

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2016  
(Based on Japanese GAAP)**

April 28, 2016

Company name: SMS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 2175 URL <http://www.bm-sms.co.jp/>  
 Representative: CEO Natsuki Goto  
 Inquiries: Director, Corporate Planning Department Masato Sugizaki TEL 03-6721-2400  
 Scheduled date of ordinary general meeting of shareholders: June 24, 2016  
 Scheduled date to file Securities Report: June 24, 2016  
 Scheduled date to commence dividend payments: June 27, 2016  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate 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                         | %    |
| Year ended March 31, 2016 | 19,069          | 26.7 | 2,756            | 32.6 | 3,509           | 30.3 | 2,265                                   | 24.2 |
| Year ended March 31, 2015 | 15,056          | 25.0 | 2,079            | 20.2 | 2,693           | 15.1 | 1,824                                   | 32.2 |

|                           | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary income/total assets | Operating income/net sales |
|---------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
|                           | Yen                | Yen                        | %  | %                            | %                          |
| Year ended March 31, 2016 | 55.86              | 55.69                      | 29.5   | 13.2                         | 14.5                       |
| Year ended March 31, 2015 | 44.72              | 44.60                      | 28.4   | 27.2                         | 13.8                       |

(2) Consolidated financial position

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
|                      | Millions of yen | Millions of yen | %            | Yen                  |
| As of March 31, 2016 | 41,689          | 13,157          | 20.5         | 211.03               |
| As of March 31, 2015 | 11,421          | 6,923           | 59.7         | 168.03               |

(3) Consolidated cash flows

|                           | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                           | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                            |
| Year ended March 31, 2016 | 2,244                                | (18,401)                             | 18,656                               | 5,147                                      |
| Year ended March 31, 2015 | 3,103                                | (1,049)                              | (1,271)                              | 2,694                                      |

2. Cash dividends

|                                       | Annual dividends per share |                 |                 |                 |       | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
|                                       | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |                              |                                      |   |
|                                       | Yen                        | Yen             | Yen             | Yen             | Yen   | Millions of yen              | %                                    | %   |
| Year ended March 31, 2015             | –                          | 0.00            | –               | 7.00            | 7.00  | 283                          | 15.6                                 | 4.4   |
| Year ended March 31, 2016             | –                          | 0.00            | –               | 7.00            | 7.00  | 283                          | 12.5                                 | 3.7   |
| Year ending March 31, 2017 (Forecast) | –                          | 0.00            | –               | –               | –     | –                            | –                                    | –   |

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

|                                      | Net sales       |      | Operating income |      | Ordinary income |      | Profit attributable to owners of parent |      | Earnings per share |
|--------------------------------------|-----------------|------|------------------|------|-----------------|------|---|------|--------------------|
|                                      | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %    | Yen                |
| Six months ending September 30, 2016 | 12,112          | 29.9 | 1,956            | 3.0  | 2,493           | 4.2  | 1,731                                   | 8.1  | 42.69              |
| Full year                            | 24,051          | 26.1 | 3,432            | 24.5 | 4,215           | 20.1 | 2,718                                   | 20.0 | 67.03              |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

|                      |                   |                      |                   |
|----------------------|-------------------|----------------------|-------------------|
| As of March 31, 2016 | 41,887,200 shares | As of March 31, 2015 | 41,887,200 shares |
|----------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

|                      |                  |                      |                  |
|----------------------|------------------|----------------------|------------------|
| As of March 31, 2016 | 1,330,272 shares | As of March 31, 2015 | 1,330,272 shares |
|----------------------|------------------|----------------------|------------------|

Average number of shares during the period

|                           |                   |                           |                   |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2016 | 40,556,928 shares | Year ended March 31, 2015 | 40,801,154 shares |
|---------------------------|-------------------|---------------------------|-------------------|

