Financial Results (Consolidated) for Fiscal Year of 2014

January 29, 2015

Corporate Name:	ValueCommerce Co., Ltd.	Listed: TSE 1st section
Ticker Symbol:	2491	URL: http://www.valuecommerce.com/ir/
Representative:	Representative Director, President and CEO	(Name) Jin Kagawa
Contact person:	Director of the Board, CFO	(Name) Masatomo Endo TEL: 81 3 4590 3600

Scheduled date of commencement of dividend payment:	March 11, 2015
Scheduled date of ordinary shareholders' meeting:	March 26, 2015
Scheduled date of filing the securities report:	March 27, 2015
Results supplementary materials to be created:	Yes
Scheduled date of an explanatory presentation to investors:	January 30, 2015

(Amounts less than one million yen rounded down)

1. Consolidated Operating Results for the Fisal Year Ended Dec. 31 2014 (Jan. 1 to Dec. 31, 2014)

(1) Consolidated Operating Results (Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2014	13,373	11.3	1,515	13.0	1,647	8.3	958	△0.6
FY2013	12,013	26.4	1,340	48.2	1,521	43.9	964	54.2

(Note) Comprehensive income: Year ended December 31, 2014 : 969 million yen, △0.8%
Year ended December 31, 2013 : 977 million yen, 56.3%

	Basic EPS (Earnings per share)	Diluted EPS (Diluted Earnings per share)	ROE (Return on Equity)	ROA (Ratio of ordinary income to total assets)	Operating profit margin
	Yen	Yen	%	%	%
FY2014	28.86	28.70	18.4	18.5	11.3
FY2013	29.09	28.87	21.2	19.2	11.2

(Reference) Equity in earnings/loss of an affiliate: Year ended December 31, 2014 : 115 million yen
Year ended December 31, 2013 : 193 million yen

(Note) The Company split one share of its common stock into 100 shares effective on July 1, 2013 and one share of its common stock into 2 shares effective on October 1, 2013. Following on this, basic EPS and diluted EPS are calculated on the assumption that stock splits were executed at the beginning of FY2013.

(2) Consolidated Financial Positions

	Total assets	Net worth	Equity ratio	Book-value per share
	Million Yen	Million Yen	%	Yen
As of December 31, 2014	9,131	5,559	60.4	166.06
As of December 31, 2013	8,639	4,946	57.0	148.41

(Reference) Owners' equity: As of December 31, 2014 : 5,515 million yen
As of December 31, 2013 : 4,926 million yen

(3) Consolidated Cash Flows

	Operating cash flows	Investing cash flows	Financing cash flows	Ending cash balance
	Million Yen	Million Yen	Million Yen	Million Yen
FY2014	1,037	△457	△380	4,742
FY2013	956	△343	△197	4,541

2. Dividends

	Dividend per share					Total dividend amount	Payout ratio (Consolidated)	Dividend on Equity(DOE) (Consolidated)
	Q1	Q2	Q3	Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2013	—	600.00	—	6.50	—	315	32.7	6.9
FY2014	—	5.00	—	6.00	11.00	365	38.1	7.0
FY2015 (Forecast)	—	4.00	—	6.00	10.00		32.2	

(Note) 1. The Company split one share of its common stock into 100 shares effective on July 1, 2013 and one share of its common stock into 2 shares effective on October 1, 2013. FY2013 interim dividend per share is indicated before consideration of the influence of stock splits.

