

Hakuten CO., LTD.  
2173/JASDAQ

# HAKUTEN FACT BOOK

Fiscal year ended March 31, 2017

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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	¥174.44 million (as of March 31, 2017)
Representative	Representative Director, President and CEO Tokuhisu Taguchi
Number of Employees	289 (parent basis), 355 (consolidated basis) as of the end of March 2017
Group Companies	iact Corporation (web design, development and maintenance) Takerobo Corporation (manufacture and sales of robots) Sprasia, Inc. (video editing, digital signage and development services)

## Corporate History

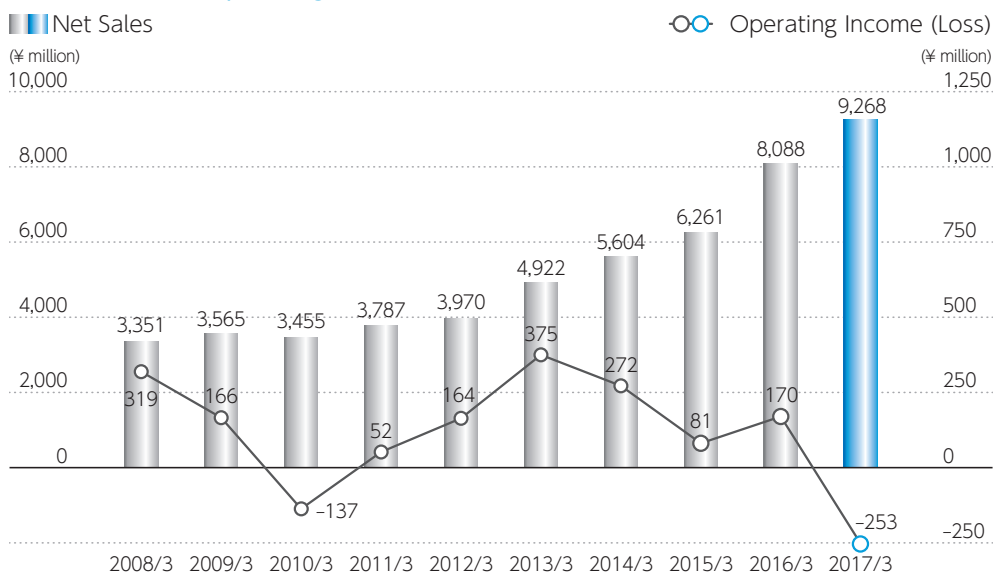


Based on the concept of “Experience Marketing\*,” we are developing marketing support for the environments of face-to-face encounters, including the planning and operation of exhibitions and promotional events. \* Refer to page 3 for details.

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
Jun-2016	English trade name changed to Hakuten Corporation
Jun-2016	Made Sprasia, Inc. a wholly owned subsidiary

## Trend in Financial Results

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



Note: Non-consolidated data to the fiscal year ended March 2014. Consolidated data from the fiscal year ended March 2015.

# Experiencing the Unprecedented Experience Marketing

Hakuten's solutions create unprecedented experiences that are emotional and surprising for our customers. We use these experiences for company marketing.

We create customer experiences with places and spaces where people meet. We can then craft marketing solutions drawn from the emotions and first-hand experiences.

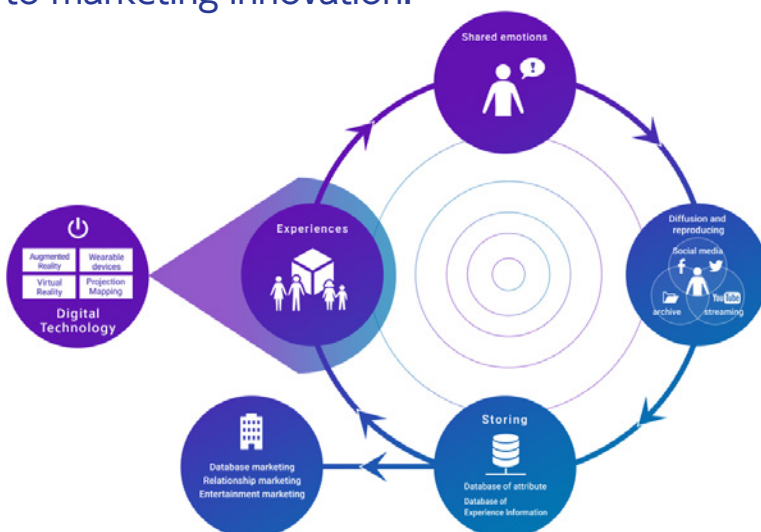


Hakuten delivers places and spaces where people meet and experience the unprecedented, creating emotions and first-hand experiences. We then use these shared emotions and connections to deliver highly strategic planning and stimulating Experience Marketing creativity.

### <Our Value>

- Hakuten **utilizes data** on customer emotions and experiences to enable continuous support for marketing based on a PDCA cycle
- Hakuten increases customer loyalty by **developing brands** using customer emotions and experiences
- Hakuten crafts opens new markets and customer segments by **spreading and recreating** customer emotions and experiences

The Future of Hakuten: From the evolution of valuable first-hand experiences to marketing innovation.



We are adapting our customer experiences at a phenomenal rate with the assistance of advances in social media, AR and VR technologies and the introduction of wearable devices. Emotions and experiences are more important than ever before as valuable first-hand information for marketing activities.

At Hakuten, we continually listen to customers and engage in R&D while keeping in mind the importance of digital technology advances that enhance first-hand experiences.

## Our Services



### Event Promotion

Seamless and cross-media hands-on promotions centered around events



### Business Matching Event

Brand experiences and business matching to maximize event value



### Commercial Spaces

Solutions that enhance lifelong value in permanent spaces



### Exhibitions

Exhibition booth marketing that maximizes results



### Conferences and Seminars

Solutions at information-providing conferences that highlight a client's management issues



### Digital

Digital solutions that visualize and maximize experience values

### Group Companies



Web integration, mobile integration, marketing and promotion, online strategic planning and consulting, and AI and cognitive businesses



Takerobo Corporation

Manufacture, sales, lending and repair of robots

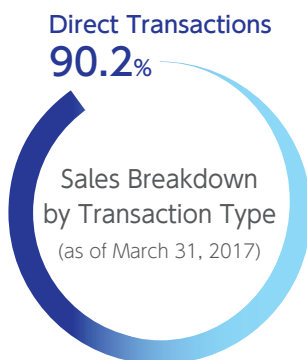


Sprasia, Inc.