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

|  | As of March 31, 2015 | As of March 31, 2016 |
|--|----------------------|----------------------|
| <b>Assets</b>                              |                      |                      |
| <b>Current assets</b>                      |                      |                      |
| Cash and deposits                          | 2,708,623            | 5,291,707            |
| Accounts receivable - trade                | 2,486,428            | 3,982,752            |
| Merchandise and finished goods             | 109,185              | 95,830               |
| Work in process                            | 7,784                | 31,185               |
| Supplies                                   | 12,721               | 6,770                |
| Accounts receivable - other                | 1,306,471            | 1,891,531            |
| Prepaid expenses                           | 572,957              | 685,224              |
| Deferred tax assets                        | 214,454              | 268,219              |
| Other                                      | 38,232               | 140,001              |
| Allowance for doubtful accounts            | (93,840)             | (217,510)            |
| <b>Total current assets</b>                | <b>7,363,018</b>     | <b>12,175,712</b>    |
| <b>Non-current assets</b>                  |                      |                      |
| <b>Property, plant and equipment</b>       |                      |                      |
| Buildings                                  | 208,087              | 383,400              |
| Accumulated depreciation                   | (71,655)             | (151,756)            |
| Buildings, net                             | 136,432              | 231,643              |
| Tools, furniture and fixtures              | 275,425              | 515,019              |
| Accumulated depreciation                   | (164,006)            | (366,414)            |
| Tools, furniture and fixtures, net         | 111,419              | 148,605              |
| Machinery, equipment and vehicles          | 11,871               | 110,080              |
| Accumulated depreciation                   | (3,322)              | (61,999)             |
| Machinery, equipment and vehicles, net     | 8,548                | 48,081               |
| <b>Total property, plant and equipment</b> | <b>256,400</b>       | <b>428,330</b>       |
| <b>Intangible assets</b>                   |                      |                      |
| Goodwill                                   | 1,318,296            | 12,874,322           |
| Software                                   | 730,608              | 1,335,532            |
| Trademark right                            | –                    | 10,046,813           |
| Customer-related assets                    | –                    | 3,046,910            |
| Other                                      | 50                   | 50                   |
| <b>Total intangible assets</b>             | <b>2,048,954</b>     | <b>27,303,627</b>    |
| <b>Investments and other assets</b>        |                      |                      |
| Investment securities                      | 1,240,328            | 1,025,966            |
| Deferred tax assets                        | 101,309              | 211,138              |
| Lease and guarantee deposits               | 382,489              | 516,448              |
| Other                                      | 28,629               | 28,578               |
| <b>Total investments and other assets</b>  | <b>1,752,757</b>     | <b>1,782,132</b>     |
| <b>Total non-current assets</b>            | <b>4,058,113</b>     | <b>29,514,090</b>    |
| <b>Total assets</b>                        | <b>11,421,131</b>    | <b>41,689,802</b>    |

(Thousands of yen)

|   | As of March 31, 2015 | As of March 31, 2016 |
|---|----------------------|----------------------|
| <b>Liabilities</b>                                    |                      |                      |
| <b>Current liabilities</b>                            |                      |                      |
| Accounts payable - trade                              | 131,641              | 451,116              |
| Short-term loans payable                              | 188                  | 19,002,638           |
| Accounts payable - other                              | 2,604,033            | 3,443,188            |
| Accrued expenses                                      | 207,408              | 232,160              |
| Income taxes payable                                  | 554,460              | 947,942              |
| Accrued consumption taxes                             | 371,521              | 100,331              |
| Advances received                                     | 52,158               | 1,102,636            |
| Deposits received                                     | 56,556               | 45,718               |
| Provision for bonuses                                 | 241,572              | 373,715              |
| ProvisionForRepayment                                 | 135,835              | 129,785              |
| Other   | 38,713               | 85,266               |
| <b>Total current liabilities</b>                      | <b>4,394,091</b>     | <b>25,914,499</b>    |
| <b>Non-current liabilities</b>                        |                      |                      |
| Net defined benefit liability                         | 89,634               | 111,938              |
| Deferred tax liabilities                              | –                    | 2,442,393            |
| Other   | 14,163               | 63,305               |
| <b>Total non-current liabilities</b>                  | <b>103,797</b>       | <b>2,617,637</b>     |
| <b>Total liabilities</b>                              | <b>4,497,889</b>     | <b>28,532,136</b>    |
| <b>Net assets</b>                                     |                      |                      |
| <b>Shareholders' equity</b>                           |                      |                      |
| Capital stock   | 304,166              | 304,166              |
| Retained earnings                                     | 7,249,161            | 9,145,508            |
| Treasury shares                                       | (1,036,485)          | (1,036,485)          |
| <b>Total shareholders' equity</b>                     | <b>6,516,843</b>     | <b>8,413,190</b>     |
| <b>Accumulated other comprehensive income</b>         |                      |                      |
| Valuation difference on available-for-sale securities | 10,403               | 9,888                |
| Foreign currency translation adjustment               | 287,523              | 135,593              |
| <b>Total accumulated other comprehensive income</b>   | <b>297,926</b>       | <b>145,482</b>       |
| Subscription rights to shares                         | 47,339               | 80,108               |
| Non-controlling interests                             | 61,133               | 4,518,884            |
| <b>Total net assets</b>                               | <b>6,923,242</b>     | <b>13,157,666</b>    |
| <b>Total liabilities and net assets</b>               | <b>11,421,131</b>    | <b>41,689,802</b>    |