3. Consolidated Operating Forecast for the Fiscal Year Ended Dec. 31, 2015 (Jan. 1 to Dec. 31, 2015)

(Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income		Basic EPS (Earnings per share)
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Q1-Q2(cumulative) FY2015	7,350	17.3	630	△23.9	670	△25.8	430	△16.0	12.95
FY2015	15,900	18.9	1,520	0.3	1,590	△3.5	1,030	7.5	31.01

※ Notes

(1) Significant changes in scope of consolidation during this year: Yes
Excluded : Valuecommerce International Limited

(2) Changes in accounting policies and accounting estimates, retrospective restatement

1. Changes in accounting policies due to amendment of accounting standards, etc. : No
2. Changes in accounting policies other than 1. : No
3. Changes in accounting estimates : No
4. Retrospective restatement : No

(3) Number of shares issued (Common stock)

	as of December 31, 2014	as of December 31, 2013
1. Common stock (including treasury stock)	34,471,000 shares	34,471,000 shares
2. Treasury stock	1,255,800 shares	1,277,800 shares
3. Average number of shares issued	33,211,458 shares	33,147,081 shares

(Note) The Company split one share of its common stock into 100 shares effective on July 1, 2013 and one share of its common stock into 2 shares effective on October 1, 2013. Following on this, number of shares issued (Common stock) are calculated on the assumption that stock splits were executed at the beginning of FY2013.

(Reference)

(1) Separate Operating Results (Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2014	13,373	11.3	1,515	13.0	1,565	15.0	876	8.1
FY2013	12,013	26.4	1,340	48.2	1,361	44.2	810	58.5

	Basic EPS (Earnings per share)	Diluted EPS (Earnings per share diluted)
	Yen	Yen
FY2014	26.39	26.24
FY2013	24.46	24.28

(Note) The Company split one share of its common stock into 100 shares effective on July 1, 2013 and one share of its common stock into 2 shares effective on October 1, 2013. Following on this, basic EPS and diluted EPS are calculated on the assumption that stock splits were executed at the beginning of FY2013.

(2) Separate Financial Position

	Total assets	Net worth	Equity ratio	Book-value per share
	Million Yen	Million Yen	%	Yen
As of December 31, 2014	8,693	5,121	58.4	152.87
As of December 31, 2013	8,284	4,591	55.2	137.71

(Reference) Owners' equity: As of December 31, 2014 : 5,077 million yen
As of December 31, 2013 : 4,571 million yen

* Audit

This filing is not subject to the audit procedures under the Financial Instruments and Exchange Act. The audit procedures for the consolidated financial statements are being applied at the time of disclosure of this outline.

* Note on proper use of the earnings outlook and other special notes

(Note on description about outlook in the future)

This filing contains an earnings outlook and other forward-looking statements. They are based on information currently available to the Company and on certain assumptions we deem reasonable. They are not intended to constitute the Company's guarantee that the outlook and statements will be realized. The actual results may differ materially from those described in this filing due to various factors. For the assumptions for the earnings outlook and notes on use of the earnings forecast, please refer to "(1) Qualitative Information about Analysis of Operating Results" in "1. Qualitative Information Concerning Consolidated Business Results" on page 2 of the Accompanying Materials.

(Method to reach supplementary materials and contents of explanatory presentation)

The company schedules to hold an explanatory presentation to investors on January 30, 2015. The supplementary materials on financial results will be posted on the company's website soon after the presentation meeting.

1. Qualitative Information Concerning Consolidated Business Results

(1) Analysis of Operating Results

During the consolidated fiscal year under review, the Japanese economy showed the influence of weak yen and high stock price by prime minister Abe's strategy and contracted due to drop in consumer demand after April as the reaction of surge in demand before consumption tax hike. Decrease of substantial disposal income by consumption tax hike and rising price was also the factor which restrained consumer spending and slowed down the pace of economic recovery in the latter half year, which expected the gradual recovery of domestic economy.

In these circumstances, promotions via smartphone increased with the spread of smartphone at the internet advertising market, and pulled the market. In addition, the change of consumer behavior boosted the needs of marketing connecting the internet and brick-and mortal stores seamlessly.

The Group develops affiliate marketing services business, pay-per-performance Internet ad distribution service, as its principal business. In the affiliate marketing services, the Company made efforts to improve its system usability by providing the simple and speedy way of on-line application, examination and distribution for new clients of on-line marketing, as well as focus on consulting service for existing big account advertisers. In the storematch services business, the Company seeks further improvement of its operation by expanding "Display Ad", service for Yahoo! Shopping, the publisher. The Company also launched new media service and ad distribution service for smartphone in the consolidated fiscal year, aiming early monetization of these new services.

