

**Consolidated Financial Results  
for the Second Quarter of the Fiscal Year Ending September 2017 (FY9/17)  
(Six Months Ended March 31, 2017)**

[Japanese GAAP]  
May 15, 2017

|   |  |   |     |
|---|--|---|-----|
| Company name:   | Evolable Asia Corp.  | Stock Exchange Listing:                                   | TSE |
| Stock code:   | 6191 (URL: <a href="http://www.evolableasia.com/">http://www.evolableasia.com/</a> ) |   |     |
| Representative:   | Hideki Yoshimura, CEO  |   |     |
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| Scheduled date of filing of Quarterly Report:                           |  | May 15, 2017  |     |
| Scheduled date of payment of dividend:                                  |  | -   |     |
| Preparation of supplementary materials for quarterly financial results: | Yes  |   |     |
| Holding of quarterly financial results briefing:                        |  | Yes (for institutional investors and securities analysts) |     |

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter (October 1, 2016 to March 31, 2017) of FY9/17**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

|                                | Net sales       |      | Operating income |      | Ordinary income |      | Profit attributable to owners of parent |      |
|--------------------------------|-----------------|------|------------------|------|-----------------|------|---|------|
|                                | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %    |
| Six months ended Mar. 31, 2017 | 2,498           | 43.5 | 385              | 32.1 | 359             | 35.2 | 248                                     | 55.4 |
| Six months ended Mar. 31, 2016 | 1,741           | -    | 292              | -    | 265             | -    | 159                                     | -    |

Note: Comprehensive income (millions of yen) Six months ended March 31, 2017: 305 (75.9%)  
Six months ended March 31, 2016: 173 (-%)

|                                | Net income per share | Diluted net income per share |
|--------------------------------|----------------------|------------------------------|
|                                | Yen                  | Yen                          |
| Six months ended Mar. 31, 2017 | 14.89                | 14.09                        |
| Six months ended Mar. 31, 2016 | 11.28                | 10.62                        |

(2) Consolidated financial position

|                     | Total assets        |       | Net assets      |       | Equity ratio |      |
|---------------------|---------------------|-------|-----------------|-------|--------------|------|
|                     | Millions of yen     |       | Millions of yen |       | %            |      |
|                     | As of Mar. 31, 2017 | 5,174 |                 | 2,682 |              | 49.1 |
| As of Mar. 31, 2016 | 4,841               |       | 2,371           |       |              | 47.0 |

Reference: Shareholders' equity (millions of yen) As of March. 31, 2017: 2,542 As of Sep. 30, 2016: 2,276

**2. Dividends**

|  | Dividend per share |        |        |          |       |
|--|--------------------|--------|--------|----------|-------|
|  | 1Q-end             | 2Q-end | 3Q-end | Year-end | Total |
| Fiscal year ended Sep. 30, 2016              | Yen                | Yen    | Yen    | Yen      | Yen   |
| Fiscal year ending Sep. 30, 2017             | -                  | 0.00   | -      | 0.00     | 0.00  |
| Fiscal year ending Sep. 30, 2017 (Estimated) |                    | 0.00   |        | 0.00     | 0.00  |

Note: Revision to the most recently announced dividend forecast: None

As for the year-end dividend, we are planning to issue though, the amount is undecided at this time.

**3. Consolidated Forecast for FY9/17 (October 1, 2016 to September 30, 2017)**

(Percentages represent year-on-year changes)

|           | Net sales       |      | Operating income |      | Ordinary income |      | Profit attributable to owners of parent | Net income per share |
|-----------|-----------------|------|------------------|------|-----------------|------|---|----------------------|
|           | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %                    |
| Full year | 6,147           | 53.7 | 1,001            | 61.9 | 961             | 68.2 | 594                                     | 74.8                 |

Note: Revision to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly included: — companies  
Excluded: — companies