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

|   | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|---|-------------------------------------|-------------------------------------|
| Net sales   | 15,056,370                          | 19,069,101                          |
| Cost of sales   | 1,332,631                           | 2,204,290                           |
| Gross profit  | 13,723,738                          | 16,864,810                          |
| Selling, general and administrative expenses                  | 11,644,320                          | 14,108,270                          |
| Operating income  | 2,079,418                           | 2,756,539                           |
| Non-operating income  |                                     |                                     |
| Interest income   | 5,393                               | 10,885                              |
| Interest on securities  | 398                                 | 453                                 |
| Operations consignment fee                                    | 115                                 | –                                   |
| Share of profit of entities accounted for using equity method | 413,708                             | 781,798                             |
| Consulting fee  | 157,912                             | –                                   |
| Other   | 44,351                              | 39,059                              |
| Total non-operating income                                    | 621,879                             | 832,197                             |
| Non-operating expenses  |                                     |                                     |
| Foreign exchange losses                                       | 403                                 | 35,957                              |
| Interest expenses   | 4,739                               | 35,738                              |
| Commission for purchase of treasury shares                    | 1,725                               | –                                   |
| Other   | 935                                 | 7,256                               |
| Total non-operating expenses                                  | 7,803                               | 78,952                              |
| Ordinary income   | 2,693,494                           | 3,509,785                           |
| Extraordinary income  |                                     |                                     |
| Gain on step acquisitions                                     | 185,084                             | –                                   |
| Gain on sales of investment securities                        | 1,434                               | 240,038                             |
| Total extraordinary income                                    | 186,519                             | 240,038                             |
| Extraordinary losses  |                                     |                                     |
| Loss on sales and retirement of non-current assets            | 28,282                              | 4,853                               |
| Impairment loss   | –                                   | 16,000                              |
| Loss on abolishment of retirement benefit plan                | 14,604                              | –                                   |
| Loss on valuation of investment securities                    | –                                   | 83,257                              |
| Loss on sales of investment securities                        | 12,440                              | –                                   |
| Loss on sales of shares of subsidiaries and associates        | –                                   | 18,985                              |
| Provision of allowance for doubtful accounts                  | –                                   | 50,567                              |
| Total extraordinary losses                                    | 55,327                              | 173,662                             |
| Profit before income taxes                                    | 2,824,685                           | 3,576,161                           |
| Income taxes - current  | 997,497                             | 1,265,170                           |
| Income taxes - deferred                                       | (4,602)                             | (98,415)                            |
| Total income taxes  | 992,895                             | 1,166,754                           |
| Profit  | 1,831,790                           | 2,409,406                           |
| Profit attributable to non-controlling interests              | 7,341                               | 143,893                             |
| Profit attributable to owners of parent                       | 1,824,448                           | 2,265,512                           |

## Consolidated statements of comprehensive income

(Thousands of yen)

|  | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|--|-------------------------------------|-------------------------------------|
| Profit   | 1,831,790                           | 2,409,406                           |
| Other comprehensive income   |                                     |                                     |
| Valuation difference on available-for-sale securities                                | 10,366                              | (571)                               |
| Foreign currency translation adjustment  | 270,954                             | (95,369)                            |
| Share of other comprehensive income of entities accounted<br>for using equity method | 1,933                               | 12,001                              |
| Total other comprehensive income   | 283,255                             | (83,939)                            |
| Comprehensive income   | 2,115,045                           | 2,325,467                           |
| Comprehensive income attributable to   |                                     |                                     |
| Comprehensive income attributable to owners of parent                                | 2,101,430                           | 2,113,068                           |
| Comprehensive income attributable to non-controlling<br>interests                    | 13,614                              | 212,398                             |

