

# Consolidated Financial Results for the Year Ended March 31, 2018

April 26, 2018

Listed company name: Infocom Corporation  
 Securities code: 4348  
 Representative: (Position) President and CEO  
 Contact: (Position) Head of Corporate Communications Office  
 Scheduled date of Annual General Shareholders' Meeting: June 14, 2018  
 Scheduled date to file Securities Report: June 15, 2018  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

Listed on: Tokyo Stock Exchange  
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 Scheduled date to commence dividend payments: June 18, 2018

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

## 1. Consolidated Business Results for FY2017 (April 1, 2017 to March 31, 2018)

(1) Consolidated operating results (Percentages indicate year-on-year increases.)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017	45,774	9.6	5,829	22.0	5,982	23.2	4,640	42.3
FY2016	41,768	3.6	4,776	7.9	4,854	6.5	3,261	347.7

(Note) Comprehensive income: FY2017: ¥5,350 million (57.6%); FY2016: ¥3,395 million (379.0%)

	Earnings per share	Diluted earnings per share	Return on shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2017	169.70	169.00	17.9	16.8	12.7
FY2016	119.28	118.84	14.6	15.1	11.4

(Reference) Equity in earnings (losses) of affiliates: FY2017: ¥10 million; FY2016: ¥6 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2017	38,568	28,360	73.2	1,032.15
FY2016	32,620	23,665	72.2	861.50

(Reference) Shareholders' equity: FY2017: ¥28,227 million; FY2016: ¥23,556 million

(3) Consolidated 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 the fiscal year
	Million yen	Million yen	Million yen	Million yen
FY2017	5,680	(686)	(747)	16,630
FY2016	2,540	(1,110)	(969)	12,408

## 2. Dividends

	Dividends per share					Total dividends paid (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	Q1	Q3	Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2016	-	10.00	-	15.00	25.00	683	21.0	3.1
FY2017	-	10.00	-	28.00	38.00	1039	22.4	4.0
FY2018 (forecasts)	-	10.00	-	30.00	40.00		24.3	

## 3. Forecasts of Consolidated Business Results for FY2018 (April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year increases.)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	23,000	8.5	2,600	9.9	2,650	0.6	1,800	(30.1)	65.82
Full-year	50,000	9.2	6,500	11.5	6,550	9.5	4,500	(3.0)	164.56

\* Explanation regarding the appropriate use of financial forecasts and other special remarks

(Cautions concerning forward-looking statements)

Forward-looking statements, including forecasts of business results, are based on the information currently available and certain

assumptions judged to be rational. Actual business results may differ substantially due to various factors. For the matters to be noted when using the financial forecasts and the assumptions behind these forecasts, please refer to “1. Analysis of Business Results, 4) Outlook for the Next Fiscal Year,” on page 4 of the attached materials.

## 1. Analysis of Business Results

### 1) Overview of Business Results during the Year under Review

During the fiscal year ended March 31, 2018, the Japanese economy was in a state of modest recovery due to improvements in corporate earnings and the income environment, despite concerns about uncertain circumstances overseas.

In the IT-related market, a growing awareness of the use of information technology to achieve work style reforms encouraged the use of cloud services employing smartphones, tablets, and other mobile devices. The market was also characterized by growing application of such technologies as the internet of things (IoT), big data, artificial intelligence (AI), virtual reality (VR), and augmented reality (AR). The application of IT to the medical and nursing care domains expanded, and the market for e-books continued to grow. In addition, open innovation initiatives—creating new value by combining technologies and ideas from both within and outside companies—expanded, leading to expectations of new business creation.

In this operating environment, the Infocom Group’s medium-term management plan (April 2016 to March 2020) targets sustained medium- to long-term growth in line with two fundamental policies: pursue growth and continue strengthening the management foundation to support growth. To this end, we have identified e-comics and healthcare as priority businesses. In these areas, we proactively pursued M&A and sought to develop businesses leveraging AI and IoT.