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding as of the end of the period (including treasury shares)

|                      |                   |                      |                   |
|----------------------|-------------------|----------------------|-------------------|
| As of Mar. 31, 2017: | 16,731,900 shares | As of Sep. 30, 2016: | 16,682,400 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares as of the end of the period

|                      |          |                      |          |
|----------------------|----------|----------------------|----------|
| As of Mar. 31, 2017: | - shares | As of Sep. 30, 2016: | - shares |
|----------------------|----------|----------------------|----------|

3) Average number of shares issued during the period

|                                  |                   |                                  |                   |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Six months ended March 31, 2017: | 16,683,562 shares | Six months ended March 31, 2016: | 14,175,008 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

Note: The Company conducted 300-for-1 and 3-for-1 stock splits on December 18, 2015 and August 1, 2016, respectively. The number of shares outstanding was calculated based on the assumption that these stock splits were conducted at the beginning of the previous consolidated fiscal year.

\* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempt from quarterly review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on information currently available to the Company. Consequently, these statements incorporate many uncertainties. Please note that actual performance may differ from these forecasts due to changes in internal or external factors affecting business operations and other factors.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Evolable Asia (the “Company”) continued to expand operations in its core Online Travel Agency business. Looking at the operating conditions for the Company, the ratio of transactions made via the internet is increasing year by year in the travel industry. Internet sales by travel agencies, which accounted for only 0.64% of total transactions in 2000, reached 9.00% in 2012 according to the Survey of Travel Market Trends 2014 published by the Japan Association of Travel Agents. The ratio is increasing exponentially. Moreover, the number of foreign visitors to Japan reached a record high of 24.04 million, showing a steady rise toward 40 million, the target set in the Vision for Tourism That Supports Future Japan, the government-led initiative adopted in March 2016.

Under these conditions, the Company, as an online travel agency, continued expanding operations with a focus on the sale of domestic airline tickets. It also continued to enhance its services (*private lodging/sharing economy* initiatives, money exchange services, camper rental services, etc.) for foreign visitors to Japan by leveraging its expertise as an online travel business.

In the IT Offshore Development Business, which was launched in 2012, the Company steadily won customers in numerous business categories and increased the number of engineers employed, focusing on the development of lab-type facilities in Vietnam. The number of hired engineers grew to about 600 as of March 2017. At present, offshore development by Japanese companies amounts to only about 100 billion yen, according to Trends in Software Industry and Offshore Development in Japan released by the Center of International Cooperation for Computerization. Significant room for market expansion appears to remain in Vietnam, considering that the Japanese market for developing outsourced software is estimated at about 10 trillion yen, according to “Present State of Information Service Industry,” a survey conducted by the Ministry of Economy, Trade and Industry.

In addition, the Company is moving forward with its investment business by forming capital and business alliances in areas where synergies are expected to be generated with existing businesses. It had equity participation in a total of five companies as of March 2017.

In this business environment, the Company and its consolidated subsidiaries (the Group) achieved consolidated net sales of 2,498,179 thousand yen (up 43.5% year on year), consolidated operating income of 385,793 thousand yen (up 32.1% year on year), consolidated ordinary income of 359,433 thousand yen (up 35.2% year on year), consolidated profit before income taxes of 359,433 thousand yen (up 35.0% year on year), and consolidated profit attributable to owners of parent of 248,541 thousand yen (up 55.4% year on year) in the first six months of the fiscal year under review.

Operating results by segment are as follows.

#### 1) Online Travel Agency Business

In the Online Travel Agency Business, the Group offers BtoC services (operation of websites featuring the cross search and comparison of travel-related products and services for general consumers), BtoBtoC services (travel content provision under brands owned by business partners), BtoB services (wholesale to other travel agencies), and BTM services (centralized management of internal approval procedures and arrangements associated with corporate business trips through the Company’s cloud-based services).

The number of BtoC service users grew steadily, chiefly reflecting contributions made by the enhancement of measures for winning new customers such as listing advertisements, as well as user interface (UI) improvements for increasing repeaters.

The number of BtoBtoC services increased thanks to contributions made by providing services meeting the requirements of major customers and enhancing communication with customers to increase the frequency of their service use.

BtoB services, which were significantly affected by industry-wide trends and business partners’ policies, remained weak, recording net sales that were 75% of those in the previous year.

