

Hakuten CO., LTD.  
2173/JASDAQ

# HAKUTEN

## FACT BOOK

Fiscal year ended  
March 31, 2016

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## Communication Design®

Creating a future through shared smiles.

People communicate a diverse array of feelings and emotions through new face-to-face encounters and in the process of getting to know each other. These shared experiences are what connect people.

With the aim of increasing the value of these face-to-face encounters and experiences, Hakuten designs various types of expressions, methods and environments that are related to communication.

We aim to generate new possibilities and innovations related to communication around the world. Our mission is to contribute to creating an enriched society empowered by human sensitivity.

### Corporate Profile

Company Name	Hakuten CO., LTD.
Head Office Location	NBF Higashi Ginza Square 9F, 13-14, Tsukiji 1-Chome, Chuo-ku, Tokyo, 104-0045
Founded	March 2, 1970
Capital Stock	¥174.29 million (as of March 31, 2016)
Representative	Representative Director, President and CEO Tokuhisu Taguchi
Number of Employees	263 (parent basis), 316 (consolidated basis) as of the end of March 2016
Group Companies	iact Corporation (web design, development and maintenance) Takerobo Corporation (manufacture and sales of robots)

## Corporate History

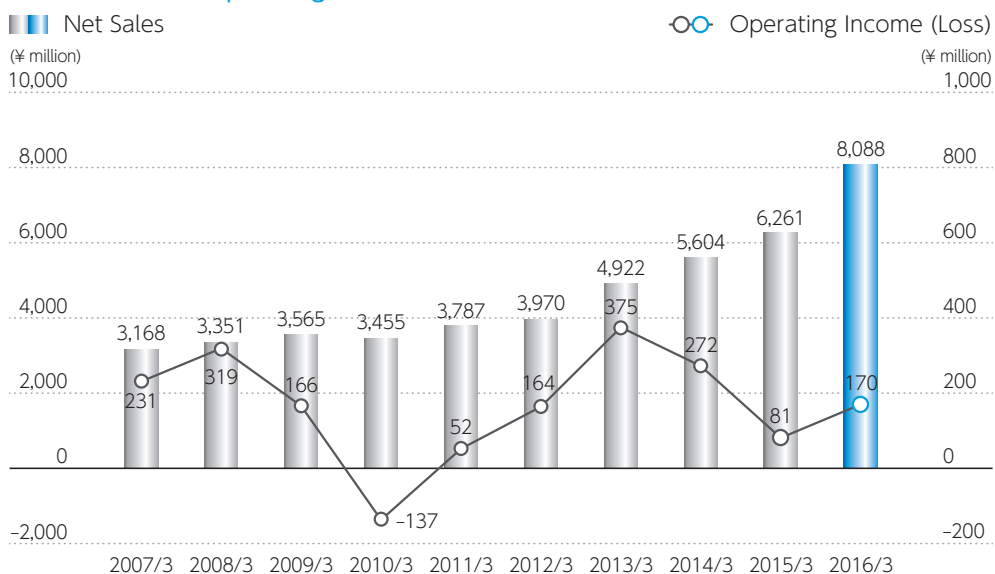


Based on the concept of “Experience Marketing\*,” we are developing marketing support for the environments of face-to-face encounters, including the planning and operation of exhibitions and promotional events. \* Refer to page 3 for details.

Feb-1967	Commenced operations with a view of planning and constructing exhibitions and displays Established Horikiri Studio in Horikiri, Katsushika-ku, Tokyo
Mar-1970	With the aim of planning, executing and constructing exhibitions, displays, events and commercial spaces, Hakuten was established in Horikiri, Katsushika-ku, Tokyo, with capital of ¥500,000
Jan-1992	Studio No.1 set up in Osone, Yashio City, Saitama Prefecture
Sep-1994	Sales office set up in Kanda Ta-cho, Chiyoda-ku, Tokyo
Feb-1998	Studio No.2 set up in Osone, Yashio City, Saitama Prefecture
Apr-1998	Started recruiting new university graduates
Sep-2001	Sales office relocated to Ginza, Chuo-ku, Tokyo
Apr-2002	Studio No.3 set up in Osone, Yashio City, Saitama Prefecture
Apr-2005	Sales office relocated to Tsukiji, Chuo-ku, Tokyo
Apr-2006	Head office relocated to Tsukiji, Chuo-ku, Tokyo e-Studio set up in Ukizuka, Yashio City, Saitama Prefecture
Feb-2008	Shares listed on Osaka Securities Exchange's Nippon New Market and the Hercules Market (currently Tokyo Stock Exchange JASDAQ Growth)
Apr-2013	Launched the Conference & Convention Service and Commercial Space Service Divisions
Jul-2013	Established alliance and business tie-up with iact Corporation
Apr-2014	Launched the Digital Marketing Service Division
Jul-2014	Nishi-nihon sales office set up in iact Corporation's Osaka office
Feb-2015	Made iact Corporation a wholly owned subsidiary
Nov-2015	Made Takerobo Corporation into a subsidiary

## Trend in Financial Results

### <Net Sales and Operating Income (Loss)>



Note: Non-consolidated data from the fiscal year ended March 2007 to the fiscal year ended March 2014. Consolidated data for the fiscal years ended March 2015 and 2016.

# Experience Marketing

Creating customer experiences with places and spaces where people meet, then feeding back the emotions and first-hand experiences to company marketing.



Hakuten uses the business concept of Experience Marketing.

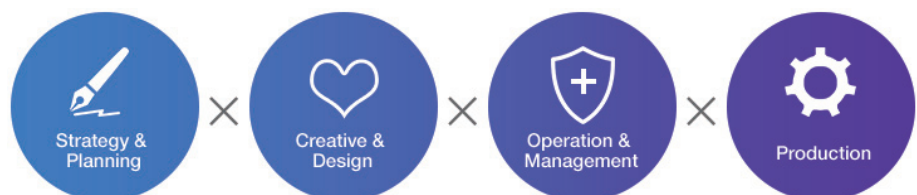
- Increase customer loyalty by **developing brands** with customer emotions and experiences.
- Open up new markets and customer segments through **diffusion and recreation** of customer emotions and experiences.
- By **utilizing data** on customer emotions and experiences, enable continuous marketing impact based on a PDCA cycle.

The field of Experience Marketing is expanding to events, exhibitions, conferences, showrooms, and on into the digital domain.

## Function

### Your Partner for Experience Marketing

Hakuten designs and provides experiences that surpass users' expectations, and succeeds in increasing customer satisfaction and loyalty together with improving customer support. To achieve this, we possess a coherent set of capabilities ranging from planning, executing and managing strategies to selecting marketing partners.