As a result, during the year the Infocom Group generated net sales of ¥45,774 million, up 9.6% year on year. Operating profit rose 22.0%, to ¥5,829 million; ordinary profit grew 23.2%, to ¥5,982 million; and net income attributable to owners of parent increased 42.3%, to ¥4,640 million. This net income figure includes extraordinary income stemming from the sale of the Company’s data center.

The Group’s sales and profit tend to be relatively low in the first and third quarters of the fiscal year, but be concentrated on the fourth quarter. This trend stems from the concentration of deliveries of products and services for companies and hospitals in March, at fiscal year-end.

#### (1) Business Solution segment

Within the Business Solution segment, performance in the Health IT business was robust. Due to increases in large-scale system integration projects for pharmaceutical companies and higher sales of products to client hospitals, sales grew 9.3% year on year, to ¥24,491 million. Higher product sales also drove up operating profit 23.6%, to ¥2,459 million.

In the Health IT business, we worked to promote sales of products and services to client hospitals and pharmaceutical companies, encouraged cooperation from medical staff, and began selling a new version of our radiology information system (RIS), which supports team-based medicine. In the regional comprehensive care domain, we pursued nursing care digitization initiatives, such as commencing sales of monitoring support services that use IoT to support work style reforms among workers in the nursing care industry. Furthermore, we began accepting advance applications for users of Carestyle, a recruiting information search service for nursing care personnel. With the aim of developing a new business, we ran Digital Health Connect, a business contest for seniors. In addition, the Company commenced a stress management service based on joint research with the University of Tokyo and held an exhibition showcasing the results of research on incorporating VR/AR into telemedicine and nursing care.

For corporate IT services, Infocom began offering expense calculation cloud services linked to GRANDIT® (the Company’s integrated business management software), in response to work style reforms. We also began providing a robotics process automation (RPA) solution that improves productivity and work performance by automating routine tasks.

#### (2) Digital Entertainment segment

Sales in the Digital Entertainment segment grew 10.0% year on year, to ¥21,283 million, reaching a historic high. Although affected by pirate sites from the second quarter, the e-comics distribution business grew steadily due to such measures as exclusive early distribution. Furthermore, operating profit increased 20.0%, to ¥3,360 million, due to higher sales and improved operating efficiency.

In the e-comics distribution business, the Company used AI to operate the Meccha Comics site and employed data analysis. Sales also continued to reach new heights thanks to a sales strategy of broadcasting television commercials on major cities nationwide in the same period as the previous fiscal year to improve brand recognition. We also offered more diverse payment methods (offering online payment services Amazon Pay, as well as Yahoo! Wallet and Rakuten Pay). We launched new initiatives such as collaboration with Futaba Publishers Ltd., Shogakukan Inc., and to strengthen initial exclusive distribution. We also worked with Shueisha Inc. to begin initial exclusive distribution of comics published in the magazine *Grand Jump* at the same time as the print version goes on sale. In addition to these measures, which contributed to sales growth, we acquired shares in Payless Co., Ltd., one of Japan's leading e-book publishers, and began discussing the possibilities of future collaboration.

## 2) Overview of Financial Position for the Current Fiscal Year

Total assets increased ¥5,948 million compared with the end of the previous fiscal year, to ¥38,568 million due to the sales of property, plant and equipment and an increase in cash and deposits. Total liabilities expanded ¥1,253 million, to ¥10,207 million, due to a rise in income taxes payable. Net assets grew ¥4,695 million year on year, to ¥28,360 million.

## 3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents as of March 31, 2018, amounted to ¥16,630 million, up ¥4,221 million from one year earlier.

### [Cash flows from operating activities]

Net cash provided by operating activities amounted to ¥5,680 million (¥2,540 million in the previous fiscal year). Principal sources of cash were profit before income taxes of ¥6,980 million (¥4,760 million) and depreciation of ¥1,154 million (¥1,070 million). Major uses of cash were income taxes paid of ¥1,528 million (¥1,128 million).