BTM services basically adopt a business model under which net sales expand in a manner that is linked with an increase in the number of corporate customers and a rise in their usage rate. The services achieved growth

attributable to initiatives taken by the Group, including the addition of salespeople and the identification of existing customers who used the services at a relatively low rate.

As a result of the factors stated above, net sales for the Online Travel Agency Business segment amounted to 1,851,631 thousand yen and segment income came to 587,236 thousand yen in the first six months of the fiscal year under review.

## 2) IT Offshore Development Business

In the IT Offshore Development Business, the Company offers lab-type facility development services to customers consisting mainly of e-commerce operators, web solution providers, and game and system developers in Ho Chi Minh, Hanoi and Da Nang in Vietnam. The Company's lab-type facility development model is distinctive in that a team of engineers is formed with new dedicated staff members hired for each customer.

The model also enables customers to confirm the state of lab-type facility development on demand, while at the same time receiving support provided by the Company's development support teams. The Company assumes the assignment of dedicated staff members to each team on a medium- to long-term basis. For that reason, the success or failure of development depends on employing workers suited to customer demands and motivating the respective engineers more.

In addition, these services basically adopt a business model under which customers are billed on the basis of man-months and the number of workers. The number of newly opened laboratories as well as increases and decreases in the number of staff members in existing laboratories have a significant impact on sales.

During the first six months of the consolidated fiscal year under review, the number of engineers increased steadily, reflecting contributions made by measures such as (i) strengthening sales capabilities by training sales staff members, and (ii) managing the customers of each laboratory and increasing the number of laboratory managers as well as training for them in order to enhance engineers' motivation.

The Company also established systems to undertake industry-focused development (for the gaming industry, for example). The systems that were introduced in Ho Chi Minh and Hanoi mainly feature a scheme of dispatching staff members to client companies for permanent placement in the laboratories and a scheme under which client companies can confirm the state of lab-type facility development remotely from Japan, respectively. By doing so, the Company facilitated the creation of development environments better suited to customer needs and worked to enhance customer satisfaction.

As a result, net sales for the IT Offshore Development Business segment amounted to 695,571 thousand yen and segment income totaled 59,276 thousand yen in the first six months of the fiscal year under review.

## (2) Analysis of Financial Position

### Assets

Total assets grew 333 million yen from the end of the previous fiscal year, to 5,174 million yen at the end of the first six months of the consolidated fiscal year under review. This result was mainly due to an increase of 151 million yen in cash and deposits, a decrease of 148 million yen in notes and accounts receivable - trade, an increase of 68 million yen in buildings, an increase of 151 million yen in software, and an increase of 87 million yen in guarantee deposits.

### Liabilities

Liabilities increased 22 million yen from the end of the previous year, to 2,492 million yen at the end of the first six months of the consolidated fiscal year under review. This result primarily reflected a decrease of 99 million yen in notes and accounts payable – trade, an increase of 79 million yen in operating accounts payable, and an increase of 34 million yen in accrued expenses.

### Net Assets

Net assets rose 311 million yen from the end of the previous year, to 2,682 million yen at the end of the first six months of the consolidated fiscal year under review. This result was mainly attributable to an increase of 248 million yen in retained earnings.

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

No changes have been made to the full-year forecasts for consolidated financial results announced in the Consolidated Financial Results for the Fiscal Year Ended September 30, 2016 on November 14, 2016.

## **2. Matters Related to Summary Information (Notes)**

### **(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

While not a specified subsidiary, Evolvable Asia Global Vietnam Company Limited was founded as a subsidiary during the first quarter under review and included in the consolidation.

AirTrip Exchange Co., Ltd. was established as a subsidiary in the current second quarter and included in the scope of consolidation.

### **(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

Tax expenses were calculated by multiplying the rationally estimated effective tax rate after applying tax effect accounting to the profit before income taxes for the consolidated fiscal year, which includes the first six months of the fiscal year under review, by the profit before income taxes for the first six months.

### **(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

Not applicable.