Business application platforms, video editor application services, digital signage applications and offshore development service businesses

## 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.



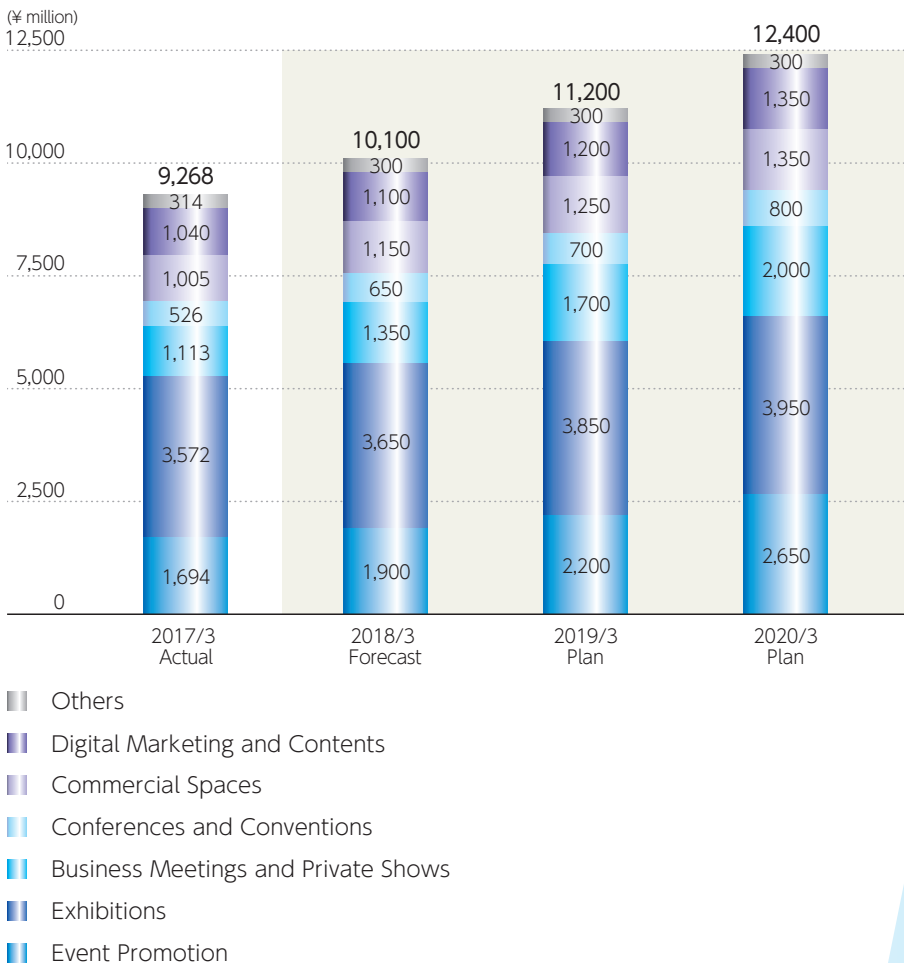
<Medium-Term Vision>

# 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.

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



## Initiatives to Achieve

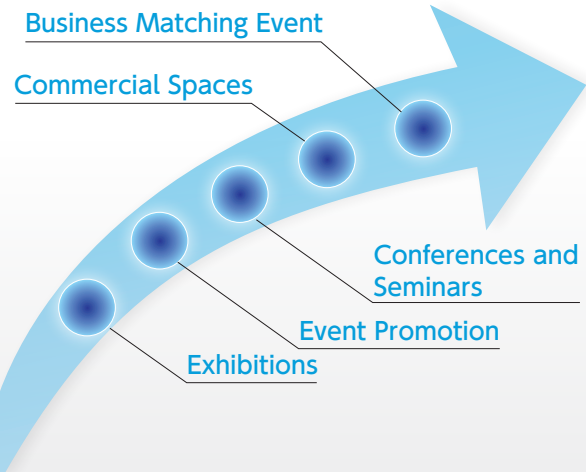
**1** Become a marketing partner that fosters a lasting relationship of coexistence and mutual prosperity with client-companies

**2** Evolve new business models by integrating each business with digital technology

**3** Become a partner equipped for globalization

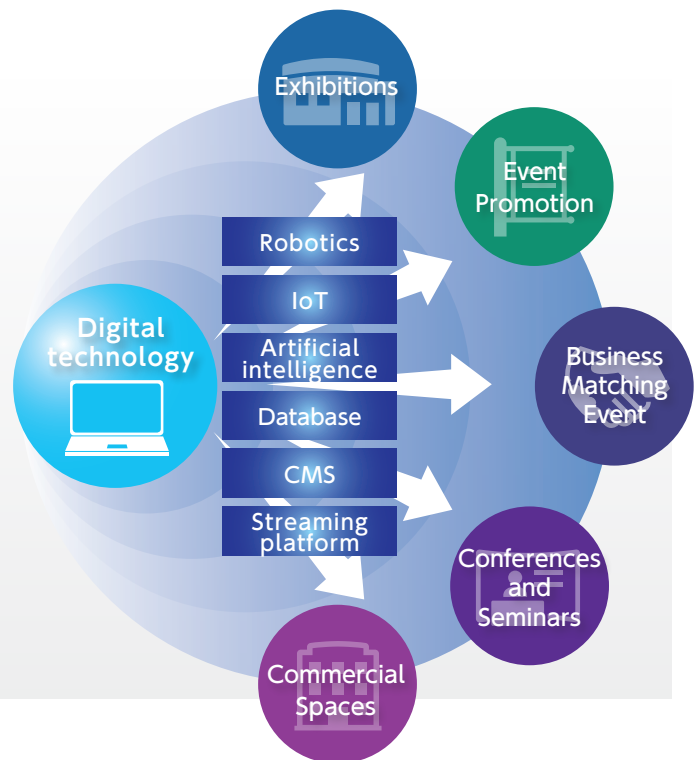
## the Medium-Term Management Plan

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.



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.