### [Cash flows from investing activities]

Net cash used in investing activities amounted to ¥686 million (¥1,110 million in the previous fiscal year). Major sources of cash included ¥2,433 million (¥0 million) in proceeds from sales of property, plant and equipment. Primary uses of cash included ¥2,199 million (¥363 million) in the purchase of investment securities and ¥806 million (¥814 million) for the purchase of intangible assets, including software.

### [Cash flows from financing activities]

Net cash used in financing activities amounted to ¥747 million (¥969 million in the previous fiscal year), mainly due to cash dividends paid of ¥683 million (¥874 million).

## (Reference) Changes in cash flow indicators

	FY2013	FY2014	FY2015	FY2016	FY2017
Equity ratio (%)	68.7	73.0	66.5	72.2	73.2
Equity ratio based on market value (%)	82.4	100.0	135.8	161.4	156.7
Interest-bearing debt to cash flow ratio (year)	—	—	—	—	—
Interest coverage ratio	473.5	1,637.8	3,545.3	1,643.9	3,239.6

(Notes) Equity ratio: Equity / total assets

Equity ratio based on market value: Total market capitalization / total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / operating cash flow

Interest coverage ratio: Operating cash flow / interest payments

Indicators are calculated based on consolidated financial figures.

Stock market capitalization is calculated by multiplying the closing stock price by the total number of issued shares at the end of the fiscal year (excluding treasury shares).

Operating cash flow uses cash flows from operating activities in the consolidated statements of cash flows.

Interest-bearing debt includes all interest-bearing liabilities recorded on the consolidated balance sheet. Interest

payments refers to the amount of interest paid per the consolidated statement of cash flows.

#### 4) Outlook for the Next Fiscal Year

In the fiscal year ending March 31, 2019, we expect the Japanese economy to expand gradually despite increasingly severe labor shortages and concerns about the impact of stagnation in government economic policies.

In the IT-related market, we expect a continuation in growing awareness of the use of information technology to achieve work style reforms encouraged by the use of cloud services employing smartphones, tablets, and other mobile devices. Using these same devices, we also think the market for e-books will continue growing. We anticipate greater use of IoT, big data, AI, and RPA, and increased application of IT to the fields of medicine and nursing care. Furthermore, we anticipate new business creation through the expansion of open innovation initiatives: creating new value by combining technologies and ideas from both within and outside companies.

In this environment, we will pursue the fundamental policies of the Infocom Group's medium-term management plan (April 2016 to March 2020): pursue growth and continue strengthening the management foundation to support growth, setting e-comics and healthcare as our priority businesses and pursuing key measures.

For the fiscal year ending March 31, 2019, we anticipate net sales of ¥50,000 million (up 9.2% year on year), operating profit of ¥6,500 million (up 11.5%), ordinary profit of ¥6,550 million (up 9.5%), and net income attributable to owners of parent of ¥4,500 million (down 3.0%).

The above-stated performance forecasts are based on information as of the date these materials were released. Accordingly, actual results may differ materially from these forecasts, due to a variety of future factors.

#### 5) Basic Policy on Distribution of Profit and Dividends for the Fiscal Years to March 31, 2018 and 2019

We consider the stable return of profits an important management priority for raising shareholder value. Balancing demands for cash, we strive to maintain a sound financial structure and prioritize investments to expand the business over the medium to long term. At the same time, we aim to provide stable dividends and aim for a dividend payout ratio of 30%, raising dividends in line with increases in operating performance.

For the fiscal year ended March 31, 2018, we plan to propose a dividend of ¥28 per share at the 36th Ordinary General Meeting of Shareholders. This amount, together with a dividend of ¥10 executed at the end of the second quarter, would bring dividends for the year to ¥38.

For the fiscal year ending March 31, 2019, we plan to pay an annual dividend of ¥40 per share, comprising ¥10 per share at the end of the second quarter and ¥30 per share at the end of the fiscal year.

## 2. Basic Perspective on Selection of Accounting Standards

Our company applies Japanese standards.

We are preparing for the application of IFRS, and to this end we are developing a Group settlement system and in-house manual. We are also considering the timing for the application of IFRS.

