

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2016 (IFRS)

May 11 2016

Company name: Hotto Link Inc.
 Stock exchange listing: Tokyo
 Stock code: 3680 URL <http://www.hottolink.co.jp/>
 Representative: Founder, President and CEO Koki Uchiyama
 Inquiries: CFO Masumi Yamada TEL 03-5745-3900
 Scheduled date to file Quarterly Securities Report: May 15, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2016 (from January 1, 2016 to March 31, 2016)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Profit before tax		Profit for the	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2016	565	(10.1)	(6)	–	(16)	–	(11)	–
Three months ended March 31, 2015	628	–	4	–	(31)	–	(30)	–

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended March 31, 2016	(11)	–	(190)	–	(1.11)	–
Three months ended March 31, 2015	(30)	–	(11)	–	(3.15)	–

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	4,333	1,882	43.4	169.94
As of December 31, 2015	4,745	1,461	30.0	147.86

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2015	–	0.00	–	0.00	0.00
Year ending December 31, 2016	–	–	–	–	–
Year ending December 31, 2016 (Forecast)	–	0.00	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2016 (from January 1, 2016 to December 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,500	2.5	97	(22.9)	20	8.7	1.87

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2015
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in Accounting Policies and Changes in Accounting Estimates
- Changes in accounting policies required by IFRS: No
- Changes in accounting policies other than 1) above: No
- Changes in accounting estimates: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2016	11,077,500 shares	As of December 31, 2015	9,886,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	– shares	As of December 31, 2015	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2016	10,655,885 shares	Three months ended March 31, 2015	9,735,000 shares
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Quarterly consolidated financial statements
Condensed Consolidated Statement of
Financial Position

(Thousands of yen)

	As of December 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	611,611	504,580
Trade and other current receivables	271,223	205,371
Other current assets	66,914	59,706
Total current assets	949,748	769,658
Non-current assets		
Property and equipment	67,934	60,651
Goodwill	2,891,439	2,716,030
Intangible assets	797,253	747,312
Other non-current financial assets	21,882	21,106
Deferred tax assets	17,608	17,970
Other non-current assets	—	519
Total non-current assets	3,796,117	3,563,590
Total assets	4,745,866	4,333,249
Liabilities and equity		
Liabilities		
Current liabilities		
loan payable	2,388,512	1,672,065
Trade and other current payables	258,958	231,938
Other current financial liabilities	3,116	3,124
Other current liabilities	65,892	62,973
Total current liabilities	2,716,479	1,970,101
Non-current liabilities		
loan payable	342,317	280,647
Deferred tax liabilities	224,319	199,374
Other non-current financial liabilities	935	586
Total non-current liabilities	567,572	480,608
Total liabilities	3,284,052	2,450,710
Equity		
Common stock	573,088	881,571
Capital surplus	689,404	992,093
Retained earnings	175,363	163,499
Other components of equity	23,957	(154,625)
Total equity attributable to owners of the parent	1,461,814	1,882,538
Total equity	1,461,814	1,882,538
Total liabilities and equity	4,745,866	4,333,249

Condensed Consolidated Income Statement

(Thousands of yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Net sales	628,253	565,036
Cost of sales	(328,338)	(299,386)
Gross profit	299,915	265,650
Selling, general and administrative expenses	(295,650)	(271,810)
Other income	71	14
Other expenses	(167)	—
Operating profit	4,169	(6,146)
Finance income	271	290
Finance costs	(36,263)	(10,417)
Profit before tax	(31,823)	(16,272)
Income tax expense	1,124	4,409
Profit for the period	(30,698)	(11,863)
Attributable to:		
Owners of the parent	(30,698)	(11,863)
Non-controlling interests	—	—
Profit for the period	(30,698)	(11,863)
Profit for the period		
Basic earnings per share	(3.15)	(1.11)
Diluted earnings per share	—	—