## Balance Sheet

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

	2013/3	2014/3	2015/3	2016/3	(¥ thousand) 2017/3
<b>Assets</b>					
<b>Current assets</b>					
Cash and deposits	990,970	1,050,759	1,195,603	1,461,109	1,398,517
Notes receivable — trade	64,741	20,457	—	—	—
Accounts receivable — trade	996,621	1,129,343	—	—	—
Notes and accounts receivable — trade	—	—	1,408,048	1,783,639	2,158,303
Finished goods	—	—	—	4,188	4,486
Work in process	69,268	62,626	71,898	228,714	139,541
Raw materials and supplies	1,928	1,601	2,129	3,498	2,087
Prepaid expenses	16,545	17,583	—	—	—
Deferred tax assets	68,930	58,564	35,585	73,712	66,942
Other	14,584	16,834	99,859	61,249	154,109
Allowance for doubtful accounts	(3,019)	(2,869)	(2,539)	(4,673)	(2,405)
<b>Total current assets</b>	<b>2,220,571</b>	<b>2,354,901</b>	<b>2,810,585</b>	<b>3,611,438</b>	<b>3,921,583</b>
<b>Non-current assets</b>					
<b>Property, plant and equipment</b>					
Buildings	49,636	66,977	—	—	—
Accumulated depreciation	(35,719)	(28,954)	—	—	—
Buildings, net	13,917	38,023	—	—	—
Structures	—	228	—	—	—
Accumulated depreciation	—	(5)	—	—	—
Structures, net	—	223	—	—	—
Buildings and structures	—	—	68,615	74,574	87,424
Accumulated depreciation and impairment loss	—	—	(34,817)	(39,690)	(44,040)
Buildings and structures, net	—	—	33,798	34,883	43,383
Machinery and equipment	36,978	44,578	—	—	—
Accumulated depreciation	(29,463)	(31,934)	—	—	—
Tools, furniture and fixtures	7,515	12,643	—	—	—
Machinery, equipment and vehicles	—	—	51,195	53,869	53,869
Accumulated depreciation and impairment loss	—	—	(37,867)	(46,110)	(48,976)
Machinery, equipment and vehicles, net	—	—	13,328	7,758	4,892
Tools, furniture and fixtures	150,516	174,631	221,707	260,187	316,658
Accumulated depreciation and impairment loss	(99,272)	(111,083)	(141,300)	(173,787)	(211,248)
Tools, furniture and fixtures, net	51,244	63,548	80,407	86,399	105,410
Land	61,612	61,612	61,612	61,612	61,612
Leased assets	—	19,560	25,516	34,451	37,456
Accumulated depreciation and impairment loss	—	(4,676)	(10,177)	(16,621)	(22,373)
Leased assets, net	—	14,883	15,339	17,830	15,082
Construction in progress	—	1,104	6,204	1,104	—
<b>Total property, plant and equipment</b>	<b>134,288</b>	<b>192,039</b>	<b>210,690</b>	<b>209,589</b>	<b>230,381</b>
<b>Intangible assets</b>					
Goodwill	—	—	79,957	117,765	257,245
Software	6,647	20,284	—	—	—
Software in progress	—	42,545	—	—	—
Leased assets	425	15,270	11,813	8,355	117,173
Other	1,933	2,033	263,530	347,341	520,302
<b>Total intangible assets</b>	<b>9,006</b>	<b>80,134</b>	<b>355,301</b>	<b>473,462</b>	<b>894,721</b>
<b>Investments and other assets</b>					
Investment securities	2,852	4,060	6,930	9,129	10,824
Shares of subsidiaries and associates	—	100,203	—	—	—
Investments in capital	200	200	—	—	—
Claims provable in bankruptcy, claims provable in rehabilitation and other	4,831	1,805	—	—	—
Deferred tax assets	9,623	10,520	8,596	6,553	8,041
Lease deposits	119,566	110,581	139,760	142,207	185,854
Other	2,511	2,268	17,845	5,820	7,549
Allowance for doubtful accounts	(4,831)	(1,805)	(1,395)	(1,335)	(1,385)
<b>Total investments and other assets</b>	<b>134,753</b>	<b>227,834</b>	<b>171,737</b>	<b>162,377</b>	<b>210,884</b>
<b>Total non-current assets</b>	<b>278,048</b>	<b>500,008</b>	<b>737,729</b>	<b>845,429</b>	<b>1,335,987</b>
<b>Total assets</b>	<b>2,498,620</b>	<b>2,854,909</b>	<b>3,548,315</b>	<b>4,456,867</b>	<b>5,257,571</b>



(¥ thousand)

	2013/3	2014/3	2015/3	2016/3	2017/3
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable — trade	320,606	506,109	534,821	641,249	924,166
Short-term loans payable	-	-	-	-	500,000
Current portion of long-term loans payable	308,153	345,434	489,644	769,592	1,123,133
Lease obligations	470	13,448	22,569	31,051	39,801
Accounts payable — other	46,406	79,344	-	-	-
Accrued expenses	45,896	56,057	-	-	-
Income taxes payable	168,859	13,258	14,386	122,512	490
Accrued consumption taxes	23,721	5,725	-	-	-
Deposits received	19,799	11,706	-	-	-
Provision for bonuses	118,362	101,966	81,930	159,337	135,347
Provision for warranties for construction	65	-	-	9,208	1,900
Provision for loss on construction contracts	8,099	-	-	-	-
Other	4,930	10,753	302,399	249,599	250,843
<b>Total current liabilities</b>	<b>1,065,372</b>	<b>1,143,805</b>	<b>1,445,751</b>	<b>1,982,551</b>	<b>2,975,682</b>
<b>Non-current liabilities</b>					
Long-term loans payable	461,128	562,135	810,851	1,062,550	1,244,702
Lease obligations	-	38,933	54,403	72,682	69,182
Deferred tax liabilities	-	-	48,144	56,902	56,284
Other	-	-	-	-	13,023
<b>Total non-current liabilities</b>	<b>461,128</b>	<b>601,068</b>	<b>913,398</b>	<b>1,192,134</b>	<b>1,383,193</b>
<b>Total liabilities</b>	<b>1,526,500</b>	<b>1,744,873</b>	<b>2,359,150</b>	<b>3,174,686</b>	<b>4,358,875</b>
<b>Net assets</b>					
<b>Shareholders' equity</b>					
Capital stock	158,533	165,712	170,391	174,299	174,449
Capital surplus	138,533	145,712	224,553	225,736	289,331
Legal capital surplus	138,533	145,712	-	-	-
Retained earnings	672,338	795,643	789,783	835,842	414,276
Legal retained earnings	4,600	4,600	-	-	-
Other retained earnings	-	-	-	-	-
General reserve	110,000	110,000	-	-	-
Retained earnings brought forward	557,738	681,043	-	-	-
<b>Total shareholders' equity</b>	<b>969,404</b>	<b>1,107,068</b>	<b>1,184,729</b>	<b>1,235,878</b>	<b>878,057</b>
<b>Valuation and translation adjustments</b>					
Valuation difference on available-for-sale securities	567	1,147	-	-	-
<b>Total valuation and translation adjustments</b>	<b>567</b>	<b>1,147</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated other comprehensive income</b>					
Valuation difference on available-for-sale securities	-	-	3,054	4,336	5,279
<b>Total accumulated other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>3,054</b>	<b>4,336</b>	<b>5,279</b>
<b>Subscription rights to shares</b>	<b>2,148</b>	<b>1,819</b>	<b>1,381</b>	<b>2,336</b>	<b>1,033</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,630</b>	<b>14,325</b>
<b>Total net assets</b>	<b>972,120</b>	<b>1,110,036</b>	<b>1,189,164</b>	<b>1,282,181</b>	<b>898,695</b>
<b>Total liabilities and net assets</b>	<b>2,498,620</b>	<b>2,854,909</b>	<b>3,548,315</b>	<b>4,456,867</b>	<b>5,257,571</b>