## Our Services



### Event Promotion

Product promotion, user events, and PR events



### Exhibitions

Domestic joint exhibitions, all types of academic-corporate events, and overseas events



### Business Meetings and Private Shows

Company sponsored business events, new product launch exhibitions, company anniversary exhibitions, joint exhibitions, and recruiting and education fairs



### Conferences and Conventions

Roadshows, meeting events, large-scale conferences, and ceremonies



### Commercial Spaces

Showrooms, retail stores, office design, apartment galleries, pop-up shops, and promotional furniture



### Digital Marketing and Contents

Web marketing, social media marketing, database marketing, and event-related digital contents

## Group Companies



iact Corporation

### CMS and web integration

Owned media, company internal portal maintenance, and CMS construction  
CMS: Contents Management System



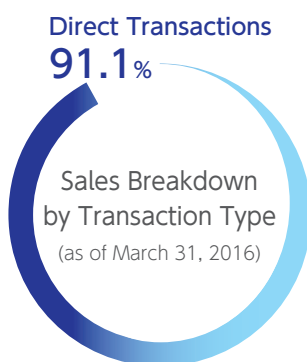
Takerobo Corporation

### Robotics

Manufacture and sales of robots, various types of contracted development, manufacture and sales of products using robotics technologies

## Strengths

We provide a comprehensive lineup of services on a one-stop basis, and work with client-companies directly rather than relying on traditional agency-mediated transactions.



<Medium-Term Vision>

# Be a PARTNER of EXPERIENCE MARKETING

Hakuten's goal is to become a marketing partner of client-companies through the provision of Experience Marketing services.

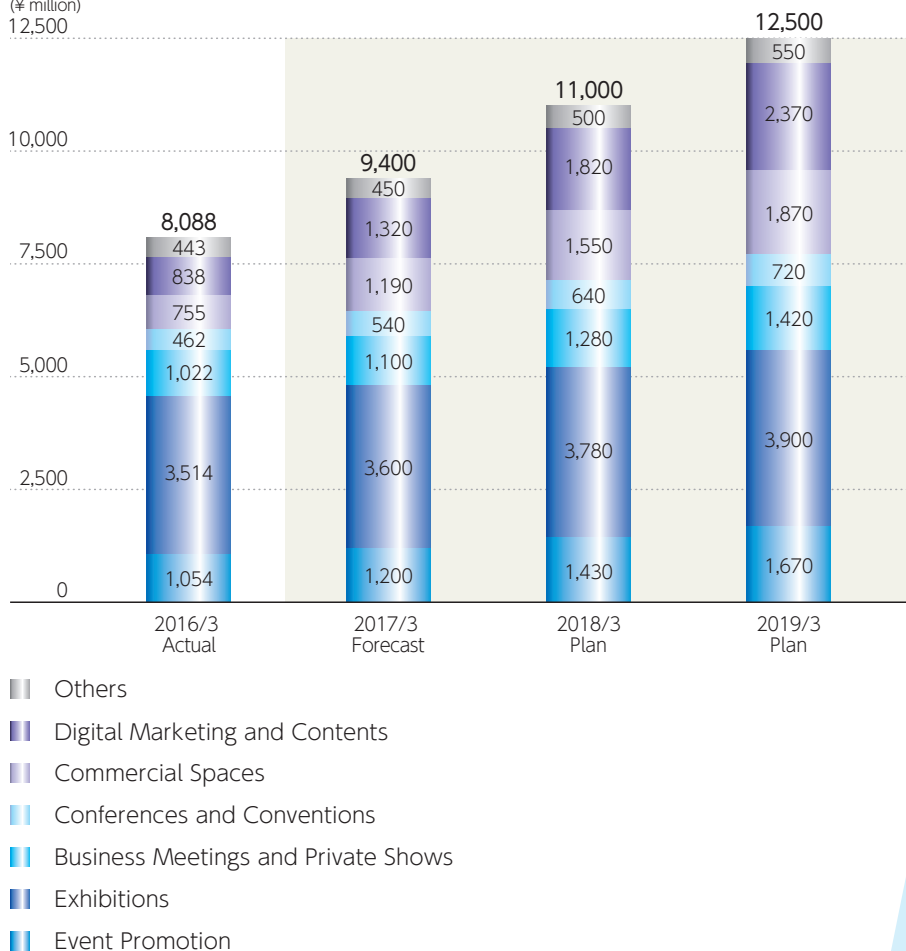
We aim to become the No.1 communication design business while winning client-companies' confidence and fostering a relationship of coexistence and mutual prosperity with them.

## Initiatives to Achieve

- 1 Become a marketing partner that fosters a lasting relationship of coexistence and mutual prosperity with client-companies
- 2 Evolve new business models by integrating each business with digital technology
- 3 Become a partner equipped for globalization

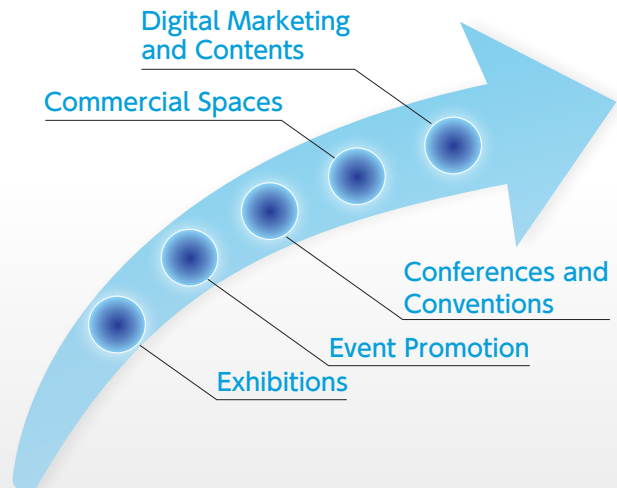
### <Medium-Term Quantitative Targets for Net Sales>

(¥ million)  
12,500



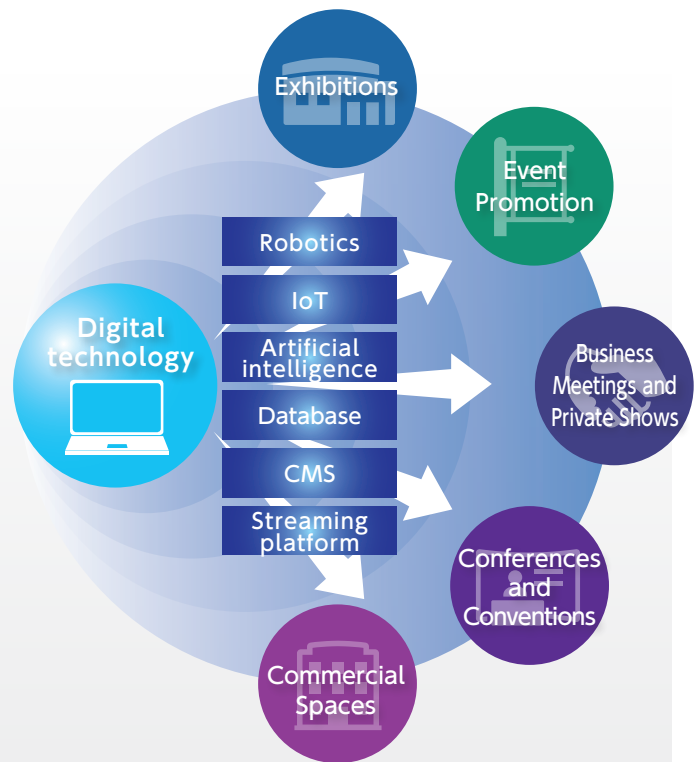
## the Medium-Term Management Plan

With a focus on places, spaces and first-hand experiences in face-to-face encounters, we aim to maximize sensitivity and experiential value, while also enhancing client-companies' brand and commercial value. Thus, we will implement strategies to become a trusted marketing partner that is consistently selected by client-companies.