June : "TOKUSURU mall"
- Online mall by SoftBank Mobile Corp.
- When users purchase or install apps on TOKUSURU mall, they earn discounts that can be applied toward their monthly mobile phone charges.
- The Company developed the its system and operates service

October : "ADPRESSO"
- Pay-per-performance Internet ad distribution service for smartphone, enables to maximize efficiency for advertisers and profitability for publishers.

December : "Gift Smart"
- Social gifting service, easy to send gift via SNS or smartphone

In these circumstances, consolidated operating results for the fiscal year under review (from January 1, 2014 to December 31, 2014) were as follows.

Revenues were JPY 13,373,210 thousand (up 11.3% Y/Y), securing a Y/Y increase. Operating income was JPY 1,515,412 thousand (up 13.0% Y/Y) due to saved SG&A expenses. Ordinary income was JPY 1,647,651 thousand (up 8.3% Y/Y) by recognizing equity in earnings of an affiliate under non-operating income. Income before income tax was JPY 1,527,525 thousand (up 0.4% Y/Y) due to the recording JPY 106,566 thousand of expense on head office relocation under extraordinary losses. Net income was JPY 958,569 thousand (down 0.6% Y/Y) due to the recording income taxes.

Results by segment are as follows and,

a. Affiliate Marketing Service

For the consolidated fiscal year under review, sales in shopping and travel sectors were brisk while the specific financial sector's big account advertiser shrunk its budget for ad after the second quarter. Also revenue and cost of revenue increased by JPY 748,811 thousand respectively due to the switches of some contracts from ASP service, which records revenue at net, to consulting service, which records revenue at gross, corresponding to the nature of services provided. This segment attained revenues of JPY 12,126,103 thousand (up 11.4% Y/Y) and segment operating income of JPY 1,848,623 thousand (up 13.0% Y/Y).

b. Storematch Services

For the consolidated fiscal year under review, "Display Ad", service for Yahoo! Shopping is expanded. This segment attained revenues of JPY 1,247,106 thousand (up 10.9% Y/Y), and segment operating income of JPY 180,461 thousand (up 113.4% Y/Y).

Regarding the outlook for the next fiscal year, though there is anxiety that price increase by continued weak yen basis restrains consumer spending, influence by increased consumption tax will set at ease and Japanese economy is expected to change steadily.

As a pillar of growth strategy following the affiliate marketing service business, the principal service, the Group established two new divisions effective on January 1, 2015; Ad Network Division to accelerate and promote profitability of "ADPRESSO" which is ad distribution service for smartphone launched in October 2014 and Media Development Division to promote profitability of the Group's owned media. The Group aims continuous business improvement by pursuing mutual synergy among affiliate marketing, ad network, media development and business development.

Though the Group develops affiliate marketing services business as its principal business and its revenue is increasing as some contracts have switched from ASP service, which records revenue at net, to consulting service, which records revenue at gross, corresponding to the nature of services provided. Also, in this business, ad distribution cost in financial sector tends to increase in recent years. As the percentage of financial sector in this business is high, this is one of the factor that profit is hard to increase compared to revenue, and this tendency will continue in the future. To take measures to cope with this situation, the Group will maximize profitability other than financial sector while maintaining profit by lowering ad distribution cost in financial sector.

In addition, for future growth, the Group will develop technology, early monetization of new service and investment for globalization.

For the consolidated earnings outlook for the next fiscal year, the Group forecasts revenues of JPY 15,900 million (up

18.9% Y/Y), operating income of JPY 1,520 million (up 0.3% Y/Y), ordinary income of JPY 1,590 million (down 3.5% Y/Y), and net income of JPY 1,030 million (up 7.5% Y/Y).