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Thousands of yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period  | 303,914              | 278,907         | 5,909,700         | (502,456)       | 5,990,067                  |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Issuance of new shares  | 252                  | 243             | –                 | –               | 495                        |
| Dividends of surplus  | –                    | –               | (204,753)         | –               | (204,753)                  |
| Profit attributable to owners of parent   | –                    | –               | 1,824,448         | –               | 1,824,448                  |
| Net increase (decrease) in surplus by change of consolidated scope                              | –                    | –               | (2,286)           | –               | (2,286)                    |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | –                    | (279,150)       | (277,948)         | –               | (557,099)                  |
| Purchase of treasury shares   | –                    | –               | –                 | (534,029)       | (534,029)                  |
| Net changes of items other than shareholders' equity  | –                    | –               | –                 | –               | –                          |
| Total changes of items during period  | 252                  | (278,907)       | 1,339,461         | (534,029)       | 526,776                    |
| Balance at end of current period  | 304,166              | –               | 7,249,161         | (1,036,485)     | 6,516,843                  |

|   | Accumulated other comprehensive income                |   |  | Subscription rights to shares | Non-controlling interests | Total net assets |
|---|---|---|--|-------------------------------|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                               |                           |                  |
| Balance at beginning of current period  | 9,979   | 10,933                                  | 20,912                                       | 19,513                        | 44,395                    | 6,074,888        |
| Changes of items during period  |   |   |  |                               |                           |                  |
| Issuance of new shares  | –   | –                                       | –  | –                             | –                         | 495              |
| Dividends of surplus  | –   | –                                       | –  | –                             | –                         | (204,753)        |
| Profit attributable to owners of parent   | –   | –                                       | –  | –                             | –                         | 1,824,448        |
| Net increase (decrease) in surplus by change of consolidated scope                              | –   | –                                       | –  | –                             | –                         | (2,286)          |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | –   | –                                       | –  | –                             | –                         | (557,099)        |
| Purchase of treasury shares   | –   | –                                       | –  | –                             | –                         | (534,029)        |
| Net changes of items other than shareholders' equity  | 423   | 276,590                                 | 277,013                                      | 27,826                        | 16,738                    | 321,577          |
| Total changes of items during period  | 423   | 276,590                                 | 277,013                                      | 27,826                        | 16,738                    | 848,353          |
| Balance at end of current period  | 10,403  | 287,523                                 | 297,926                                      | 47,339                        | 61,133                    | 6,923,242        |

Fiscal year ended March 31, 2016

(Thousands of yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period  | 304,166              | –               | 7,249,161         | (1,036,485)     | 6,516,843                  |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Issuance of new shares  | –                    | –               | –                 | –               | –                          |
| Dividends of surplus  | –                    | –               | (283,898)         | –               | (283,898)                  |
| Profit attributable to owners of parent   | –                    | –               | 2,265,512         | –               | 2,265,512                  |
| Net increase (decrease) in surplus by change of consolidated scope                              | –                    | –               | (23,025)          | –               | (23,025)                   |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | –                    | –               | (62,241)          | –               | (62,241)                   |
| Purchase of treasury shares   | –                    | –               | –                 | –               | –                          |
| Net changes of items other than shareholders' equity  | –                    | –               | –                 | –               | –                          |
| Total changes of items during period  | –                    | –               | 1,896,347         | –               | 1,896,347                  |
| Balance at end of current period  | 304,166              | –               | 9,145,508         | (1,036,485)     | 8,413,190                  |

|   | Accumulated other comprehensive income                |   |  | Subscription rights to shares | Non-controlling interests | Total net assets |
|---|---|---|--|-------------------------------|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                               |                           |                  |
| Balance at beginning of current period  | 10,403  | 287,523                                 | 297,926                                      | 47,339                        | 61,133                    | 6,923,242        |
| Changes of items during period  |   |   |  |                               |                           |                  |
| Issuance of new shares  | –   | –                                       | –  | –                             | –                         | –                |
| Dividends of surplus  | –   | –                                       | –  | –                             | –                         | (283,898)        |
| Profit attributable to owners of parent   | –   | –                                       | –  | –                             | –                         | 2,265,512        |
| Net increase (decrease) in surplus by change of consolidated scope                              | –   | –                                       | –  | –                             | –                         | (23,025)         |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | –   | –                                       | –  | –                             | –                         | (62,241)         |
| Purchase of treasury shares   | –   | –                                       | –  | –                             | –                         | –                |
| Net changes of items other than shareholders' equity  | (514)   | (151,929)                               | (152,444)                                    | 32,769                        | 4,457,751                 | 4,338,076        |
| Total changes of items during period  | (514)   | (151,929)                               | (152,444)                                    | 32,769                        | 4,457,751                 | 6,234,423        |
| Balance at end of current period  | 9,888   | 135,593                                 | 145,482                                      | 80,108                        | 4,518,884                 | 13,157,666       |