Hakuten aims to further expand, share and enhance value provided and profitability, while actively taking on challenges in new markets and service domains. Hakuten seeks to maximize its ties with Group companies iact Corporation and Takerobo Corporation to support their digital marketing, provide a variety of solutions, use robotics technologies to build a new communication business and heighten synergistic effects with various businesses by optimizing use of digital technology to create new business models.

We will marshal all the Group's capabilities to create content with high added value that contributes directly to expanding clients' businesses, and continue to develop new products and services using IT and digital technologies. By doing so, we aim to expand sales and will also focus on further strategic M&As in the process.



Hakuten builds infrastructure for providing marketing support services globally and continues to create service content. In addition to supporting Japanese companies exhibiting at events overseas and helping overseas companies exhibit at events in Japan, we are also engaged in activities to establish business infrastructure enabling services to be provided to the global market. Examples include operation of international conferences on sustainability, which can enhance the sustainability of a corporate brand through the kinds of sustainable activities that have taken on greater importance throughout the world in recent years, and marketing support activities for sports groups and athletes active globally.



## Balance Sheet

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2014.  
Consolidated data for the fiscal years ended March 31, 2015 and 2016.

	2012/3	2013/3	2014/3	2015/3	(¥ thousand) 2016/3
<b>Assets</b>					
<b>Current assets</b>					
Cash and deposits	789,305	990,970	1,050,759	1,195,603	1,461,109
Notes receivable — trade	43,278	64,741	20,457	—	—
Accounts receivable — trade	760,026	996,621	1,129,343	—	—
Notes and accounts receivable — trade	—	—	—	1,408,048	1,783,639
Finished goods	—	—	—	—	4,188
Work in process	51,205	69,268	62,626	71,898	228,714
Raw materials and supplies	1,401	1,928	1,601	2,129	3,498
Prepaid expenses	20,939	16,545	17,583	—	—
Deferred tax assets	45,284	68,930	58,564	35,585	73,712
Other	17,514	14,584	16,834	99,859	61,249
Allowance for doubtful accounts	(10,735)	(3,019)	(2,869)	(2,539)	(4,673)
<b>Total current assets</b>	<b>1,718,220</b>	<b>2,220,571</b>	<b>2,354,901</b>	<b>2,810,585</b>	<b>3,611,438</b>
<b>Non-current assets</b>					
<b>Property, plant and equipment</b>					
Buildings	49,332	49,636	66,977	—	—
Accumulated depreciation	(28,762)	(35,719)	(28,954)	—	—
Buildings, net	20,569	13,917	38,023	—	—
Structures	—	—	228	—	—
Accumulated depreciation	—	—	(5)	—	—
Structures, net	—	—	223	—	—
Buildings and structures	—	—	—	68,615	74,574
Accumulated depreciation and impairment loss	—	—	—	(34,817)	(39,690)
Buildings and structures, net	—	—	—	33,798	34,883
Machinery and equipment	36,978	36,978	44,578	—	—
Accumulated depreciation	(26,131)	(29,463)	(31,934)	—	—
Tools, furniture and fixtures	10,847	7,515	12,643	—	—
Machinery, equipment and vehicles	—	—	—	51,195	53,869
Accumulated depreciation and impairment loss	—	—	—	(37,867)	(46,110)
Machinery, equipment and vehicles, net	—	—	—	13,328	7,758
Tools, furniture and fixtures	156,909	150,516	174,631	221,707	260,187
Accumulated depreciation and impairment loss	(94,556)	(99,272)	(111,083)	(141,300)	(173,787)
Tools, furniture and fixtures, net	62,353	51,244	63,548	80,407	86,399
Land	61,612	61,612	61,612	61,612	61,612
Leased assets	—	—	19,560	25,516	34,451
Accumulated depreciation and impairment loss	—	—	(4,676)	(10,177)	(16,621)
Leased assets, net	—	—	14,883	15,339	17,830
Construction in progress	—	—	1,104	6,204	1,104
<b>Total property, plant and equipment</b>	<b>155,383</b>	<b>134,288</b>	<b>192,039</b>	<b>210,690</b>	<b>209,589</b>
<b>Intangible assets</b>					
Goodwill	—	—	—	79,957	117,765
Software	7,146	6,647	20,284	—	—
Software in progress	—	—	42,545	—	—
Leased assets	2,979	425	15,270	11,813	8,355
Other	2,124	1,933	2,033	263,530	347,341
<b>Total intangible assets</b>	<b>12,250</b>	<b>9,006</b>	<b>80,134</b>	<b>355,301</b>	<b>473,462</b>
<b>Investments and other assets</b>					
Investment securities	1,960	2,852	4,060	6,930	9,129
Shares of subsidiaries and associates	—	—	100,203	—	—
Investments in capital	200	200	200	—	—
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,276	4,831	1,805	—	—
Deferred tax assets	5,605	9,623	10,520	8,596	6,553
Lease deposits	89,618	119,566	110,581	139,760	142,207
Other	1,388	2,511	2,268	17,845	5,820
Allowance for doubtful accounts	(2,276)	(4,831)	(1,805)	(1,395)	(1,335)
<b>Total investments and other assets</b>	<b>98,772</b>	<b>134,753</b>	<b>227,834</b>	<b>171,737</b>	<b>162,377</b>
<b>Total non-current assets</b>	<b>266,406</b>	<b>278,048</b>	<b>500,008</b>	<b>737,729</b>	<b>845,429</b>
<b>Total assets</b>	<b>1,984,626</b>	<b>2,498,620</b>	<b>2,854,909</b>	<b>3,548,315</b>	<b>4,456,867</b>



(¥ thousand)