### **(4) Additional Information**

Operational investment securities

The Company launched its investment business during the consolidated fiscal year under review. In connection with this, the securities for investment development that were included in “investment securities” under non-current assets in the consolidated balance sheet in the past are now included under current assets. Accordingly, a sum of 35,100 thousand yen has been transferred from “investment securities” at the end of the previous consolidated fiscal year to “operational investment securities.”

Application of the Implementation Guidance on Recoverability of Deferred Tax Assets

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied to the consolidated results since the first quarter of the fiscal year under review.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

|  | FY9/16<br>(As of Sep. 30, 2016) | Second quarter of FY9/17<br>(As of Mar. 31, 2017) | (Thousands of yen) |
|--|---------------------------------|---|--------------------|
| <b>Assets</b>  |                                 |   |                    |
| <b>Current assets</b>  |                                 |   |                    |
| Cash and deposits  | 2,356,432                       | 2,507,620   |                    |
| Notes and accounts receivable - trade                                      | 1,104,591                       | 955,879   |                    |
| Operational investment securities  | –                               | 109,835   |                    |
| Merchandise and finished goods   | 274,325                         | 63,504  |                    |
| Deferred tax assets  | 19,046                          | 17,245  |                    |
| Accounts receivable - other  | 129,823                         | 143,125   |                    |
| Other  | 140,830                         | 208,012   |                    |
| Allowance for doubtful accounts  | (450)                           | (650)   |                    |
| <b>Total current assets</b>  | <b>4,024,599</b>                | <b>4,004,571</b>                                  |                    |
| <b>Non-current assets</b>  |                                 |   |                    |
| Property, plant and equipment  |                                 |   |                    |
| Buildings, net   | 18,662                          | 87,351  |                    |
| Vehicles, net  | 223                             | 7,075   |                    |
| Tools, furniture and fixtures, net   | 19,115                          | 24,498  |                    |
| Construction in progress   | 2,500                           | 35,000  |                    |
| <b>Total property, plant and equipment</b>                                 | <b>40,501</b>                   | <b>153,926</b>                                    |                    |
| Intangible assets  |                                 |   |                    |
| Goodwill   | 102,976                         | 89,238  |                    |
| Software   | 202,742                         | 354,454   |                    |
| <b>Total intangible assets</b>   | <b>305,719</b>                  | <b>443,693</b>                                    |                    |
| Investments and other assets   |                                 |   |                    |
| Investment securities  | 43,000                          | 57,368  |                    |
| Deferred tax assets  | 6,273                           | 6,273   |                    |
| Guarantee deposits   | 409,193                         | 496,829   |                    |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 37,313                          | 25,324  |                    |
| Other  | 12,358                          | 12,093  |                    |
| Allowance for doubtful accounts  | (37,313)                        | (25,324)  |                    |
| <b>Total investments and other assets</b>                                  | <b>470,824</b>                  | <b>572,565</b>                                    |                    |
| <b>Total non-current assets</b>  | <b>817,044</b>                  | <b>1,170,184</b>                                  |                    |
| <b>Total assets</b>  | <b>4,841,644</b>                | <b>5,174,755</b>                                  |                    |

