



**Notes**

- (1) Application of special accounting method for preparing quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies due to revision of accounting standards, etc.: None
  - (ii) Changes in accounting policies other than (i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatements: None

(3) Number of shares issued (common stock)

- (i) Number of shares issued as of the end of period (including treasury stock)
- (ii) Number of shares of treasury stock as of the end of period
- (iii) Average number of shares during the period (cumulative)

1Q FY2018	44,737,938 Shares	FY2017	44,737,938 Shares
1Q FY2018	122 shares	FY2017	86 shares
1Q FY2018	44,737,823 shares	1Q FY2017	44,737,938 shares

\* **This Financial Summary is not subject to audits by certified public accountants or audit corporations.**

\* **Explanation of appropriate use of financial forecasts and other special notes**

- Financial forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the time of preparing this report. The Company does not guarantee that any forecasts would be met. Actual results may vary significantly from the forecasts due to a wide range of factors. For information on assumptions of the financial forecasts and matters to be heeded upon using the financial forecasts, please refer to “(3) Financial Forecasts and Other Forward-Looking Information” on page 3 of the Appendix

## 1. Qualitative Information on Quarterly Non-consolidated Financial Results

### (1) Analysis of Operating Results

During the three months ended June 30, 2018, the Japanese economy was expected to continue on a moderate recovery trend with improvements in corporate earnings as well as the employment and income environments. However, its outlook remained unclear due to the uncertainty of the overseas economies.

In the mobile phone market in which the Company conducts business activities, major telecom carriers, aiming to build long-term relationships with customers, have been implementing initiatives to strengthen their customer bases centering on service members through the improvement of services that are in line with customer needs. Meanwhile, with the announcement of the entry of a new telecommunication carrier, service competition is expected to further intensify in the market.

In such a business climate, as a result of efforts to encourage customers to replace their smartphones, unit sales of handsets increased to 600,000 (up 1.3% year-on-year). In addition to improvements in gross profit due to the price revision of certain handsets, revenue increased due to the functional expansion of the Company's unique services for smartphones. The Company also continued to secure personnel for the carrier-certified shops and reinforce its Corporate Business structure.

As a result, for the three months ended June 30, 2018, net sales were 60,332 million yen (up 8.2%), operating profit was 1,656 million (up 18.1%), ordinary profit was 1,673 million yen (up 17.2%) and profit was 1,080 million yen (up 18.7%).

#### ◆Financial results

(Million yen)

Account title	Three months ended June 30, 2017	Three months ended June 30, 2018	Year-on-year change (%)
Net sales	55,743	60,332	8.2
Operating profit	1,402	1,656	18.1
Ordinary profit	1,428	1,673	17.2
Profit	910	1,080	18.7

The financial results of each business segment were as follows.

### Consumer Business

In the Consumer Business, the Company acts as an intermediary for concluding contracts for mobile phones and other communications services, provides after-sales services and sells handsets, etc., targeting at consumer customers. In addition, the Company operates a portal site “nexi” to meet the needs of smartphone users and strengthen the relationship with them.

In the Consumer Business, sales of handsets increased steadily as more customers replaced their smartphones. At the carrier-certified shops, reservation frames for shop visits were expanded in order to shorten the customers’ waiting time at the shops, while efforts were made to encourage continued use by having customers experience various services through smartphone lessons. The Company’s unique service for smartphones, “nexiplus,” added new contents and began sales of security software for smartphones.

As a result, the financial results for the Consumer Business were 56,502 million yen in net sales (up 10.2% year-on-year) and 2,670 million yen in operating profit (up 31.0%).

#### ◆ Financial results

(Million yen)

Account title	Three months ended June 30, 2017	Three months ended June 30, 2018	Year-on-year change (%)
Net sales	51,269	56,502	10.2
Operating profit	2,038	2,670	31.0

### Corporate Business

In the Corporate Business, the Company acts as an intermediary for concluding contracts for mobile phones and other communication services, provides after-sales services and sells mobile phone handsets, etc., targeting at corporate customers. The Company also offers mobile BPO services using smartphones to corporate customers and prepaid cards to convenience stores, and provides IoT solutions.

In the Corporate Business, revenue from the sales of prepaid cards decreased due to a revision in transaction terms of last year. Revenue also decreased due to the slow start in the sales of handsets to corporate customers. Meanwhile, the Company has been reinforcing its mobile BPO services and has improved services at the mobile help desk. As for IoT solutions, the Company commenced sales of the new service, “Smart Ready IoT Solution Template,” and is now able to quickly and easily build IoT systems in line with the demands of the customers.

As a result, the financial results of Corporate Business were 3,829 million yen in net sales (down 14.4%) and 40 million yen in operating profit (down 88.6%).

#### ◆ Financial results

(Million yen)

Account title	Three months ended June 30, 2017	Three months ended June 30, 2018	Year-on-year change (%)
Net sales	4,473	3,829	(14.4)
Operating profit	350	40	(88.6)

## (2) Analysis of Financial Position

### Status of Assets, Liabilities and Net Assets

#### (Assets)

Current assets decreased by 15,717 million yen from the end of the previous fiscal year to 62,977 million yen. This was mainly due to the decrease in notes and accounts receivable-trade by 10,547 million yen, the decrease in accounts receivable-other by 3,068 million yen and the decrease in cash and deposits by 2,236 million yen.

