acquisition rights	Class of shares for the purpose of stock acquisition rights	Number of shares for the purpose of stock acquisition rights				Balance at the end of period (Thousand yen)
			Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period	
Submitting company	1st series stock acquisition rights in the form of stock options as stock-based compensation	-					9,012
	2nd series stock acquisition rights in the form of stock options as stock-based compensation	-					10,050
	1st series stock acquisition rights in the form of performance-based stock options	-					1,615
	3rd series stock acquisition rights in the form of stock options as stock-based compensation	-					10,073
	4th series stock acquisition rights in the form of stock options as stock-based compensation	-					6,654
	5th series stock acquisition rights in the form of stock options as stock-based compensation	-					8,295
	2nd series stock acquisition rights in the form of performance-based stock options	-					22,309
	1st series stock acquisition rights in the form of qualified stock options	-					13,818
Total		-					81,828

3. Dividends

(1) Cash dividends paid

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
September 28, 2016 Annual General Meeting of Shareholders	Common shares	754,201	80	June 30, 2016	September 29, 2016

(Note) Total amount of dividend includes dividend paid to Trust & Custody Services Bank, Ltd. (Trust Account E) based on the Board Benefit Trust (J-ESOP) scheme.

(2) Dividends for which the record date falls in the fiscal year under review, but the effective date fall in the following fiscal year

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
September 27, 2017 Annual General Meeting of Shareholders	Common shares	944,742	Retained earnings	50	June 30, 2017	September 28, 2017

(Note) Total amount of dividend includes dividend paid to Trust & Custody Services Bank, Ltd. (Trust Account E) based on the Board Benefit Trust (J-ESOP) scheme.

(Notes to Statement of Cash Flows)

*Relationship between "Cash and cash equivalents at end of period" and account items listed in the Balance Sheet

(Thousand yen)

	For the fiscal year ended June 30, 2016	For the fiscal year ended June 30, 2017
Cash and deposits	14,458,084	15,848,163
Securities (MMF, etc.)	499,955	499,985
Time deposits with deposit terms of more than three months	-	(1,000,000)
Cash and cash equivalents	14,958,039	15,348,149

Cash and cash equivalents include ¥11,400,563 thousand commensurate with receiving agency deposit.

(Equity in earnings/loss of affiliates)

For the fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)

There is no relevant information.

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

There is no relevant information.

(Segment information, etc.)
[Segment information]

For the fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)

Description is omitted because the Company operates in a single segment of payment and authentication business.

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

Description is omitted because the Company operates in a single segment of payment and authentication business.

[Related information]

For the fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)
1. Information by product and service

Description is omitted because the Company operates in a single segment of payment and authentication business.

2. Information by region
(1) Net sales

(Thousand yen)

Japan	U.S.	Total
7,495,888	3,033,117	10,529,005

(2) Property, plant and equipment

Description is omitted because there are no property, plant and equipment that exist outside Japan.

3. Information by major customer

(Thousand yen)

Customer name	Net sales	Related segment
AMAZON.COM INT'L SALES, INC. (Note)	3,525,399	Payment and authentication
GMO Payment Gateway, Inc.	1,742,731	Payment and authentication

(Note) The figure includes sales of ¥492,282 thousand to Amazon Japan G.K.

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)
1. Information by product and service

Description is omitted because the Company operates in a single segment of payment and authentication business.

2. Information by region
(1) Net sales

(Thousand yen)

Japan	U.S.	Total
10,257,890	2,386	10,260,276

(2) Property, plant and equipment

Description is omitted because there are no property, plant and equipment that exist outside Japan.

3. Information by major customer

(Thousand yen)

Customer name	Net sales	Related segment
AMAZON.COM INT'L SALES, INC. (Note)	3,278,305	Payment and authentication
Yahoo Japan Corporation	1,447,348	Payment and authentication

(Note) The figure includes sales of ¥492,282 thousand for the previous fiscal year and ¥3,275,918 thousand for the fiscal year under review to Amazon Japan G.K.

[Information on impairment of non-current assets by reported segment]

For the fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)

There is no relevant information.

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

There is no relevant information.

[Information on amortization and unamortized balance of goodwill by reported segment]

For the fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)

There is no relevant information.

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

There is no relevant information.

[Information on gain on bargain purchase by reported segment]

For the fiscal year ended June 30, 2016 (from July 1, 2015 to June 30, 2016)

There is no relevant information.

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

There is no relevant information.

(Per share information)

(Yen)

	For the fiscal year ended June 30, 2016	For the fiscal year ended June 30, 2017
Net assets per share	453.37	460.36
Net income per share	71.91	46.36
Diluted net income per share	70.22	45.57

(Notes)
1. The Company conducted a 2-for-1 share split effective July 1, 2016, based on the resolution of the meeting of the Board of Directors of the Company held on May 19, 2016. Net assets per share, net income per share and diluted net income per share are calculated as if the share split had occurred at the beginning of the prior fiscal year.
2. With respect to the number of treasury shares of common shares for the purpose of calculating net assets per share, as well as the average number of treasury shares of common shares during the period for the purpose of calculating net income per share, the number of treasury shares does not include the number of shares of the Company held by Trust & Custody Services Bank, Ltd. (Trust Account E).
3. The basis of calculation of net income per share and diluted net income per share is as follows:

	For the fiscal year ended June 30, 2016	For the fiscal year ended June 30, 2017
Net income per share		
Net income (Thousand yen)	1,350,877	869,688
Amount not attributable to common shareholders (Thousand yen)	-	-
Net income on common shares (Thousand yen)	1,350,877	869,688
Average number of shares of common shares during the period (Shares)	18,786,561	18,758,434
Diluted net income per share		
Adjustment of net income (Thousand yen)	-	-
Increase in number of shares of common shares	452,324	120,179
(Stock acquisition rights included in the above)	(452,324)	(120,179)
Overview of residual shares not included in calculation of diluted net income per share due to lack of dilutive effect	-	-

(Significant subsequent events)

There is no relevant information.

5. Others

(1) Changes to Directors and Corporate Auditors

There is no relevant information.

(2) Others

There is no relevant information.