(Note) The forecasts and other forward-looking statements contained in this report are based on information currently available to management, and various factors may cause actual results to differ materially from these estimates.

(2) Analysis of Financial Positions

1. The status of assets, liabilities and net worth

(Assets)

At the end of the consolidated fiscal year under review, total assets stood at JPY 9,131,240 thousand, increased by JPY 491,874 thousand from the end of the preceding consolidated fiscal year.

Current assets stood at JPY 7,559,661 thousand, increased by JPY 145,823 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in cash and cash equivalents of JPY 200,554 thousand and in notes and accounts receivable of JPY 185,536 thousand despite of a decrease in accrued receivable of JPY 179,487 thousand.

Noncurrent assets stood at JPY 1,571,578 thousand, increased by JPY 346,050 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in investment securities of JPY 402,678 thousand.

(Liabilities)

At the end of the consolidated fiscal year under review, total liabilities stood at JPY 3,571,407 thousand, decreased by JPY 121,307 thousand from the end of the preceding consolidated fiscal year.

Current liabilities stood at JPY 3,462,025 thousand, decreased by JPY 94,113 thousand from the end of the preceding consolidated fiscal year, mainly due to a decrease in accrued payable of JPY 396,742 thousand and in income taxes payable of JPY 142,500 thousand despite of an increase in accounts payable of JPY 401,247 thousand.

Noncurrent liabilities stood at JPY 109,381 thousand, decreased by JPY 27,194 thousand from the end of the preceding consolidated fiscal year, maily due to a decrease in guarantee deposits received of JPY 25,608 thousand.

(Net worth)

At the end of the consolidated fiscal year under review, net worth stood at JPY 5,559,832 thousand, increased by JPY 613,181 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in retained earnings of JPY 958,569 thousand resulting from net income despite of a decrease in retained earnings of JPY 381,831 thousand resulting from dividend payment.

2. Cash Flows

At the end of the consolidated fiscal year under review, the balance of cash and cash equivalents stood at JPY 4,742,365 thousand, increased by JPY 200,554 thousand from the end of the preceding consolidated fiscal year.

The cash flows during the consolidated fiscal year under review and their causes are as follows.

(Operating Cash Flows)

Net cash generated by operating activities amounted to JPY 1,037,381 thousand (compared to net cash of JPY 956,654 thousand generated in the preceding fiscal year), mainly due to income before income tax of JPY 1,527,525 thousand. Positive factors include an increase in account payable of JPY 401,247 thousand and a decrease in accrued receivable of JPY 179,487 thousand. Negative factors include income taxes paid of JPY 619,536 thousand, an increase in account receivable of JPY 185,536 thousand and a decrease in accrued payable of JPY 399,687 thousand.

(Investing Cash Flows)

Net cash used for investing activities amounted to JPY 457,852 thousand (compared to net cash of JPY 343,705 thousand used in the preceding fiscal year), mainly due to purchase in tangible assets, in intangibles assets and payment for investment securities of JPY 32,948 thousand, JPY 131,172 thousand and JPY 327,414 thousand, respectively.

(Financing Cash Flows)

Net cash used for financing activities amounted to JPY 380,096 thousand (compared to net cash of JPY 197,777 thousand used in the preceding fiscal year), mainly due to dividend payment of JPY 380,561 thousand.

Cash flow indicators

	FY2010	FY2011	FY2012	FY2013	FY2014
Shareholders' equity ratio (%)	66.3	64.3	57.3	57.0	60.4
Shareholders' equity ratio based on market prices (%)	84.4	59.2	112.2	496.8	224.8

(Notes)
1. The formulas for the indicators above are as follows.
   Shareholders' equity ratio: Shareholders' equity/Total assets
   Shareholders' equity ratio based on market prices: Market capitalization/Total assets
2. Market capitalization is calculated by multiplying the share price at the end of the period by the number of shares issued and outstanding at the end of the period, after the deduction of treasury stock.
3. The cash flow to debt ratio and interest coverage ratio has been omitted since there has been no interest bearing debt or interest payment.
4. All indicators are calculated based on consolidated figures.