## Statement of Income

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

	2013/3	2014/3	2015/3	2016/3	(¥ thousand) 2017/3
<b>Net sales</b>	<b>4,922,498</b>	<b>5,604,219</b>	<b>6,261,050</b>	<b>8,088,886</b>	<b>9,268,261</b>
<b>Cost of sales</b>					
Material costs	134,043	141,977	-	-	-
Labor costs	344,472	338,915	-	-	-
Subcontract costs	2,640,083	3,176,107	-	-	-
Costs	159,803	180,814	-	-	-
Provision for loss on construction contracts	8,099	-	-	-	-
Total cost of sales	3,286,502	3,837,814	4,491,851	6,095,664	7,164,603
<b>Gross profit</b>	<b>1,635,995</b>	<b>1,766,405</b>	<b>1,769,198</b>	<b>1,993,221</b>	<b>2,103,657</b>
<b>Selling, general and administrative expenses</b>					
Directors' compensation	99,291	99,872	-	-	-
Salaries and allowances	524,681	576,086	-	-	-
Bonuses	78,683	62,092	-	-	-
Provision for bonuses	64,143	66,711	-	-	-
Retirement benefit expenses	-	25,193	-	-	-
Welfare expenses	148,514	158,283	-	-	-
Depreciation	7,917	21,581	-	-	-
Rent expenses	76,014	-	-	-	-
Other	261,631	484,101	-	-	-
Total selling, general and administrative expenses	1,260,876	1,493,924	1,687,491	1,822,668	2,356,745
<b>Operating income</b>	<b>375,118</b>	<b>272,481</b>	<b>81,707</b>	<b>170,553</b>	<b>(253,087)</b>
<b>Non-operating income</b>					
Interest income	33	25	41	57	5
Dividend income	76	81	92	121	176
Insurance return	-	756	-	-	-
Penalty income	2,122	2,256	-	-	-
Gain on bad debts recovered	1,219	-	-	-	-
Commission fee	-	-	338	-	-
Gain on sales of investment securities	-	-	87	-	-
Gain on sales of goods	-	-	4,475	-	-
Reversal of allowance for doubtful accounts	5,161	-	1,448	-	2,708
Compensation income	-	-	1,212	-	-
Interest on refund	-	-	-	456	-
Insurance premiums refunded cancellation	-	-	-	371	-
Gain on reversal of subscription rights to shares	-	-	-	395	1,302
Miscellaneous income	2,437	1,981	1,375	1,594	1,934
Total non-operating income	11,051	5,101	8,733	2,891	6,126
<b>Non-operating expenses</b>					
Interest expenses	8,096	8,944	8,454	10,105	13,940
Loss on cancellation	-	-	2,837	-	-
Miscellaneous loss	566	1,057	2,163	1,703	1,524
Total non-operating expenses	8,662	10,001	13,454	11,809	15,464
<b>Ordinary income</b>	<b>377,507</b>	<b>267,580</b>	<b>76,986</b>	<b>161,635</b>	<b>(262,425)</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	7,334	-	-	-	4,834
Amortization of goodwill	-	-	-	-	53,216
Impairment loss	6,410	-	-	-	106,469
Total extraordinary losses	13,744	-	-	-	164,519
<b>Income before income taxes</b>	<b>363,762</b>	<b>267,580</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income before income taxes and non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>84,194</b>	<b>161,635</b>	<b>(426,945)</b>
Income taxes — current	172,515	94,065	12,045	115,102	6,103
Income taxes — deferred	(22,742)	9,212	21,945	(46,882)	(38,495)
Total income taxes	144,773	103,277	33,990	68,219	(32,391)
<b>Net income</b>	<b>218,989</b>	<b>164,302</b>	<b>50,204</b>	<b>93,415</b>	<b>(394,554)</b>
<b>Net income (loss) attributable to non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,224)</b>	<b>(25,305)</b>
<b>Net income attributable to owners of the parent</b>	<b>-</b>	<b>-</b>	<b>50,204</b>	<b>97,640</b>	<b>(369,248)</b>

## Consolidated Statement of Comprehensive Income

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

	2013/3	2014/3	2015/3	2016/3	(¥ thousand) 2017/3
<b>Net income</b>	-	-	<b>50,204</b>	<b>93,415</b>	<b>(394,554)</b>
<b>Other comprehensive income</b>					
Valuation difference on available-for-sale securities	-	-	1,906	1,281	943
<b>Total other comprehensive income</b>	-	-	<b>1,906</b>	<b>1,281</b>	<b>943</b>
<b>Comprehensive income</b>			<b>52,110</b>	<b>94,697</b>	<b>(393,610)</b>
Comprehensive income attributable to					
Owners of the parent	-	-	52,110	98,922	(368,305)
Non-controlling interests	-	-	-	(4,224)	(25,305)

## Consolidated Statement of Changes in Equity

From April 1, 2016 to March 31, 2017

	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>	174,299	225,736	835,842	1,235,878	4,336	4,336	2,336	39,630	1,282,181
<b>Changes of items during period</b>									
Issuance of new shares	150	150		300					300
Increased by share exchanges		63,445		63,445					63,445
Dividends of surplus			(52,318)	(52,318)					(52,318)
Profit (loss) attributable to owners of the parent			(369,248)	(369,248)					(369,248)
Net changes of items other than shareholders' equity					943	943	(1,302)	(25,305)	(25,664)
<b>Total changes of items during period</b>	150	63,595	(421,566)	(357,821)	943	943	(1,302)	(25,305)	(383,486)
<b>Balance at end of current period</b>	<b>174,449</b>	<b>289,331</b>	<b>414,276</b>	<b>878,057</b>	<b>5,279</b>	<b>5,279</b>	<b>1,033</b>	<b>14,325</b>	<b>898,695</b>