	2012/3	2013/3	2014/3	2015/3	2016/3
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable — trade	298,075	320,606	506,109	534,821	641,249
Current portion of long-term loans payable	276,271	308,153	345,434	489,644	769,592
Lease obligations	2,791	470	13,448	22,569	31,051
Accounts payable — other	30,759	46,406	79,344	-	-
Accrued expenses	39,877	45,896	56,057	-	-
Income taxes payable	38,732	168,859	13,258	14,386	122,512
Accrued consumption taxes	24,729	23,721	5,725	-	-
Deposits received	17,844	19,799	11,706	-	-
Provision for bonuses	95,145	118,362	101,966	81,930	159,337
Provision for warranties for construction	204	65	-	-	9,208
Provision for loss on construction contracts	-	8,099	-	-	-
Other	16,315	4,930	10,753	302,399	249,599
<b>Total current liabilities</b>	<b>840,748</b>	<b>1,065,372</b>	<b>1,143,805</b>	<b>1,445,751</b>	<b>1,982,551</b>
<b>Non-current liabilities</b>					
Long-term loans payable	358,213	461,128	562,135	810,851	1,062,550
Lease obligations	470	-	38,933	54,403	72,682
Deferred tax liabilities	-	-	-	48,144	56,902
<b>Total non-current liabilities</b>	<b>358,683</b>	<b>461,128</b>	<b>601,068</b>	<b>913,398</b>	<b>1,192,134</b>
<b>Total liabilities</b>	<b>1,199,432</b>	<b>1,526,500</b>	<b>1,744,873</b>	<b>2,359,150</b>	<b>3,174,686</b>
<b>Net assets</b>					
<b>Shareholders' equity</b>					
Capital stock	158,203	158,533	165,712	170,391	174,299
Capital surplus	138,203	138,533	145,712	224,553	255,736
Legal capital surplus	138,203	138,533	145,712	-	-
Retained earnings	487,428	672,338	795,643	789,783	835,842
Legal retained earnings	4,600	4,600	4,600	-	-
Other retained earnings					
General reserve	110,000	110,000	110,000	-	-
Retained earnings brought forward	372,828	557,738	681,043	-	-
<b>Total shareholders' equity</b>	<b>783,834</b>	<b>969,404</b>	<b>1,107,068</b>	<b>1,184,729</b>	<b>1,235,878</b>
<b>Valuation and translation adjustments</b>					
Valuation difference on available-for-sale securities	119	567	1,147	-	-
<b>Total valuation and translation adjustments</b>	<b>119</b>	<b>567</b>	<b>1,147</b>	<b>-</b>	<b>-</b>
<b>Accumulated other comprehensive income</b>					
Valuation difference on available-for-sale securities	-	-	-	3,054	4,336
<b>Total accumulated other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,054</b>	<b>4,336</b>
<b>Subscription rights to shares</b>	<b>1,240</b>	<b>2,148</b>	<b>1,819</b>	<b>1,381</b>	<b>2,336</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,630</b>
<b>Total net assets</b>	<b>785,194</b>	<b>972,120</b>	<b>1,110,036</b>	<b>1,189,164</b>	<b>1,282,181</b>
<b>Total liabilities and net assets</b>	<b>1,984,626</b>	<b>2,498,620</b>	<b>2,854,909</b>	<b>3,548,315</b>	<b>4,456,867</b>

## Statement of Income

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2014.  
Consolidated data for the fiscal years ended March 31, 2015 and 2016. All fiscal years are from April 1  
through March 31 of the following year.

	2012/3	2013/3	2014/3	2015/3	(¥ thousand) 2016/3
<b>Net sales</b>	<b>3,970,687</b>	<b>4,922,498</b>	<b>5,604,219</b>	<b>6,261,050</b>	<b>8,088,886</b>
<b>Cost of sales</b>					
Material costs	126,070	134,043	141,977	-	-
Labor costs	335,112	344,472	338,915	-	-
Subcontract costs	2,009,608	2,640,083	3,176,107	-	-
Costs	156,908	159,803	180,814	-	-
Provision for loss on construction contracts	-	8,099	-	-	-
Total cost of sales	2,627,700	3,286,502	3,837,814	4,491,851	6,095,664
<b>Gross profit</b>	<b>1,342,986</b>	<b>1,635,995</b>	<b>1,766,405</b>	<b>1,769,198</b>	<b>1,993,221</b>
<b>Selling, general and administrative expenses</b>					
Directors' compensation	128,388	99,291	99,872	-	-
Salaries and allowances	494,688	524,681	576,086	-	-
Bonuses	62,137	78,683	62,092	-	-
Provision for bonuses	55,581	64,143	66,711	-	-
Retirement benefit expenses	-	-	25,193	-	-
Welfare expenses	141,880	148,514	158,283	-	-
Depreciation	10,080	7,917	21,581	-	-
Rent expenses	76,418	76,014	-	-	-
Provision of allowance for doubtful accounts	9,227	-	-	-	-
Other	200,324	261,631	484,101	-	-
Total selling, general and administrative expenses	1,178,726	1,260,876	1,493,924	1,687,491	1,822,668
<b>Operating income</b>	<b>164,260</b>	<b>375,118</b>	<b>272,481</b>	<b>81,707</b>	<b>170,553</b>
<b>Non-operating income</b>					
Interest income	16	33	25	41	57
Dividend income	151	76	81	92	121
Insurance return	-	-	756	-	-
Penalty income	-	2,122	2,256	-	-
Gain on bad debts recovered	6,366	1,219	-	-	-
Subsidy income	28,253	-	-	-	-
Commission fee	-	-	-	338	289
Gain on sales of investment securities	-	-	-	87	-
Gain on sales of goods	-	-	-	4,475	-
Reversal of allowance for doubtful accounts	-	5,161	-	1,448	-
Compensation income	-	-	-	1,212	-
Interest on refund	-	-	-	-	456
Insurance premiums refunded cancellation	-	-	-	-	371
Miscellaneous income	4,906	2,437	1,981	1,375	1,594
Total non-operating income	39,694	11,051	5,101	8,733	2,891
<b>Non-operating expenses</b>					
Interest expenses	11,058	8,096	8,944	8,454	10,105
Loss on cancellation	-	-	-	2,837	-
Miscellaneous loss	130	566	1,057	2,163	1,703
Total non-operating expenses	11,188	8,662	10,001	13,454	11,809
<b>Ordinary income</b>	<b>192,766</b>	<b>377,507</b>	<b>267,580</b>	<b>76,986</b>	<b>161,635</b>
<b>Extraordinary income</b>					
Gain on step acquisitions	-	-	-	7,208	-
Total extraordinary income	-	-	-	7,208	-
<b>Extraordinary losses</b>					
Loss on sales of non-current assets	3,847	-	-	-	-
Loss on sales of investment securities	825	-	-	-	-
Loss on retirement of non-current assets	9,275	7,334	-	-	-
Loss on cancellation of leases	1,417	-	-	-	-
Total extraordinary losses	15,365	13,744	-	-	-
<b>Income before income taxes and non-controlling interests</b>	<b>177,400</b>	<b>363,762</b>	<b>267,580</b>	<b>-</b>	<b>-</b>
<b>Income before income taxes and non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,194</b>	<b>161,635</b>
Income taxes — current	35,087	172,515	94,065	12,045	115,102
Income taxes — deferred	(50,968)	(22,742)	9,212	21,945	(46,882)
Total income taxes	(15,881)	144,773	103,277	33,990	68,219
<b>Net income</b>	<b>193,281</b>	<b>218,989</b>	<b>164,302</b>	<b>50,204</b>	<b>93,415</b>
<b>Net income (loss) attributable to non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,224)</b>
<b>Net income attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,204</b>	<b>97,640</b>

## Consolidated Statement of Comprehensive Income

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2014.  
Consolidated data for the fiscal years ended March 31, 2015 and 2016. All fiscal years are from April 1  
through March 31 of the following year.