(3) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company considers returning profits to its shareholders as one of its most important managerial issues. Our policy is to pay dividends in accordance with our performance, while maintain certain retained earnings used for investments for our future growth, and we have established a consolidated payout target of 30% or higher.

The Company set its basic policy to pay the dividend twice a year, interim and year-end dividend. The articles of incorporation of the company provide that the meeting of Board of Director of the Company is authorized to resolve the payment of dividends in accordance with the provision of paragraph (1) of Article 459 of the Companies Act.

For the fiscal year, according to our policy above, the Company paid interim dividends of JPY 5.00 per share based on consolidated operating forecast published on January 29, 2014. For year-end dividends, though net income has not achieved that of consolidatd operating forecast, the Company plans to pay year-end dividends of JPY 6.00 per share, resulting 38.1% of payout ratio.

For the next fiscal year, under this policy, the Company plans to pay interim dividends of JPY 4.00 per share and year-end dividends of JPY 6.00 per share, resulting 32.2% of payout ratio.

(4) Risk Factors

The risk factors associated with the Group's businesses are described below. In addition to business risks, we present the factors we consider important for investors when making their investment decisions.

The Group, the Company and its consolidated subsidiary, is aware of the following risks and will seek to avoid generation of risks or deal with existing risks. We ask our investors to make their investment decisions regarding the Company's stock after considering the factors below and other matters. Please note that the list of risk factors below is not necessarily an exhaustive list of all risks associated with investing in the Company's stock.

The forward-looking statements included in the descriptions below reflect the judgments the Group has made based on the information available as of the date of publication of these financial results, unless otherwise specified.

1. Business environment

(1) E-commerce market

The Group's businesses include services to help advertisers, our clients, effectively engage in E-commerce and online marketing, and are correlated with the expansion of the E-commerce market. We expect the E-commerce market to continue to expand. However, if companies' commercial use of the Internet does not increase as expected, or if the number of users, or the merchandise volume, does not expand as expected, the Group's results could be significantly affected.

(2) Trends in the Internet advertising market

The Group provides online marketing services, including pay-per-performance Internet ad distribution service on the Internet, and are correlated to the expansion of the online ad market. Although the online ad market is expanding, the advertising market is susceptible to the business environment. The adverse effect of a decline in aggregate ad spending in the online ad market due to volatile business conditions could significantly affect the Group's results.

(3) Consumer behavior

The Group provides services primarily to support B-to-C E-commerce, and its businesses follow trends in consumer spending. It is generally believed that there will be a surge in demand before the consumption tax hike and a drop in demand after that. These consumption trends could affect the Group's performance in the short term.

A decline in consumer spending as a result of the additional increase of the consumption tax could lead to long-term stagnation in the domestic market. Sluggish growth in the domestic E-commerce market and online ad market due to this stagnation could significantly affect the Group's results.

(4) Legal restrictions

The Group has not seen any particular legal regulations that would have a significant effect on the Group's businesses. However, if any laws, administrative guidance, or other regulations for Internet users and businesses are enacted that would restrict the use of the Internet for commercial or advertising purposes, the Group's businesses and results could be significantly affected.

If the technologies, including cookies, that the Company's network uses to distribute ad, track orders, and prevent irregular practices are regulated and restricted, a large investment would be required to develop alternative methods, which could significantly impact the Group's performance.

2. Business characteristics

(1) Competition

The Group expects competition to intensify in the online ad market due to the development of new technologies and the entry of new companies into the market, among other factors. The Group will seek to increase its competitiveness by developing new functions and business alliances. However, if the Group cannot attain a sufficient competitive advantage by differentiating itself from the competitors, which could have a significant adverse effect on the Group's results.