## Statement of Cash Flows

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

	2013/3	2014/3	2015/3	2016/3	(¥ thousand) 2017/3
<b>Cash flows from operating activities</b>					
Income before income taxes	363,762	267,580	-	-	-
Income before income taxes and non-controlling interests	-	-	84,194	161,635	(426,945)
Depreciation	28,777	40,660	50,843	84,712	170,391
Increase (decrease) in allowance for doubtful accounts	(5,161)	(3,176)	(1,877)	2,073	(2,799)
Increase (decrease) in provision for bonuses	23,217	(16,396)	(30,251)	77,407	(25,028)
Increase (decrease) in provision for warranties for construction	(139)	(65)	-	9,208	(7,307)
Increase (decrease) in provision for loss on construction contracts	8,099	(8,099)	-	-	-
Amortization of goodwill	-	-	4,208	23,659	132,255
Interest and dividend income	(110)	(107)	(134)	(179)	(182)
Gain on reversal of subscription rights to shares	-	-	-	(395)	(1,302)
Gain on sales of investment securities	-	-	(87)	-	-
Gain on sales of goods	-	-	(4,475)	-	-
Interest expenses	8,096	8,944	8,454	10,105	13,940
Loss on cancellation	-	-	2,837	-	-
Foreign exchange losses (gains)	-	(125)	(0)	0	-
Loss on retirement of non-current assets	7,334	-	-	167	4,834
Impairment loss	6,410	-	-	-	106,469
Gain on step acquisitions	-	-	(7,208)	-	-
Increase in notes and accounts receivable — trade	(258,058)	(88,438)	(114,101)	(375,591)	(342,435)
Decrease (increase) in inventories	(18,590)	6,969	2,250	(162,372)	90,285
Increase (decrease) in notes and accounts payable — trade	22,531	185,502	(10,348)	106,428	234,156
Increase (decrease) in accounts payable — other	14,283	27,268	(15,401)	(20,035)	(457)
Decrease (increase) in prepaid expenses	-	-	-	3,007	(23,302)
Increase in accrued expenses	5,236	10,031	560	2,887	1,923
Increase (decrease) in advances received	-	-	29,230	(31,339)	12,146
Increase (decrease) in accrued consumption taxes	-	(15,040)	51,563	(10,027)	(20,353)
Decrease in deposits received	-	(12,016)	-	-	-
Other, net	(6,821)	10,276	(4,528)	20,993	25,914
<b>Subtotal</b>	<b>198,867</b>	<b>413,767</b>	<b>45,728</b>	<b>(97,654)</b>	<b>(57,797)</b>
Interest and dividend income received	110	107	134	179	182
Interest expenses paid	(8,305)	(9,010)	(8,674)	(10,279)	(14,384)
Income taxes paid	(49,564)	(248,509)	(54,057)	(20,509)	(186,774)
Income taxes refund	6,333	-	-	39,539	7,012
<b>Net cash provided by (used in) operating activities</b>	<b>147,442</b>	<b>156,354</b>	<b>(16,868)</b>	<b>(88,723)</b>	<b>(251,761)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(14,464)	(66,622)	(17,654)	(50,399)	(86,744)
Proceeds from sales of property, plant and equipment	-	-	-	1,757	67
Purchase of intangible assets	(1,664)	(38,706)	(19,692)	(20,356)	(164,342)
Purchase of investment securities	(364)	(371)	(373)	(386)	(412)
Proceeds from sales of investment securities	-	-	319	-	-
Payments for lease and guarantee deposits	(36,039)	(2,061)	(39,287)	(8,275)	(54,921)
Proceeds from collection of lease and guarantee deposits	4,263	6,232	7,821	13,930	2,209
Proceeds from cancellation of insurance funds	-	-	-	371	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-	(19,547)	(26,971)	(386,637)
Purchase of shares of subsidiaries and associates	-	(100,203)	-	-	-
Other, net	57	57	39	(90)	(134)
<b>Net cash provided by (used in) investing activities</b>	<b>(48,211)</b>	<b>(201,674)</b>	<b>(88,375)</b>	<b>(90,421)</b>	<b>(690,916)</b>
<b>Cash flows from financing activities</b>					
Increase in short-term loans payable	-	-	-	-	800,000
Decrease in short-term loans payable	-	-	-	-	(300,000)
Proceeds from long-term loans payable	430,000	500,000	828,165	1,144,000	1,576,000
Repayments of long-term loans payable	(295,203)	(361,712)	(517,374)	(621,172)	(1,104,708)
Repayments of lease obligations	-	(10,141)	(20,922)	(29,703)	(39,235)
Proceeds from issuance of common shares	660	13,729	8,912	6,795	300
Proceeds from issuance of subscription rights to shares	-	-	-	2,342	-
Cash dividends paid	(30,230)	(36,891)	(48,692)	(51,612)	(52,268)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-	-	(6,000)	-
Other, net	(2,791)	-	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>102,434</b>	<b>104,983</b>	<b>250,088</b>	<b>444,650</b>	<b>880,087</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-</b>	<b>125</b>	<b>0</b>	<b>(0)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>201,665</b>	<b>59,788</b>	<b>144,844</b>	<b>265,505</b>	<b>(62,591)</b>
<b>Cash and cash equivalents at beginning 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>
<b>Cash and cash equivalents at end of period</b>	<b>990,970</b>	<b>1,050,759</b>	<b>1,195,603</b>	<b>1,461,109</b>	<b>1,398,517</b>

## Information by Business Segment and Others

### <Market Trend>

	2012	2013	2014	2015	2016
Japan's advertising expenditure	5,891.3	5,976.2	6,152.2	6,171.0	6,288.0
Promotional media advertising expenditure					
Exhibitions and screen displays	260.6	268.0	284.4	306.2	319.5
Internet advertising expenditure					
Advertising production costs	205.1	217.8	227.4	240.0	272.2

Source: Dentsu Inc., Advertising Expenditures in Japan (2016)