	2012/3	2013/3	2014/3	2015/3	(¥ thousand) 2016/3
<b>Net income</b>	-	-	-	<b>50,204</b>	<b>93,415</b>
<b>Other comprehensive income</b>					
Valuation difference on available-for-sale securities	-	-	-	1,906	1,281
<b>Total other comprehensive income</b>	-	-	-	<b>1,906</b>	<b>1,281</b>
<b>Comprehensive income</b>				<b>52,110</b>	<b>94,697</b>
Comprehensive income attributable to Owners of the parent	-	-	-	52,110	98,922
Non-controlling interests	-	-	-	-	(4,224)

## Consolidated Statement of Changes in Equity

From April 1, 2015 to March 31, 2016

	Shareholders' equity				Accumulated other comprehensive income		Subscription rights to shares	Non- controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for- sale securities	Total accumulated other comprehensive income			
<b>Balance at beginning of current period</b>	170,391	224,553	789,783	1,184,729	3,054	3,054	1,381		1,189,164
<b>Changes of items during period</b>									
Issuance of new shares	3,908	3,879		7,787					7,787
Dividends of surplus			(51,581)	(51,581)					(51,581)
Profit (loss) attributable to owners of the parent			97,640	97,640					97,640
Profit (loss) attributable to non-controlling interests		(2,697)		(2,697)					(2,697)
Net changes of items other than shareholders' equity					1,281	1,281	954	39,630	41,867
<b>Total changes of items during period</b>	<b>3,908</b>	<b>1,182</b>	<b>46,059</b>	<b>51,149</b>	<b>1,281</b>	<b>1,281</b>	<b>954</b>	<b>39,630</b>	<b>93,016</b>
<b>Balance at end of current period</b>	<b>174,299</b>	<b>225,736</b>	<b>835,842</b>	<b>1,235,878</b>	<b>4,336</b>	<b>4,336</b>	<b>2,336</b>	<b>39,630</b>	<b>1,282,181</b>

## Statement of Cash Flows

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2014.  
Consolidated data for the fiscal years ended March 31, 2015 and 2016. All fiscal years are from April 1  
through March 31 of the following year.

	2012/3	2013/3	2014/3	2015/3	(¥ thousand) 2016/3
<b>Cash flows from operating activities</b>					
Income before income taxes	177,400	363,762	267,580	-	-
Income before income taxes and non-controlling interests	-	-	-	84,194	161,635
Depreciation	37,600	28,777	40,660	50,843	84,712
Increase (decrease) in allowance for doubtful accounts	2,880	(5,161)	(3,176)	(1,877)	2,073
Increase (decrease) in provision for bonuses	(2,856)	23,217	(16,396)	(30,251)	77,407
Increase (decrease) in provision for warranties for construction	162	(139)	(65)	-	9,208
Increase (decrease) in provision for loss on construction contracts	-	8,099	(8,099)	-	-
Amortization of goodwill	-	-	-	4,208	23,659
Interest and dividend income	(168)	(110)	(107)	(134)	(179)
Loss (gain) on sales of investment securities	825	-	-	(87)	-
Gain on sales of goods	-	-	-	(4,475)	-
Interest expenses	11,058	8,096	8,944	8,454	10,105
Loss on cancellation	-	-	-	2,837	-
Foreign exchange losses (gains)	-	-	(125)	(0)	0
Loss on sales of property, plant and equipment	3,847	-	-	-	-
Loss on retirement of non-current assets	9,275	7,334	-	-	-
Impairment loss	-	6,410	-	-	-
Gain on step acquisitions	-	-	-	(7,208)	-
Increase in notes and accounts receivable — trade	(213,042)	(258,058)	(88,438)	(114,101)	(375,591)
Decrease (increase) in inventories	(21,769)	(18,590)	6,969	2,250	(162,372)
Increase (decrease) in notes and accounts payable — trade	156,347	22,531	185,502	(10,348)	106,428
Increase (decrease) in accounts payable — other	5,135	14,283	27,268	(15,401)	(20,035)
Increase in accrued expenses	12,020	5,236	10,031	560	2,887
Increase (decrease) in advances received	-	-	-	29,230	(31,339)
Increase (decrease) in accrued consumption taxes	-	-	(15,040)	51,563	(10,027)
Decrease in deposits received	-	-	(12,016)	-	-
Other, net	29,646	(6,821)	10,276	(4,528)	23,772
<b>Subtotal</b>	<b>208,363</b>	<b>198,867</b>	<b>413,767</b>	<b>45,728</b>	<b>(97,654)</b>
Interest and dividend income received	168	110	107	134	179
Interest expenses paid	(10,703)	(8,305)	(9,010)	(8,674)	(10,279)
Income taxes paid	(815)	(49,564)	(248,509)	(54,057)	(20,509)
Income taxes refund	-	6,333	-	-	39,539
<b>Net cash provided by (used in) operating activities</b>	<b>197,012</b>	<b>147,442</b>	<b>156,354</b>	<b>(16,868)</b>	<b>(88,723)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(5,524)	(14,464)	(66,622)	(17,654)	(50,399)
Proceeds from sales of property, plant and equipment	3,522	-	-	-	1,757
Purchase of intangible assets	(915)	(1,664)	(38,706)	(19,692)	(20,356)
Purchase of investment securities	(950)	(364)	(371)	(373)	(386)
Proceeds from sales of investment securities	5,241	-	-	319	-
Payments for lease and guarantee deposits	(4,756)	(36,039)	(2,061)	(39,287)	(8,275)
Proceeds from collection of lease and guarantee deposits	16,301	4,263	6,232	7,821	13,930
Proceeds from cancellation of insurance funds	-	-	-	-	371
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	(19,547)	(26,971)
Purchase of shares of subsidiaries and associates	-	-	(100,203)	-	-
Other, net	(222)	57	57	39	(90)
<b>Net cash provided by (used in) investing activities</b>	<b>12,694</b>	<b>(48,211)</b>	<b>(201,674)</b>	<b>(88,375)</b>	<b>(90,421)</b>
<b>Cash flows from financing activities</b>					
Proceeds from long-term loans payable	190,000	430,000	500,000	828,165	1,144,000
Repayments of long-term loans payable	(299,181)	(295,203)	(361,712)	(517,374)	(621,172)
Repayments of lease obligations	-	-	(10,141)	(20,922)	(29,703)
Proceeds from issuance of common shares	2,160	660	13,729	8,912	6,795
Proceeds from issuance of subscription rights to shares	-	-	-	-	2,342
Cash dividends paid	(156)	(30,230)	(36,891)	(48,692)	(51,612)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-	-	-	(6,000)
Other, net	(2,120)	(2,791)	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(109,298)</b>	<b>102,434</b>	<b>104,983</b>	<b>250,088</b>	<b>444,650</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>125</b>	<b>0</b>	<b>(0)</b>
<b>Net increase in cash and cash equivalents</b>	<b>100,408</b>	<b>201,665</b>	<b>59,788</b>	<b>144,844</b>	<b>265,505</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>688,896</b>	<b>789,305</b>	<b>990,970</b>	<b>1,050,759</b>	<b>1,195,603</b>
<b>Cash and cash equivalents at end of period</b>	<b>789,305</b>	<b>990,970</b>	<b>1,050,759</b>	<b>1,195,603</b>	<b>1,461,109</b>

## Information by Business Segment and Others

### <Market Trend>

	(¥ billion)				
	2011	2012	2013	2014	2015
Japan's advertising expenditure	5,709.6	5,891.3	5,976.2	6,152.2	6,171.0
Promotional media advertising expenditure					
Exhibitions and screen displays	240.6	260.6	268.0	284.4	306.2
Internet advertising expenditure					
Advertising production costs	187.3	205.1	217.8	227.4	240.0

Source: Dentsu Inc., Advertising Expenditures in Japan (2015)

### <By Business Segment>

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2015. Consolidated data for the fiscal year ended March 31, 2016. All fiscal years are from April 1 through March 31 of the following year.

