

Translation

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Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2015 (IFRS)

Feb 12 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 Hideshiro Takao TEL 03-5745-3900

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Fiscal Year ended December 31, 2015 (from January 1, 2015 to December 31, 2015)

(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	%
Fiscal Year ended December 31, 2015	2,439	137.3	126	11.0	60	(57.1)	18	(75.4)
Fiscal Year ended December 31, 2014	1,028	–	113	–	140	–	76	–

	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
Fiscal Year ended December 31, 2015	18	(75.4)	42	(44.3)	1.93	2.01
Fiscal Year ended December 31, 2014	76	–	76	–	7.91	7.57

(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 December 31, 2015	4,745	1,461	30.0	147.86
As of December 31, 2014	3,276	1,382	40.8	142.05

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended December 31, 2014	–	0.00	–	0.00	0.00
Year ending December 31, 2015	–	0.00	–	0.00	0.00
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 t Fiscal Year ended December 31, 2015 (changes in specified subsidiaries resulting in the change in scope of consolidation):) Effyis, Inc. Yes

(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 December 31, 2015	9,886,500 shares	As of December 31, 2015	9,735,500 shares
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Number of treasury shares at the end of the period

As of December 31, 2014	– shares	As of December 31, 2014	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2015	9,803,672 shares	Three months ended December 31, 2015	9,727,991 shares
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Quarterly consolidated financial statements
Condensed Consolidated Statement of
Financial Position

(Thousands of yen)

	As of December 31, 2014	As of December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	2,772,545	611,611
Trade and other current receivables	126,703	271,223
Other current assets	28,083	66,914
Total current assets	<u>2,927,332</u>	<u>949,748</u>
Non-current assets		
Property and equipment	64,791	67,934
Goodwill	197,959	2,891,439
Intangible assets	32,699	797,253
Other non-current financial assets	22,307	21,882
Deferred tax assets	31,557	17,608
Other non-current assets	—	—
Total non-current assets	<u>349,314</u>	<u>3,796,117</u>
Total assets	<u>3,276,647</u>	<u>4,745,866</u>
Liabilities and equity		
Liabilities		
Current liabilities		
loan payable	1,700,000	2,388,512
Trade and other current payables	76,964	253,741
Income tax payables	42,583	—
Other current financial liabilities	1,336	3,116
Other current liabilities	70,480	71,108
Total current liabilities	<u>1,891,365</u>	<u>2,716,479</u>
Non-current liabilities		
loan payable	—	342,317
Deferred tax liabilities	—	224,319
Other non-current financial liabilities	2,308	935
Total non-current liabilities	<u>2,308</u>	<u>567,572</u>
Total liabilities	<u>1,893,673</u>	<u>3,284,052</u>
Equity		
Common stock	557,488	573,088
Capital surplus	667,729	689,404
Retained earnings	157,755	175,363
Other components of equity	—	23,957
Total equity attributable to owners of the parent	<u>1,382,973</u>	<u>1,461,814</u>
Total equity	<u>1,382,973</u>	<u>1,461,814</u>
Total liabilities and equity	<u>3,276,647</u>	<u>4,745,866</u>

Condensed Consolidated Income Statement

(Thousands of yen)

	Fiscal Year ended December 31, 2016	Fiscal Year ended December 31, 2016
Net sales	1,028,177	2,439,340
Cost of sales	(435,190)	(1,190,905)
Gross profit	592,987	1,248,435
Selling, general and administrative expenses	(460,612)	(1,121,803)
Other income	120	562
Other expenses	(18,943)	(1,119)
Operating profit	113,552	126,075
Finance income	28,936	679
Finance costs	(1,778)	(66,433)
Profit before tax	140,710	60,320
Income tax expense	(63,739)	(41,413)
Profit for the period	76,970	18,907
Attributable to:		
Owners of the parent	76,970	18,907
Non-controlling interests	—	—
Profit for the period	76,970	18,907
Profit for the period		
Basic earnings per share	7.91	1.93
Diluted earnings per share	7.57	—