|   | FY9/16<br>(As of Sep. 30, 2016) | Second quarter of FY9/17<br>(As of Mar. 31, 2017) | (Thousands of yen) |
|---|---------------------------------|---|--------------------|
| <b>Liabilities</b>                                  |                                 |   |                    |
| <b>Current liabilities</b>                          |                                 |   |                    |
| Notes and accounts payable - trade                  | 1,293,317                       | 1,193,443   |                    |
| Short-term loans payable                            | 225,139                         | 235,184   |                    |
| Accounts payable - other                            | 311,670                         | 391,639   |                    |
| Accrued expenses                                    | 87,287                          | 121,435   |                    |
| Income taxes payable                                | 134,102                         | 135,006   |                    |
| Provision for bonuses                               | 46,447                          | 31,203  |                    |
| Provision for point card certificates               | 3,868                           | 4,572   |                    |
| Provision for shareholder benefit program           | 15,000                          | 26,646  |                    |
| Current portion of long-term loans payable          | 19,572                          | 19,458  |                    |
| Forward exchange contracts                          | 4,123                           | -   |                    |
| Other   | 140,089                         | 160,476   |                    |
| <b>Total current liabilities</b>                    | <b>2,280,618</b>                | <b>2,319,066</b>                                  |                    |
| <b>Non-current liabilities</b>                      |                                 |   |                    |
| Long-term loans payable                             | 87,288                          | 77,616  |                    |
| Long-term guarantee deposited                       | 102,376                         | 95,612  |                    |
| <b>Total non-current liabilities</b>                | <b>189,664</b>                  | <b>173,228</b>                                    |                    |
| <b>Total liabilities</b>                            | <b>2,470,283</b>                | <b>2,492,294</b>                                  |                    |
| <b>Net assets</b>                                   |                                 |   |                    |
| <b>Shareholders' equity</b>                         |                                 |   |                    |
| Capital stock                                       | 1,019,927                       | 1,022,636   |                    |
| Capital surplus                                     | 824,927                         | 827,636   |                    |
| Retained earnings                                   | 444,870                         | 693,411   |                    |
| <b>Total shareholders' equity</b>                   | <b>2,289,724</b>                | <b>2,543,684</b>                                  |                    |
| <b>Accumulated other comprehensive income</b>       |                                 |   |                    |
| Deferred gains or losses on hedges                  | (2,850)                         | 1,186   |                    |
| Foreign currency translation adjustment             | (10,629)                        | (2,424)   |                    |
| <b>Total accumulated other comprehensive income</b> | <b>(13,480)</b>                 | <b>(1,237)</b>                                    |                    |
| Subscription rights to shares                       | 206                             | 206   |                    |
| Non-controlling interests                           | 94,910                          | 139,807   |                    |
| <b>Total net assets</b>                             | <b>2,371,360</b>                | <b>2,682,461</b>                                  |                    |
| <b>Total liabilities and net assets</b>             | <b>4,841,644</b>                | <b>5,174,755</b>                                  |                    |

**(2) Consolidated Statements of Income and Comprehensive Income****(Consolidated Statement of Income)****(For the Six-month Period)**

|   | Six months of FY9/16<br>(Oct. 1, 2015 – Mar. 31, 2015) | Six months of FY9/17<br>(Oct. 1, 2016 – Mar. 31, 2017) | (Thousands of yen) |
|---|--|--|--------------------|
| Net sales   | 1,741,161  | 2,498,179  |                    |
| Cost of sales   | 328,579  | 396,456  |                    |
| Gross profit  | 1,412,582  | 2,101,723  |                    |
| Selling, general and administrative expenses                  | 1,120,574  | 1,715,929  |                    |
| Operating income  | 292,008  | 385,793  |                    |
| Non-operating income  |  |  |                    |
| Interest income   | 401  | 3,690  |                    |
| Foreign exchange gains  | –  | 3,752  |                    |
| Gain on reversal of allowance for doubtful accounts           | 1,374  | –  |                    |
| Share of profit of entities accounted for using equity method | –  | 468  |                    |
| Other   | 1,314  | 991  |                    |
| Total non-operating income                                    | 3,089  | 8,903  |                    |
| Non-operating expenses  |  |  |                    |
| Interest expenses   | 5,835  | 5,017  |                    |
| Foreign exchange losses                                       | 3,116  | –  |                    |
| Provision of allowance for doubtful accounts                  | –  | 1,974  |                    |
| Listing expenses  | 18,965   | 21,900   |                    |
| Other   | 1,237  | 6,370  |                    |
| Total non-operating expenses                                  | 29,154   | 35,263   |                    |
| Ordinary income   | 265,943  | 359,433  |                    |
| Extraordinary income  |  |  |                    |
| Gain on sales of non-current assets                           | 1,034  | –  |                    |
| Total extraordinary income                                    | 1,034  | –  |                    |
| Extraordinary losses  |  |  |                    |
| Loss on sales of non-current assets                           | 810  | –  |                    |
| Total extraordinary losses                                    | 810  | –  |                    |
| Profit before income taxes                                    | 266,168  | 359,433  |                    |
| Income taxes  | 79,533   | 73,877   |                    |
| Profit  | 186,635  | 285,556  |                    |
| Profit attributable to non-controlling interests              | 26,730   | 37,014   |                    |
| Profit attributable to owners of parent                       | 159,904  | 248,541  |                    |