	(¥ thousand)				
	2012/3	2013/3	2014/3	2015/3	2016/3
Net sales	3,970,687	4,922,498	5,604,219	6,075,967	8,088,886
Organizer Service	1,142,393	1,406,811	1,600,921	1,949,667	
Event Promotion	-	-	-	-	1,054,085
Business Meetings and Private Shows	-	-	-	-	1,022,118
Exhibitions	2,299,392	2,826,804	2,815,965	2,603,519	3,514,567
Conferences and Conventions	-	59,289	304,827	400,688	461,783
Commercial Spaces	194,854	260,624	339,776	608,283	755,256
Digital Marketing and Contents	-	-	42,584	119,721	837,842
Others	334,047	368,968	500,146	394,086	443,235
Composition ratio (%)	100.0	100.0	100.0	100.0	100.0
Organizer Service	28.8	28.6	28.6	32.1	
Event Promotion	-	-	-	-	13.0
Business Meetings and Private Shows	-	-	-	-	12.6
Exhibitions	57.9	57.4	50.2	42.8	43.4
Conferences and Conventions	-	1.2	5.4	6.6	5.7
Commercial Spaces	4.9	5.3	6.1	10.0	9.3
Digital Marketing and Contents	-	-	0.8	2.0	10.4
Others	8.4	7.5	8.9	6.5	5.5
Order backlog	1,137,563	1,373,322	1,485,198	1,679,920	2,364,946

### <Client-Company, Project and Other Information>

	Non-consolidated				
	2012/3	2013/3	2014/3	2015/3	2016/3
Unit price per project (¥ thousand)	2,118	2,686	2,806	3,178	3,597
Unit price per client-company (¥ thousand)	5,301	7,260	8,853	10,754	13,422
Number of large projects	78	110	127	144	180
Number of client-companies at end of period	749	678	633	565	555
Number and ratio of repeat client-companies (%)	389 (51.9)	357 (52.7)	362 (57.2)	354 (62.7)	292 (52.6)
Net sales of repeat client-companies (¥ million)	2,950	3,313	4,280	4,832	5,759
Net sales and ratio of sole-source orders (¥ million) (%)	1,980 (46.3)	2,510 (50.9)	3,200 (57.2)	3,732 (61.5)	4,500 (60.4)

## Profitability Indicators

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2014. Consolidated data for the fiscal years ended March 31, 2015 and 2016. All fiscal years are from April 1 through March 31 of the following year.

	2012/3	2013/3	2014/3	2015/3	2016/3
	(¥ million)				
Net sales	3,970	4,922	5,604	6,261	8,088
Gross profit	1,342	1,635	1,766	1,769	1,993
Selling, general and administrative(SG&A) expenses	1,178	1,260	1,493	1,687	1,822
Operating income	164	375	272	81	170
Ordinary income	192	377	267	76	161
Net income attributable to owners of the parent	193	218	164	50	97

	2012/3	2013/3	2014/3	2015/3	2016/3
	(%)				
Gross profit margin*1	33.8	33.2	31.5	28.3	24.6
SG&A expenses ratio*2	29.7	25.6	26.7	27.0	22.5
Operating income margin*3	4.1	7.6	4.9	1.3	2.1
Ordinary income margin*4	4.9	7.7	4.8	1.2	2.0
Net income margin*5	4.9	4.4	2.9	0.8	1.2
Free cash flow (¥ million)*6	209	99	(45)	(105)	(179)

\*1 Gross profit margin = Gross profit / Net sales

\*2 SG&A expenses ratio = SG&A expenses / Net sales

\*3 Operating income margin = Operating income / Net sales

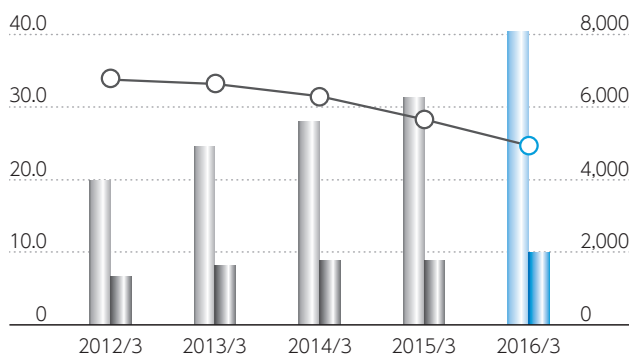
\*4 Ordinary income margin = Ordinary income / Net sales

\*5 Net income margin = Net income attributable to owners of the parent / Net sales

\*6 Free cash flow = Cash flows from operating activities + Cash flows from investing activities

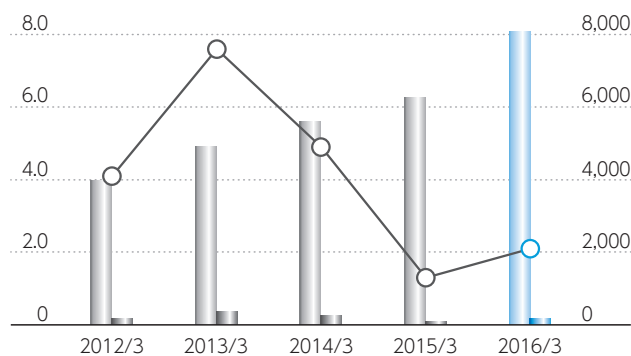
### <Gross Profit Margin>

(%) ○ Gross Profit Margin  
 (¥ million) ■ Net Sales ■ Gross Profit



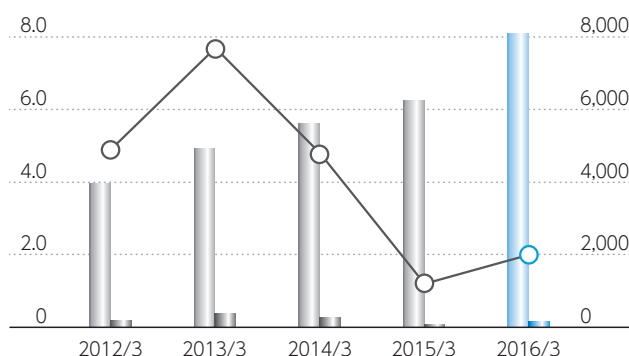
### <Operating Income Margin>

(%) ○ Operating Income Margin  
 (¥ million) ■ Net Sales ■ Operating Income



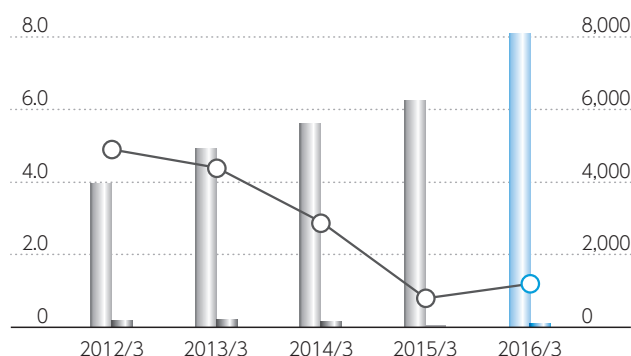
### <Ordinary Income Margin>

(%) ○ Net Income Margin  
 (¥ million) ■ Net Sales ■ Ordinary Income



### <Net Income Margin>

(%) ○ Net Income Margin  
 (¥ million) ■ Net Sales ■ Net income attributable to owners of the parent



## Stability Indicators

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2014. Consolidated data for the fiscal years ended March 31, 2015 and 2016. All fiscal years are from April 1 through March 31 of the following year.