## Consolidated statements of cash flows

(Thousands of yen)

|  | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities   |                                     |                                     |
| Profit before income taxes   | 2,824,685                           | 3,576,161                           |
| Depreciation   | 264,081                             | 557,450                             |
| Amortization of goodwill   | 343,300                             | 425,672                             |
| Loss (gain) on sales and retirement of non-current assets                        | 28,282                              | 4,853                               |
| Impairment loss  | –                                   | 16,000                              |
| Loss (gain) on step acquisitions   | (185,084)                           | –                                   |
| Loss (gain) on sales of investment securities                                    | 12,440                              | (240,038)                           |
| Loss (gain) on valuation of investment securities                                | –                                   | 83,257                              |
| Loss on abolishment of retirement benefit plan                                   | 14,604                              | –                                   |
| Share of (profit) loss of entities accounted for using equity method             | (100,373)                           | (219,277)                           |
| Loss (gain) on sales of shares of subsidiaries and associates                    | –                                   | 18,985                              |
| Increase (decrease) in allowance for doubtful accounts                           | 44,311                              | 25,804                              |
| Increase (decrease) in provision for bonuses                                     | 58,763                              | 132,142                             |
| Increase/Decrease/In/Provision/For/Repayment/Oppe/CF                             | 18,347                              | (6,050)                             |
| Increase (decrease) in net defined benefit liability                             | (40,951)                            | 22,303                              |
| Foreign exchange losses (gains)  | 403                                 | 35,957                              |
| Decrease (increase) in notes and accounts receivable - trade                     | (565,067)                           | (262,710)                           |
| Increase (decrease) in accrued consumption taxes                                 | 281,414                             | (277,234)                           |
| Decrease (increase) in prepaid expenses  | 43,948                              | 33,585                              |
| Increase (decrease) in advances received   | (6,024)                             | (103,575)                           |
| Increase (decrease) in accounts payable - other                                  | 1,418,728                           | 243,886                             |
| Decrease (increase) in lease and guarantee deposits                              | (55,993)                            | (29,032)                            |
| Other, net   | (384,751)                           | (481,122)                           |
| Subtotal   | 4,015,065                           | 3,557,017                           |
| Interest and dividend income received  | 5,945                               | 10,669                              |
| Interest expenses paid   | (5,075)                             | (35,947)                            |
| Income taxes paid  | (912,475)                           | (1,287,252)                         |
| Net cash provided by (used in) operating activities                              | 3,103,460                           | 2,244,486                           |
| Cash flows from investing activities   |                                     |                                     |
| Payments into time deposits  | (1,356)                             | (116,512)                           |
| Purchase of property, plant and equipment  | (127,601)                           | (129,952)                           |
| Purchase of intangible assets  | (618,800)                           | (772,738)                           |
| Proceeds from sales of investment securities                                     | 8,934                               | 502,341                             |
| Purchase of investment securities  | (50)                                | (8,330)                             |
| Purchase of shares of subsidiaries and associates                                | (65,278)                            | –                                   |
| Payments of loans receivable   | (19,086)                            | (37,680)                            |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (229,989)                           | (17,907,051)                        |
| Other, net   | 3,580                               | 68,020                              |
| Net cash provided by (used in) investing activities                              | (1,049,649)                         | (18,401,902)                        |

(Thousands of yen)

|   | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from financing activities  |                                     |                                     |
| Increase in short-term loans payable  | 188                                 | 19,004,038                          |
| Proceeds from issuance of common shares   | 495                                 | –                                   |
| Purchase of treasury shares   | (534,028)                           | –                                   |
| Cash dividends paid   | (204,410)                           | (282,744)                           |
| Payments from changes in ownership interests in<br>subsidiaries that do not result in change in scope of<br>consolidation | (534,229)                           | (42,114)                            |
| Other, net  | –                                   | (22,925)                            |
| Net cash provided by (used in) financing activities   | (1,271,984)                         | 18,656,253                          |
| Effect of exchange rate change on cash and cash equivalents   | 10,506                              | (54,803)                            |
| Net increase (decrease) in cash and cash equivalents  | 792,332                             | 2,444,033                           |
| Cash and cash equivalents at beginning of period  | 1,897,846                           | 2,694,008                           |
| Increase in cash and cash equivalents from newly<br>consolidated subsidiary   | 3,828                               | 9,301                               |
| Cash and cash equivalents at end of period  | 2,694,008                           | 5,147,343                           |