**(Consolidated Statement of Comprehensive Income)**  
**(For the Six-month Period)**

|  | Six months of FY9/16<br>(Oct. 1, 2015 – Mar. 31, 2015) | Six months of FY9/17<br>(Oct. 1, 2016 – Mar. 31, 2017) | (Thousands of yen) |
|--|--|--|--------------------|
| Profit   | 186,635  | 285,556  |                    |
| Other comprehensive income                                     |  |  |                    |
| Deferred gains or losses on hedges                             | (3,918)  | 4,036  |                    |
| Foreign currency translation adjustment                        | (8,937)  | 16,088   |                    |
| Total other comprehensive income                               | <u>(12,856)</u>  | <u>20,125</u>  |                    |
| Comprehensive income   | 173,778  | 305,681  |                    |
| Comprehensive income attributable to                           |  |  |                    |
| Comprehensive income attributable to owners of parent          | 151,427  | 260,783  |                    |
| Comprehensive income attributable to non-controlling interests | 22,351   | 44,897   |                    |

**(3) Consolidated Statement of Cash Flows**

|  | Six months of FY9/16<br>(Oct. 1, 2015 – Mar. 31, 2015) | Six months of FY9/17<br>(Oct. 1, 2016 – Mar. 31, 2017) | (Thousands of yen) |
|--|--|--|--------------------|
| <b>Cash flows from operating activities</b>                          |  |  |                    |
| Profit before income taxes   | 266,168  | 359,433  |                    |
| Depreciation   | 40,827   | 58,414   |                    |
| Increase (decrease) in provision                                     | (26,624)   | (18,047)   |                    |
| Interest and dividend income   | (401)  | (3,690)  |                    |
| Interest expenses  | 5,835  | 5,017  |                    |
| Listing expenses   | 18,965   | 21,900   |                    |
| Share of (profit) loss of entities accounted for using equity method | –  | (468)  |                    |
| Loss (gain) on sales of property, plant and equipment                | (224)  | –  |                    |
| Decrease (increase) in notes and accounts receivable-trade           | (112,249)  | 227,713  |                    |
| Decrease (increase) in inventories                                   | 33,494   | 210,821  |                    |
| Increase (decrease) in notes and accounts payable-trade              | 118,471  | (118,680)  |                    |
| Decrease (increase) in guarantee deposits                            | 1,684  | (23,594)   |                    |
| Increase (decrease) in long-term guarantee deposits received         | 8,871  | (14,135)   |                    |
| Decrease (increase) in investment securities for sale                | –  | (74,735)   |                    |
| Decrease (increase) in other asset                                   | (82,681)   | (57,922)   |                    |
| Increase (decrease) in other liability                               | 35,144   | 64,936   |                    |
| <b>Subtotal</b>  | <b>307,281</b>   | <b>636,962</b>   |                    |
| Interest and dividend income received                                | 401  | 3,690  |                    |
| Interest expenses paid   | (6,324)  | (5,003)  |                    |
| Income taxes paid  | (72,225)   | (71,219)   |                    |
| <b>Net cash provided by (used in) operating activities</b>           | <b>229,133</b>   | <b>564,430</b>   |                    |
| <b>Cash flows from investing activities</b>                          |  |  |                    |
| Purchase of investment securities                                    | –  | (49,000)   |                    |
| Purchase of property, plant and equipment                            | (13,413)   | (131,783)  |                    |
| Proceeds from sales of property, plant and equipment                 | 1,034  | –  |                    |
| Purchase of intangible assets  | (47,025)   | (180,298)  |                    |
| Payments of loans receivable   | –  | (3,000)  |                    |
| Collection of loans receivable                                       | –  | 600  |                    |
| Payments for lease deposits  | –  | (75,990)   |                    |
| Collection of lease deposits   | –  | 13,514   |                    |
| Proceeds from withdrawal of time deposits                            | –  | 110,188  |                    |
| <b>Net cash provided by (used in) investing activities</b>           | <b>(59,404)</b>  | <b>(315,768)</b>                                       |                    |