	(¥ million)				
	2012/3	2013/3	2014/3	2015/3	2016/3
Equity	783	969	1,108	1,187	1,240
Total assets	1,984	2,498	2,854	3,548	4,456
Non-current assets	266	278	500	737	845
Current assets	1,718	2,220	2,354	2,810	3,611
Current liabilities	840	1,065	1,143	1,445	1,982

	(%)				
	2012/3	2013/3	2014/3	2015/3	2016/3
Equity ratio* <sup>1</sup>	39.5	38.8	38.8	33.5	27.8
Non-current ratio* <sup>2</sup>	34.0	28.7	45.1	62.1	68.1
Current ratio* <sup>3</sup>	204.4	208.4	205.9	194.4	182.2
Return on assets (ROA)* <sup>4</sup>	10.6	9.8	6.1	1.6* <sup>6</sup>	2.4
Return on equity (ROE)* <sup>5</sup>	28.2	25.0	15.8	4.4* <sup>7</sup>	8.0

\*<sup>1</sup> Equity ratio = Equity / Total assets

\*<sup>2</sup> Non-current ratio = Non-current assets / Equity

\*<sup>3</sup> Current ratio = Current assets / Current liabilities

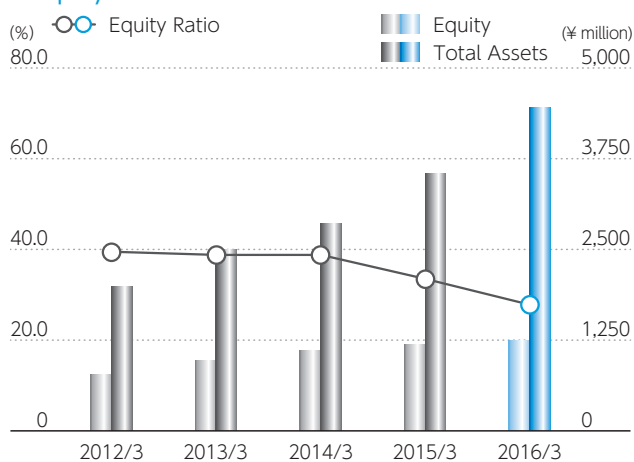
\*<sup>4</sup> ROA = Net income attributable to owners of the parent / Average total assets

\*<sup>5</sup> ROE = Net income attributable to owners of the parent / Average equity

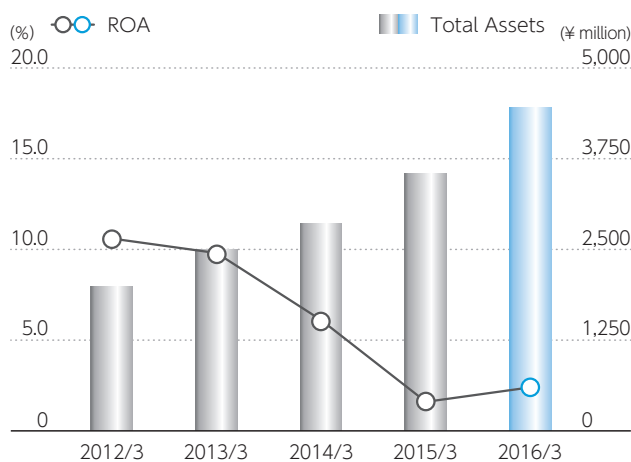
\*<sup>6</sup> Calculated from the total assets (fiscal-year average) of the fiscal year ended March 2015 (non-consolidated) and the fiscal year ended March 2016 (consolidated).

\*<sup>7</sup> Calculated from the shareholders' equity (fiscal-year average) of the fiscal year ended March 2015 (non-consolidated) and the fiscal year ended March 2016 (consolidated).

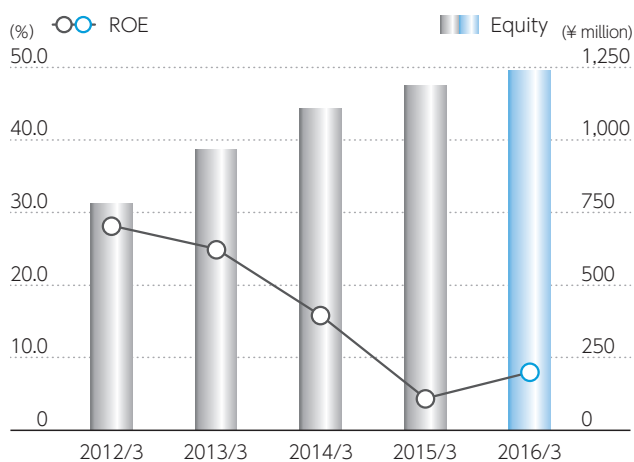
### <Equity Ratio>



### <ROA>



### <ROE>



## Efficiency and Other Indicators

Non-consolidated data from the fiscal year ended March 2012 to the fiscal year ended March 2014. Consolidated data for the fiscal years ended March 31, 2015 and 2016. All fiscal years are from April 1 through March 31 of the following year.

	2012/3	2013/3	2014/3	2015/3	2016/3
Total asset turnover*1	2.0	2.0	2.0	1.8	1.8
Non-current asset turnover*2	14.9	17.7	11.2	8.5	9.6
Current asset turnover*3	2.3	2.2	2.4	2.2	2.2

(times)

	2012/3	2013/3	2014/3	2015/3	2016/3
Number of employees at end of period (persons)	199	197	206	278	316
Net sales per employee (¥ thousand)*4	19,953	24,987	27,204	22,521	25,372
Operating income per employee (¥ thousand)*5	825	1,904	1,322	293	1,498
EBITDA (¥ million)*6	201	403	313	132	255

\*1 Total asset turnover = Net sales / Total assets

\*2 Non-current asset turnover = Net sales / Non-current assets

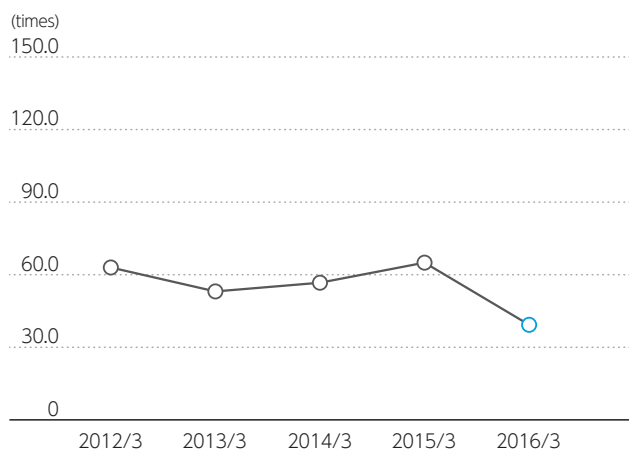
\*3 Current asset turnover = Net sales / Current assets