### 3. Consolidated Financial Statements and Major Notes

#### 1) Consolidated Balance Sheet

(Unit: million yen)

	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	12,403	16,625
Notes and accounts receivable-trade	8,784	9,707
Inventories	366	270
Deferred tax asset	927	641
Income taxes receivable	270	—
Other	982	1,033
Allowance for doubtful accounts	(4)	(0)
Total current assets	23,731	28,277
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	2,805	640
Accumulated depreciation	(1,391)	(369)
Buildings and structures, net	1,413	271
Mechanical equipment and vehicles	14	14
Accumulated depreciation	(3)	(7)
Mechanical equipment and vehicles, net	10	7
Tools, equipment and supplies	1,731	1,165
Accumulated depreciation	(1,218)	(673)
Tools, equipment and supplies (net)	513	491
Land	413	—
Leased asset	539	389
Accumulated depreciation	(318)	(166)
Leased asset (net)	220	222
Construction in progress	2	10
Total tangible fixed assets	2,575	1,004
Intangible fixed assets		
Software	2,045	1,968
Goodwill	8	—
Other	45	42
Total intangible fixed assets	2,099	2,010
Investment and other assets		
Investment securities	3,053	6,135
Affiliate shares	238	215
Deferred tax assets	123	103
Other	890	929
Allowance for doubtful accounts	(34)	(107)
Provision for investment loss	(55)	—
Total investment and other assets	4,214	7,276
Total fixed assets	8,889	10,290
Total assets	32,620	38,568

(Unit: million yen)

	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	3,062	3,457
Lease obligations	61	64
Accounts payable	934	1,396
Income taxes payable	908	1,539
Accrued consumption taxes	466	564
Advance payment	1,007	700
Provision for bonuses	1,176	1,211
Provision for loss on order received	18	—
Accrued restructuring charges	423	—
Other	577	734
Total current liabilities	8,636	9,667
Non-current liabilities		
Lease obligations	184	182
Deferred tax liabilities	97	331
Other	36	26
Total non-current liabilities	318	540
Total liabilities	8,954	10,207
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,590	1,590
Capital surplus	1,448	1,449
Retained earnings	21,132	25,089
Treasury stocks	(819)	(816)
Total shareholders' equity	23,351	27,312
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	198	964
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustments	5	(49)
Total accumulated other comprehensive income	204	915
Share acquisition rights	98	128
Non-controlling interests	11	4
Total net assets	23,665	28,360
Total liabilities and net assets	32,620	38,568

2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income  
Consolidated Income Statement

(Unit: million yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
Net Sales	41,768	45,774
Cost of sales	22,151	24,168
Gross profit	19,616	21,605
Selling, general and administrative expenses	14,840	15,776
Operating profit	4,776	5,829
Non-operating income		
Interest and dividend income	69	113
Share of profit of entities accounted for using equity method	6	10
Foreign exchange gains	-	3
Partnership gain	4	24
Other	2	2
Total non-operating income	82	155
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	3	-
Other	0	0
Total non-operating expenses	5	1
Ordinary profit	4,854	5,982
Extraordinary income		
Gain on sales of non-current assets	0	1,138
Reversal of provision for restructuring charges	349	48
Other	25	62
Total extraordinary income	375	1,249
Extraordinary losses		
Impairment loss	40	23
Loss on retirement of non-current assets	27	9
Loss on sales of shares of subsidiaries	273	-
Loss on valuation of investment securities	15	96
Provision of allowance for investment loss	55	-
Provision of allowance for doubtful accounts	34	107
Other	21	15
Total extraordinary losses	469	251
Profit before income taxes	4,760	6,980
Income taxes - current	1,030	2,138
Income taxes - deferred	466	203
Total income tax	1,497	2,341
Profit	3,263	4,639
Profit (loss) attributable to non-controlling interests	2	(1)
Profit attributable to owners of parent	3,261	4,640

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
Profit	3,263	4,639
Other comprehensive income		
Valuation difference on available-for-sale securities	165	765
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(33)	(55)
Total other comprehensive income	131	710
Comprehensive income	3,395	5,350
(Breakdown)		
Comprehensive income attributable to owners of parent	3,393	5,351
Comprehensive income attributable to non-controlling interests	1	(1)