|   | (Thousands of yen)                                     |  |
|---|--|--|
|   | Six months of FY9/16<br>(Oct. 1, 2015 – Mar. 31, 2015) | Six months of FY9/17<br>(Oct. 1, 2016 – Mar. 31, 2017) |
| <b>Cash flows from financing activities</b>                 |  |  |
| Net increase (decrease) in short-term loans payable         | (98,511)   | 7,929  |
| Repayments of long-term loans payable                       | (9,102)  | (9,786)  |
| Proceeds from issuance of common shares                     | 1,356,994  | 5,418  |
| Payments for IPO-related expenses                           | (1,090)  | (4,000)  |
| Net cash provided by (used in) financing activities         | 1,248,290  | (437)  |
| Effect of exchange rate change on cash and cash equivalents | (4,510)  | 4,142  |
| Net increase (decrease) in cash and cash equivalents        | 1,413,508  | 252,367  |
| Cash and cash equivalents at beginning of period            | 608,984  | 2,225,252  |
| Cash and cash equivalents at end of period                  | 2,022,493  | 2,477,620  |

**(4) Notes to Quarterly Consolidated Financial Statements**

**Notes on going concern assumptions**

Not applicable.

**Significant changes in shareholders' equity**

Not applicable.

**Segment information, etc.**

## Segment Information

Six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)

## 1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

|                                  | Reportable segment            |                                  |                  |           | Adjustment<br>(Note 1) | Amount on quarterly consolidated statement of income<br>(Note 2) |
|----------------------------------|-------------------------------|----------------------------------|------------------|-----------|------------------------|--|
|                                  | Online Travel Agency Business | IT Offshore Development Business | Other businesses | Total     |                        |  |
| Net sales                        |                               |                                  |                  |           |                        |  |
| Sales to external customers      | 1,189,502                     | 547,880                          | 3,779            | 1,741,161 | –                      | 1,741,161  |
| Intersegment sales and transfers | –                             | 62,083                           | –                | 62,083    | (62,083)               | –  |
| Total                            | 1,189,502                     | 609,963                          | 3,779            | 1,803,244 | (62,083)               | 1,741,161  |
| Segment profits (losses)         | 430,583                       | 45,349                           | (42)             | 475,889   | (183,881)              | 292,008  |

Notes: 1. The adjustment of -183,881 thousand yen to the segment profits (losses) includes corporate expenses which mainly consist of general and administrative expenses that are not attributable to the reportable segments.

2. The segment profits or losses has been adjusted to the operating income stated in the quarterly consolidated statement of income.

Six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)

## 1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

|                                  | Reportable segment            |                                  |                  |           | Adjustment<br>(Note 1) | Amount on quarterly consolidated statement of income<br>(Note 2) |
|----------------------------------|-------------------------------|----------------------------------|------------------|-----------|------------------------|--|
|                                  | Online Travel Agency Business | IT Offshore Development Business | Other businesses | Total     |                        |  |
| Net sales                        |                               |                                  |                  |           |                        |  |
| Sales to external customers      | 1,851,631                     | 645,776                          | 771              | 2,498,179 | –                      | 2,498,179  |
| Intersegment sales and transfers | –                             | 49,795                           | –                | 49,795    | (49,795)               | –  |
| Total                            | 1,851,631                     | 695,571                          | 771              | 2,547,975 | (49,795)               | 2,498,179  |
| Segment profits (losses)         | 587,236                       | 59,276                           | (5)              | 646,508   | (260,714)              | 385,793  |

Notes: 1. The adjustment of -260,714 thousand yen to the segment profits (losses) includes corporate expenses which mainly consist of general and administrative expenses that are not attributable to the reportable segments.

2. The segment profits or losses has been adjusted to the operating income stated in the quarterly consolidated statement of income.