\*4 Net sales per employee = Net Sales / Number of employees at end of period

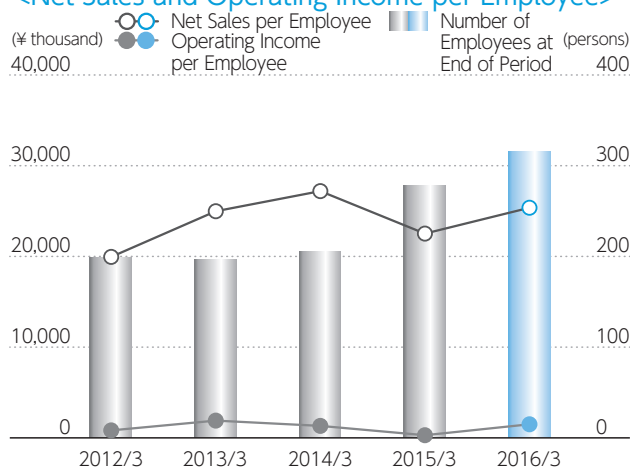
\*5 Operating income per employee = Operating income / Number of employees at end of period

\*6 EBITDA = Operating income + Depreciation

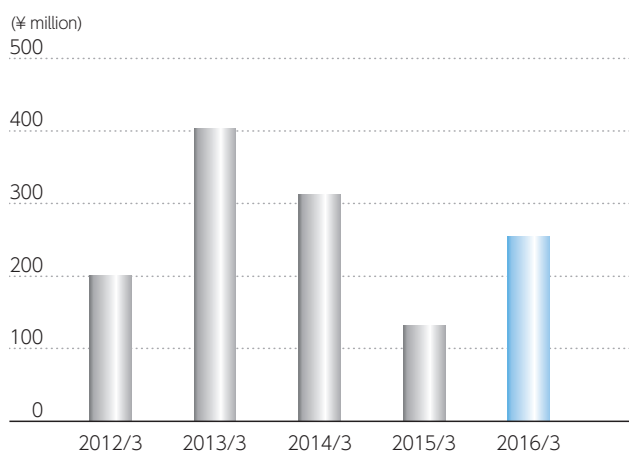
### <Inventories Turnover>



### <Net Sales and Operating Income per Employee>



### <EBITDA>



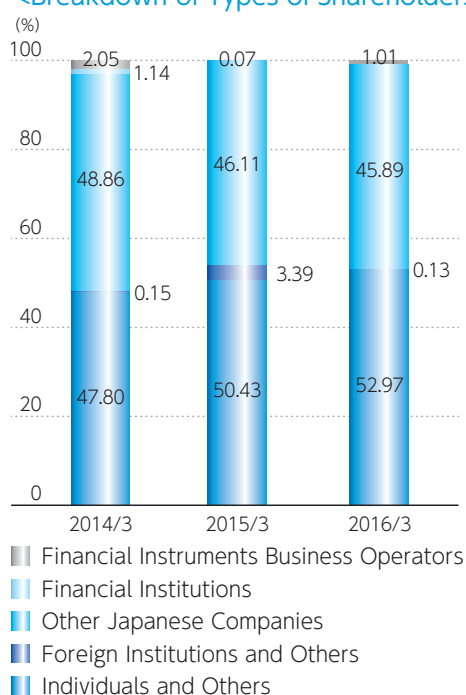


## Stock Information

As of March 31, 2016

Shareholder Registrar	Mitsubishi UFJ Trust and Banking Corporation
Listing	Tokyo Stock Exchange JASDAQ Growth
Stock Code	2173
Shares Authorized	10,000,000 shares
Shares Issued	3,737,000 shares
Number of Shareholders	3,806 (of which 3,762 are share-unit shareholders)

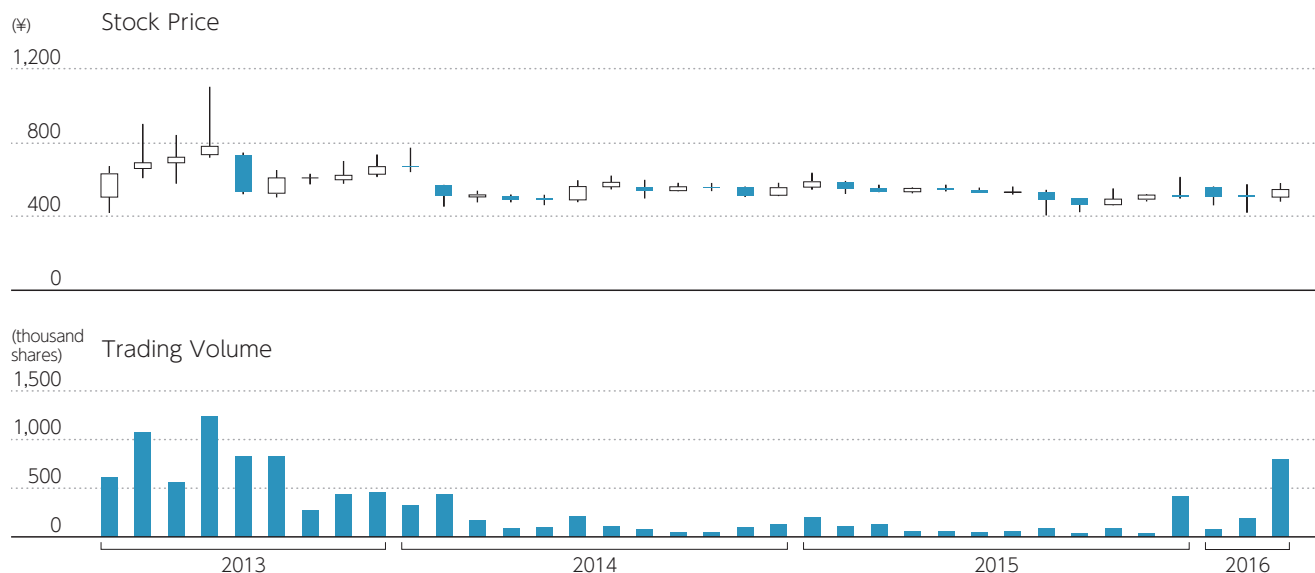
### <Breakdown of Types of Shareholders>



### <Status of Major Shareholders>

Top 10	Number of shares (shares)	Shareholding ratio (%)
T&P Holdings	1,515,000	40.5
TKP Corporation	155,000	4.1
Employee's shareholding	147,900	4.0
Masanori Tanaka	144,300	3.9
Tsuneo Suzuki	105,800	2.8
Tokuhisa Taguchi	90,800	2.4
Kunio Takagi	87,800	2.3
Hidetoshi Tate	40,000	1.1
Noriko Tanno	36,400	1.0
Masataka Fukudome	33,300	0.9

### <Stock Price and Trading Volume>



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