### <By Business Segment>

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

	2013/3	2014/3	2015/3	2016/3	2017/3
Net sales	4,922,498	5,604,219	6,075,967	8,088,886	9,268,261
Organizer Service	1,406,811	1,600,921	1,949,667		
Event Promotion	-	-	-	1,054,085	1,694,867
Business Matching Event	-	-	-	1,022,118	1,113,788
Exhibitions	2,826,804	2,815,965	2,603,519	3,514,567	3,572,518
Conferences and Seminars	59,289	304,827	400,688	461,783	526,284
Commercial Spaces	260,624	339,776	608,283	755,256	1,005,988
Digital	-	42,584	119,721	837,842	1,040,380
Others	368,968	500,146	394,086	443,235	314,436
Composition ratio (%)	100.0	100.0	100.0	100.0	100.0
Organizer Service	28.6	28.6	32.1		
Event Promotion	-	-	-	13.0	18.3
Business Matching Event	-	-	-	12.6	12.0
Exhibitions	57.4	50.2	42.8	43.4	38.5
Conferences and Seminars	1.2	5.4	6.6	5.7	5.7
Commercial Spaces	5.3	6.1	10.0	9.3	10.9
Digital	-	0.8	2.0	10.4	11.2
Others	7.5	8.9	6.5	5.5	3.4
Order backlog	1,373,322	1,485,198	1,679,920	2,364,946	2,619,994

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

	2013/3	2014/3	2015/3	2016/3	2017/3
Unit price per project (¥ thousand)	2,686	2,806	3,178	3,597	3,774
Unit price per client-company (¥ thousand)	7,260	8,853	10,754	13,422	14,456
Number of large projects	110	127	144	180	213
Number of client-companies at end of period	678	633	565	555	595
Number and ratio of repeat client-companies (%)	357 (52.7)	362 (57.2)	354 (62.7)	292 (52.6)	255 (42.9)
* Project size ¥10 million or more					
Net sales of repeat client-companies (¥ million)	3,313	4,280	4,832	5,759	6,254
Net sales and ratio of sole-source orders (¥ million) (%)	2,510 (50.9)	3,200 (57.2)	3,732 (61.5)	4,500 (60.4)	5,691 (66.2)

## Profitability Indicators

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

	2013/3	2014/3	2015/3	2016/3	2017/3
Net sales	4,922	5,604	6,261	8,088	9,268
Gross profit	1,635	1,766	1,769	1,993	2,103
Selling, general and administrative(SG&A) expenses	1,260	1,493	1,687	1,822	2,356
Operating income	375	272	81	170	(253)
Ordinary income	377	267	76	161	(262)
Net income attributable to owners of the parent	218	164	50	97	(369)

	2013/3	2014/3	2015/3	2016/3	2017/3
Gross profit margin*1	33.2	31.5	28.3	24.6	22.7
SG&A expenses ratio*2	25.6	26.7	27.0	22.5	25.4
Operating income margin*3	7.6	4.9	1.3	2.1	(2.7)
Ordinary income margin*4	7.7	4.8	1.2	2.0	(2.8)
Net income margin*5	4.4	2.9	0.8	1.2	(4.0)
Free cash flow (¥ million)*6	99	(45)	(105)	(179)	(942)

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

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

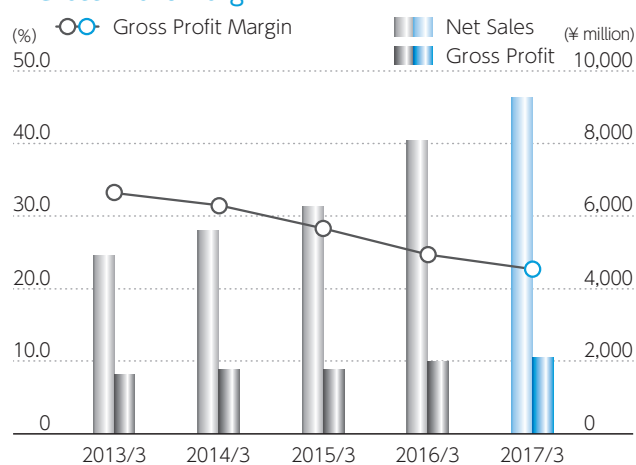
\*3 Operating income margin = Operating income / Net sales

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

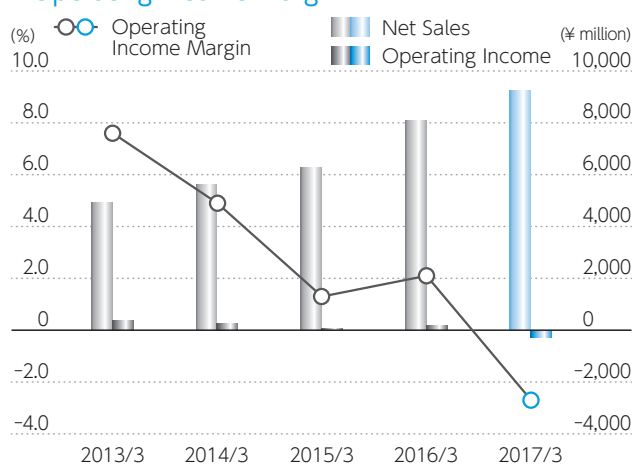
\*5 Net income margin = Net income attributable to owners of the parent / Net sales

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

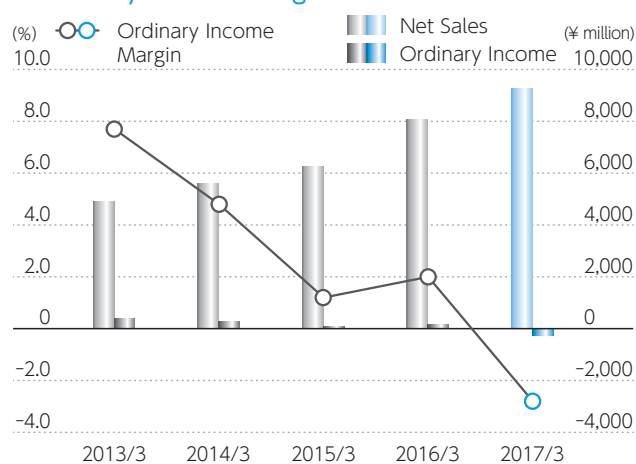
### <Gross Profit Margin>



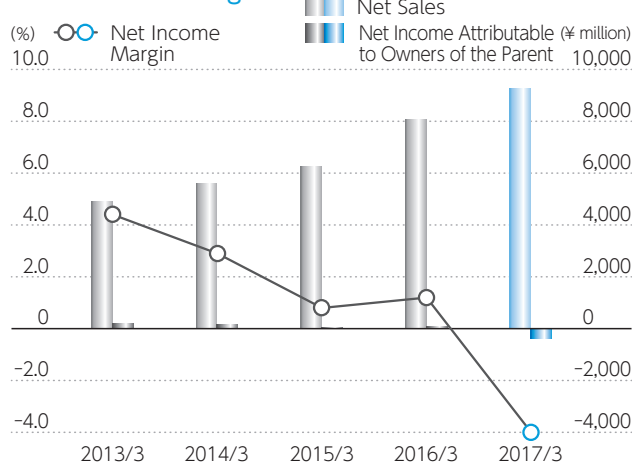
### <Operating Income Margin>



### <Ordinary Income Margin>



### <Net Income Margin>



## Stability Indicators

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

	2013/3	2014/3	2015/3	2016/3	2017/3
	(¥ million)				
Equity	969	1,108	1,187	1,240	883
Total assets	2,498	2,854	3,548	4,456	5,257
Non-current assets	278	500	737	845	1,335
Current assets	2,220	2,354	2,810	3,611	3,921
Current liabilities	1,065	1,143	1,445	1,982	2,975