(2) Changing business models

Technologies and business models are changing rapidly in the online ad market so that new business models using smartphones and tablet computers have become popular in recent years. To maintain a certain level of service as an Internet business provider, the Group must make an effort to respond to technological innovations and change its business models in a flexible manner. However, a failure to respond to changes or a failure to adopt or effectively apply in a timely manner the new technologies and business models necessary to improve the Group's services or to launch new services could have a significant impact on results.

(3) Systems

Maintaining stable system operation is necessary for the Group's businesses, and the Group conducts routine maintenance. The Group continuously makes capital expenditures and reviews the configuration of its systems in anticipation of the demand for its services. However, a failure of one of the Group's mission-critical systems or the temporary inability to provide services due to a delay in a system's response time, equipment failure, manmade disaster, accident, or other reasons could significantly affect the Group's performance.

(4) Dependence on external environments and technologies

In providing its services and support, the Group uses systems created by third parties and external infrastructure. The Group's systems only work if the third-party systems employed by the users of the Group's services work properly. A failure in the external environment could have a material effect on the Group's businesses.

(5) Harmful websites (antisocial websites, including websites associated with malicious business practices and solicitations)

The Group approves the use of its affiliate marketing program only if participants vow to comply with laws and regulations as well as the Group's bylaws. The Group also checks the content of participant websites, primarily to determine whether the websites are antisocial, whether they have violated laws, and whether they include expressions pertaining to a guarantee of client action. If the Group finds that any of its bylaws have been violated, it asks participants to correct the violation(s). If participants do not correct the violations, the Group removes them from the program. However, it is hard to guarantee that all participating websites will be exhaustively monitored. Failure to prevent illegal activities, such as the promotion of illegal products, exaggerated advertising claims, solicitations for high-yield financial products, and malicious solicitations, and to ensure a sound affiliate network, which is indispensable to the Group's services, could adversely affect confidence in the Group and the Group's performance as a result.

(6) Information security

The Group's marketing capacity, backed by its network connecting advertisers and publishers and the data that it has accumulated, adds value to its services. The Group's biggest asset is information, and the Group has made ensuring information security one of its priorities. The Group has a huge amount of information assets connected with its services. To manage these information assets properly, the Group has established a basic information security policy, and the information security manager strives to regularly and efficiently evaluate and optimize information security. However, information assets could be leaked by contractors or persons related to the Group, either intentionally or by error, or because of malicious attacks by third parties. Information leaks could reduce confidence in the Group, its image, or its competitiveness and occur a cost of a large amount for compensation for damages and security system repair, which in turn could significantly affect the Group's businesses and results.

(7) Personal information management

In providing its services, the Group obtains personal information through its advertisers, publishers and users. The Group strives to protect personal information, obtaining a Privacy Mark certificate (granted by the Japan Information Processing Development Corporation [JIPDEC], an affiliate of the Ministry of Economy, Trade and Industry, to enterprises that take appropriate steps to protect personal information), and establishing and complying with the Company privacy policy. However, information leaks or the inappropriate processing of personal information due to malicious attacks or errors by contractors or persons related to the Group, or attacks by a malicious third person and/or unforeseen situation could reduce confidence in the Group, its image, or its competitiveness and occur a cost of a large amount for compensation for damages and security system repair, which in turn could significantly affect the Group's businesses and results.

(8) Intellectual property rights

The Group regularly applies for and acquires patents for the technologies and business models that constitute the basis of its services, and has registered trademarks both in Japan and abroad. However, it is not certain that the Group will be able to obtain rights it does not have. If Japanese or foreign businesses acquire patents or other intellectual property rights in the Group's business domains, that could lead to lawsuits or complaints against the Group depending on its contents, which in turn could have a significant adverse effect on the Group's businesses and results.

The Group is always careful to avoid infringing on the intellectual property rights of other parties. However, it is hard to keep abreast of all intellectual property rights in the Group's business domains. If the Group infringes on the intellectual property rights of other parties, they could demand damages or injunctions against its use of these rights, which in turn could have a significant adverse effect on the Group's businesses and results.