Non-current assets decreased by 79 million yen from the end of the previous fiscal year to 20,633 million yen. This was mainly due to the decrease in the right of carrier shop management by 166 million yen and the increase in investments and other assets by 111 million yen.

As a result, total assets decreased by 15,797 million yen from the end of the previous fiscal year to 83,610 million yen.

#### (Liabilities)

Current liabilities decreased by 15,551 million yen from the end of the previous fiscal year to 40,089 million yen. This was mainly due to the decrease in accounts payable-trade by 8,650 million yen, the decrease in accounts payable-other by 3,451 million yen, the decrease in income taxes payable by 1,862 million yen and the decrease in provision for bonuses by 1,378 million yen.

Non-current liabilities increased by 234 million yen from the end of the previous fiscal year to 5,826 million yen. This was mainly due to the increase in provision for retirement benefits by 124 million yen and the increase in asset retirement obligations by 113 million yen.

As a result, total liabilities decreased by 15,317 million yen from the end of the previous fiscal year to 45,916 million yen.

#### (Net assets)

Total net assets decreased by 480 million yen from the end of the previous fiscal year to 37,694 million yen. This was mainly due to the increase as a result of the recognition of profit of 1,080 million and the decrease as a result of the dividend payment of 1,565 million yen.

As a result, the Company's equity ratio was 45.1%.

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019, and comparisons and analyses with the previous fiscal year are conducted using quantities to which the said Standard has been retrospectively applied.

## (3) Financial Forecasts and Other Forward-Looking Information

During the three months Ended June 30, 2018 under review, the following percentages of forecasts were met: 22.3% of net sales; 16.2% of operating profit; 16.3% of ordinary profit; and 16.0% of profit. At this stage, no changes have been made to the full-year financial forecasts announced on May 1, 2018. The Company will properly disclose any changes made to the forecasts in the future.

## 1 Quarterly Non-Consolidated Financial Statements

### (1) Quarterly Non-Consolidated Balance Sheets

	(Million yen)	
	As of March 31,2018	As of June 30,2018
<b>Assets</b>		
Current assets		
Cash and deposits	7,606	5,369
Notes and accounts receivable - trade	48,934	38,386
Merchandise and finished goods	8,900	8,872
Accounts receivable - other	12,188	9,120
Deposits paid	215	200
Other	856	1,031
Allowance for doubtful accounts	(6)	(4)
Total current assets	78,694	62,977
Non-current assets		
Property, plant and equipment	4,368	4,408
Intangible assets		
Goodwill	1,621	1,590
The right of carrier shop management	9,650	9,484
Other	354	321
Total intangible assets	11,626	11,395
Investments and other assets	4,717	4,828
Total non-current assets	20,713	20,633
Total assets	99,407	83,610
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	22,441	13,790
Accrued agency commission	9,673	8,922
Accounts payable - other	12,100	8,649
Income taxes payable	2,599	736
Provision for bonuses	3,412	2,034
Provision for directors' bonuses	21	4
Other	5,391	5,951
Total current liabilities	55,640	40,089
Non-current liabilities		
Provision for retirement benefits	4,888	5,012
Asset retirement obligations	485	598
Other	219	215
Total non-current liabilities	5,592	5,826
Total liabilities	61,233	45,916

	(Million yen)	
	As of March 31,2018	As of June 30,2018
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	585	585
Retained earnings	34,592	34,107
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>37,956</b>	<b>37,471</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	218	223
<b>Total valuation and translation adjustments</b>	<b>218</b>	<b>223</b>
<b>Total net assets</b>	<b>38,174</b>	<b>37,694</b>
<b>Total liabilities and net assets</b>	<b>99,407</b>	<b>83,610</b>

**(2) Quarterly Non-Consolidated Statements of Income**

**First quarter cumulative period**

	(Million yen)	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	55,743	60,332
Cost of sales	44,427	48,336
Gross profit	11,315	11,995
Selling, general and administrative expenses	9,913	10,338
Operating profit	1,402	1,656
Non-operating income		
Dividend income	1	1
Support money of store move etc income	19	15
Reversal of allowance for doubtful accounts	1	2
Other	8	7
Total non-operating income	31	26
Non-operating expenses		
Interest expenses	1	—
Loss on sales and retirement of non-current assets	1	3
Rent expenses on real estates	2	1
Loss on cancellation of contracts	—	4
Other	0	0
Total non-operating expenses	5	9
Ordinary profit	1,428	1,673
Extraordinary income		
Gain on sales of non-current assets	0	—
Other	—	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	7	2
Impairment loss	13	22
Loss on closing of stores	6	12
Total extraordinary losses	27	36
Profit before income taxes	1,400	1,636
Income taxes - current	540	644
Income taxes - deferred	(50)	(88)
Total income taxes	489	555
Profit	910	1,080



**(Additional Information)**

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019. As a result, deferred tax assets are classified as “Investments and other assets” and deferred tax liabilities are classified as “Non-current liabilities,” respectively.