	2013/3	2014/3	2015/3	2016/3	2017/3
	(%)				
Equity ratio* <sup>1</sup>	38.8	38.8	33.5	27.8	16.8
Non-current ratio* <sup>2</sup>	28.7	45.1	62.1	68.1	151.2
Current ratio* <sup>3</sup>	208.4	205.9	194.4	182.2	131.8
Return on assets (ROA)* <sup>4</sup>	9.8	6.1	1.6* <sup>6</sup>	2.4	(7.6)
Return on equity (ROE)* <sup>5</sup>	25.0	15.8	4.4* <sup>7</sup>	8.0	(34.8)

\*<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

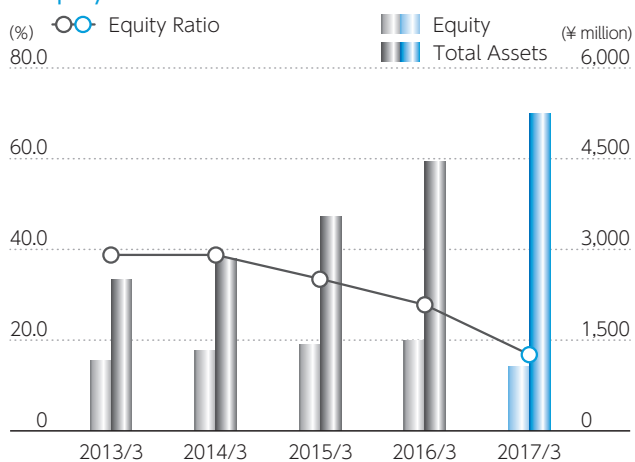
\*<sup>4</sup> ROA = Net income attributable to owners of the parent / Average total assets

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

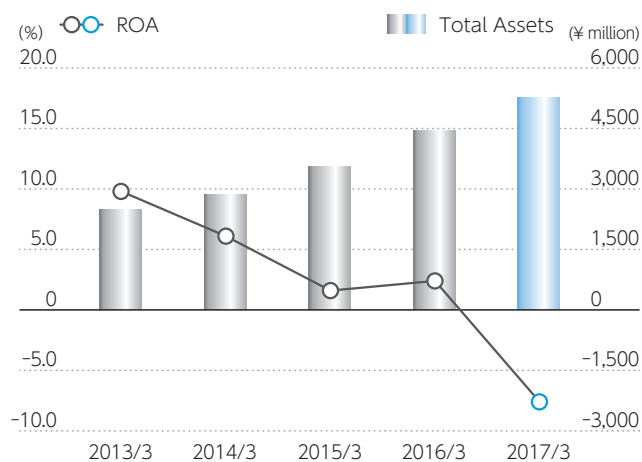
\*<sup>6</sup> Calculated from the total assets (fiscal-year average) of the fiscal year ended March 2015 (non-consolidated) and the fiscal year ended March 2016 (consolidated).

\*<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).

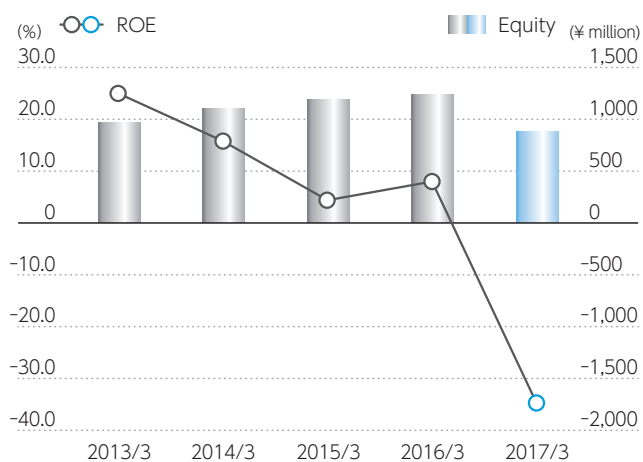
### <Equity Ratio>



### <ROA>



### <ROE>



## Efficiency and Other Indicators

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

	2013/3	2014/3	2015/3	2016/3	2017/3
Total asset turnover*1	2.0	2.0	1.8	1.8	1.8
Non-current asset turnover*2	17.7	11.2	8.5	9.6	6.9
Current asset turnover*3	2.2	2.4	2.2	2.2	2.4

(times)

	2013/3	2014/3	2015/3	2016/3	2017/3
Number of employees at end of period (persons)	197	206	278	316	355
Net sales per employee (¥ thousand)*4	24,987	27,204	22,521	25,372	26,108
Operating income per employee (¥ thousand)*5	1,904	1,322	293	1,498	(713)
EBITDA (¥ million)*6	403	313	132	255	(83)

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

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

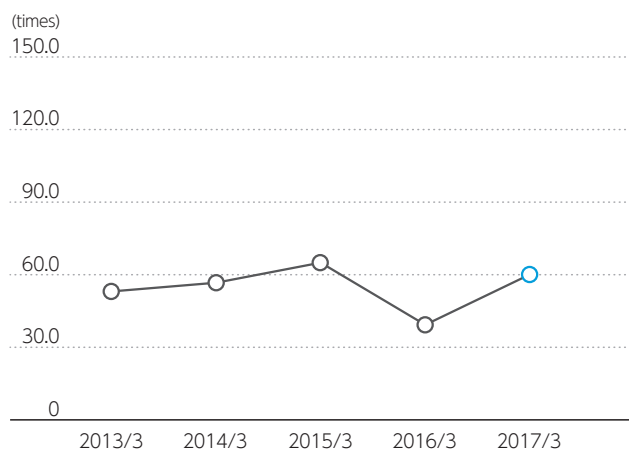
\*3 Current asset turnover = Net sales / Current assets