3) Consolidated Statements of Changes in Net Assets  
FY2016 (from April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,590	1,448	18,746	(820)	20,964
Changes of items during period					
Dividends of surplus			(874)		(874)
Net income attributable to owners of parent			3,261		3,261
Disposal of treasury shares		0		1	2
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	2,386	1	2387
Balance at end of period	1,590	1,448	21,132	(819)	23,351

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	33	0	38	71	73	39	21,148
Changes of items during period							
Dividends of surplus							874
Net income attributable to owners of parent							3,261
Disposal of treasury shares							2
Purchase of shares of consolidated subsidiaries							(0)
Net changes of items other than shareholders' equity	165	0	(33)	132	25	(27)	129
Total changes of items during period	165	0	(33)	132	25	(27)	2,517
Balance at end of period	198	(0)	5	204	98	11	23,665

FY2017 (from April 1, 2017 to March 31, 2018)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,590	1,448	21,132	(819)	23,351
Changes of items during period					
Dividends of surplus			(683)		(683)
Net income attributable to owners of parent			4,640		4,640
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		3	4
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	3,957	2	3,960
Balance at end of period	1,590	1,449	25,089	(816)	27,312

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	198	(0)	5	204	98	11	23,665
Changes of items during period							
Dividends of surplus							(683)
Net income attributable to owners of parent							4,640
Purchase of treasury shares							(0)
Disposal of treasury shares							4
Net changes of items other than shareholders' equity	765	0	(55)	710	30	(6)	734
Total changes of items during period	765	0	(55)	710	30	(6)	4,695
Balance at end of period	964	0	(49)	915	128	4	28,360

#### 4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,760	6,980
Depreciation	1,070	1,154
Impairment loss	40	23
Share-based compensation expenses	27	34
Amortization of goodwill	15	8
Increase (decrease) in allowance for doubtful accounts	23	69
Increase (decrease) in allowance for investment loss	55	(55)
Increase (decrease) in provision for bonuses	67	34
Increase (decrease) in provision for loss on order received	6	(18)
Interest and dividend income	(69)	(113)
Interest expenses	1	1
Share of loss (profit) of entities accounted for using equity method	(6)	(10)
Loss (gain) on sales of investment securities	263	(62)
Loss (gain) on valuation of investment securities	15	96
Loss (gain) on sales of non-current assets	(0)	(1,138)
Loss on retirement of non-current assets	26	9
Reversal of provision for restructuring charges	(349)	(48)
Decrease (increase) in notes and accounts receivable - trade	(455)	(923)
Decrease (increase) in inventories	(93)	95
Decrease (increase) in other assets	(287)	31
Increase (decrease) in notes and accounts payable - trade	(27)	394
Increase (decrease) in other liabilities	(14)	618
<b>Subtotal</b>	<b>5,071</b>	<b>7,180</b>
Interest and dividend income received	67	105
Interest expenses paid	(1)	(1)
Payments for business restructuring	(1,468)	(346)
Income taxes paid	(1,128)	(1,528)
Income taxes refund		270
<b>Net cash provided by operating activities</b>	<b>2,540</b>	<b>5,680</b>
<b>Cash flows from investment activities</b>		
Purchase of property, plant and equipment	(297)	(189)
Purchase of intangible assets	(814)	(806)
Proceeds from sales of property, plant and equipment	0	2,433
Advance received from sales of property plant and equipment	282	-
Purchase of investment securities	(363)	(2,199)
Proceeds from sales of investment securities	88	112
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	4	-
Payments for guarantee deposits	(29)	(49)
Proceeds from collection of guarantee deposits	9	10
Other, net	9	2
<b>Net cash used in investing activities</b>	<b>(1,110)</b>	<b>(686)</b>