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

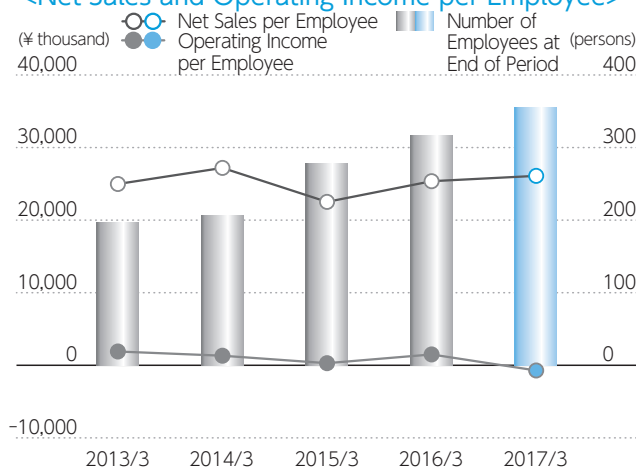
\*5 Operating income per employee = Operating income / Number of employees at end of period

\*6 EBITDA = Operating income + Depreciation

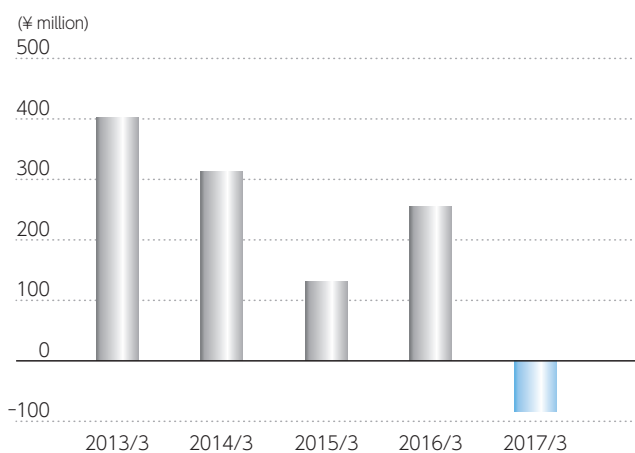
### <Inventories Turnover>



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



### <EBITDA>



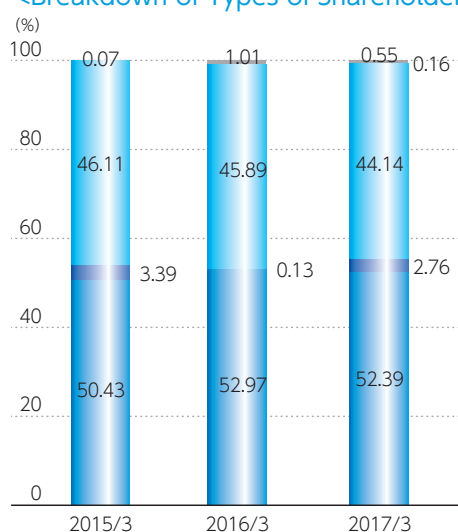


## Stock Information

As of March 31, 2017

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	3,855,200 shares
Number of Shareholders	4,180 (of which 4,135 are share-unit shareholders)

### <Breakdown of Types of Shareholders>

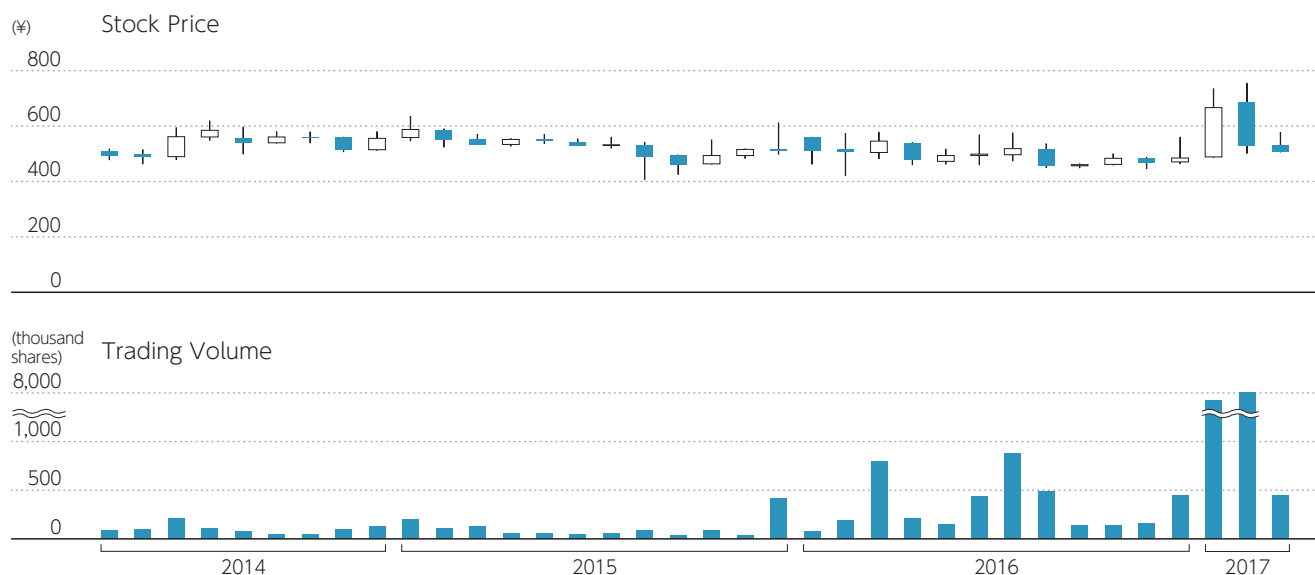


■ Financial Instruments Business Operators  
■ Financial Institutions  
■ Other Japanese Companies  
■ Foreign Institutions and Others  
■ Individuals and Others

### <Status of Major Shareholders>

Top 10	Number of shares (shares)	Shareholding ratio (%)
T&P Holdings	1,515,000	39.3
Employee's shareholding	167,200	4.3
TKP Corporation	155,000	4.0
Masanori Tanaka	109,800	2.8
Tsuneo Suzuki	104,800	2.7
DAIWA CM SINGAPORE LTD — NOMINEE UCHIGASAKI SHUNSUKE	99,925	2.6
Tokuhisa Taguchi	90,800	2.4
Yasunari Onodera	55,700	1.4
Minako Onodera	43,500	1.1
Hidetoshi Tate	40,000	1.0

### <Stock Price and Trading Volume>



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