(Unit: million yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
Cash flows from financing activities		
Repayment of lease obligations	(64)	(59)
Cash dividends paid	(874)	(683)
Dividends paid to non-controlling interests	(2)	(7)
Proceeds from share issuance to non-controlling shareholders	1	2
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(30)	—
Other	0	(0)
Net cash used in financing activities	(969)	(747)
Effect of exchange rate change on cash and cash equivalents	3	(24)
Net increase (decrease) in cash and cash equivalents	464	4,221
Cash and cash equivalents at beginning of period	11,943	12,408
Cash and cash equivalents at end of period	12,408	16,630

(5) Notes on the consolidated financial statements

(Note on going concern assumption)

Not applicable

(Segment information)

1. Overview of reportable segments

The Infocom Group's reportable segments are the business units of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group has two reportable segments, the Business Solution segment and the Digital Entertainment segment.

The Business Solution segment is responsible for certain IT functions of major client companies, as well as the provision of products developed in-house that are field-specific, such as for medical institutions. In this segment, the Group also provides high-value-added IT services, such as GRANDIT<sup>®</sup>, a complete Web-ERP solution.

In the Digital Entertainment segment, the Group provides apps for smartphones that can be enjoyed easily, with e-comic distribution services that offer a wide array of topical and original works. In addition, we develop food-related e-commerce sites.

2. Method of calculating sales, profit or loss, assets, liabilities, and other items by reportable segment

Reportable segment profits are based on operating profit. Intersegment sales or transfers are based on prevailing market prices.

3. Information related to sales, profits or losses, assets, liabilities, and other items by reportable segment

(Unit: million yen)

	Business Solution	Digital Entertainment	Total	Adjustments (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
Net sales					
Sales to external customers	24,491	21,283	45,774	—	45,774
Intersegment sales or transfers	596	6	602	(602)	—
Total	25,087	21,289	46,376	(602)	45,774
Segment profit	2,459	3,360	5,820	9	5,829
Segment assets	17,061	13,145	30,207	8,361	38,568
Other items					
Depreciation	1,089	64	1,154	—	1,154
Amortization of goodwill	8	—	8	—	8
Share of profit of entities accounted for using equity method	—	10	10	—	10
Investment in entities accounted for using equity method	—	193	193	—	193
Increase in property, plant and equipment and intangible assets	1,062	29	1,091	—	1,091

(Notes)

1. Adjustment amounts are as follows.

(1) The segment profit adjustment of ¥9 million is for the elimination of intersegment transactions and corporate expenses.

(2) The segment asset adjustment of ¥8,361 million includes ¥6,900 million for the elimination of receivables from the headquarters management department and ¥15,261 million corporate assets not allocated to individual reportable segments. Corporate assets are mainly cash and cash equivalents at the Company, and assets related to the administration department.

2. Segment profit is adjusted in operating profit in the consolidated income statement.

(Per share information)

(Unit: yen)

	FY2017 (from April 1, 2017 to March 31, 2018)
Net assets per share	1,032.15
Net income per share	169.70
Diluted net income per share	169.00

(Note 1). The basis for calculating net income per share and diluted net income per share is as follows.

(Unit: million yen)

Item	FY2017 (from April 1, 2017 to March 31, 2018)
Net income per share	
Net income attributable to owners of parent	4,640
Net income not attributable to owners of parent	-
Net income attributable to owners of parent related to common stock	4,640
Average number of common shares during the period	27,346,480 shares
Diluted net income per share	
Adjusted net income attributable to owners of parent	-
Increase in common stock	112,569 shares
(Of which, share acquisition rights)	(112,569 shares)
Overview of potential shares not included in the calculation of diluted net income per share as they have no dilutive effect	-

(Note 2). The basis for calculating net assets per share is as follows.

(Unit: million yen)

Item	FY2017 (March 31, 2018)
Total net assets	28,360
Deductions from total net assets	133
(Of which, share acquisition rights)	(128)
(Of which, non-controlling interests)	(4)
Net assets at the end of the fiscal year related to ordinary shares	28,227
Number of common shares at the end of the fiscal year used to calculate net assets per share	27,348,519 shares

(Important subsequent events)

Not applicable