(9) Natural disasters, infectious disease outbreaks, accidents, and emergency situations

The Group's human and physical resources are concentrated in Tokyo, and are vulnerable to natural disasters, including large earthquakes and fires, as well as damage to tangible assets from natural disasters, blackouts, and line failures. The Group is preparing a physical environment to withstand damage and ensure the lives and safety of all officers and employees. The Group is also taking Group-wide steps to prevent sickness from infectious diseases and to continue its important operations. However, if the Group cannot ensure normal business operations or restore things to normal due to unexpected disasters, that could affect the Group's business continuation and results.

Accidents caused by international conflicts or phenomena besides natural disasters, incidents, and terrorism could interrupt or suspend business, which in turn could impact the Group's businesses and results.

(10) Organizational structure and human resources

To expand operations and respond to the diversification of stakeholders' needs, the Group aims to improve its personnel distribution, organizational structure, and internal control system. In the meantime, the Group needs to secure excellent human resources in a timely manner to facilitate operations for further growth.

However, if the Group cannot recruit or cultivate competent human resources as expected or if key persons leave the Group that could generate problems in the Group's operations and have a significant adverse impact on the Group's businesses and results.

(11) Internal control

Our Group is striving for strengthening of an internal control system in order to prevent a bad influence to business operation by human error due to occupational cases or a dishonest act of the internal persons concerned, etc. Also, an Internal Control Office evaluates an internal control system and the execution situation of business, and is performing the concrete advice towards an improvement of business. However, in case that the problem of business operation occurs according to an unforeseen situation, the business and achievements of our Group may be affected.

3. Strong dependence on specific businesses

The Group provides high-quality services, focusing on Internet ads distribution service as its revenue base. The Group seeks to expand revenues primarily through its Affiliate Marketing Service Business and Storematch Service Business. However, the Group highly dependending on affiliate marketing service business. Changes in the E-commerce business environment, tightening legal restrictions, system failures, and other rapid changes in the Internet business environment could impede the growth of the Group's businesses, which in turn could significantly affect the Group's performance.

4. Relationships with business connections

(1) Capital and business alliance with Yahoo Japan Corporation

Yahoo Japan Corporation holds 50.54% of the Company's voting rights as of December 31, 2014, and is the Company's parent company. The Company has formed a capital and business alliance with Yahoo Japan Corporation principally to expand operations by strengthening its business ties. The Company's policy for doing business with Yahoo Japan Corporation is to increase profits for both companies.

The Company achieves synergies by linking its services to their businesses, including the shopping business. However, because of this relationship, the Company's services partly depend on their businesses, and if a competition problem arises within the Yahoo Group in the businesses the Company engages in, if Yahoo Japan Corporation changes its management policy in relation to the Company, or if the alliance cannot be sustained for other reasons, it could have a significant impact on the Group's businesses and results.

Reference of the relations with Yahoo Japan Corporation are as below;

[1] Business relations with Yahoo Japan Corporation

Yahoo Japan Corporation is an advertiser in the Group's affiliate marketing service as well as an publisher. Yahoo! Shopping, run by Yahoo Japan Corporation, is one of the main locations the Group places advertisements in its Storematch Service.

Also, there's real estate lease dealings with Yahoo Japan Corporation according to the office relocation.

[2] Personnel relations

As of the submission date of this filing, 2 out of 5 directors and 1 out of 4 statutory auditors from Yahoo Japan Corporation are appointed. They are expected to use their considerable experience to ensure fair decision-making by the Board of Directors. Name of director or auditor and their titles at the Company and at Yahoo Japan Corporation as of December 31, 2014 are shown below.

Title at the Company	Name	Title at Yahoo Japan Corporation
Outside director	Koichiro Tanabe	General Manager of Marketing Solution Company Partner Sales division
Outside director	Shingo Inoue	General Manager of Marketing Solution Company Business Development division
Outside statutory auditor	Shingo Yoshii	Standing statutory auditor (Outside)

As of December 31, 2014, the Company has 1 employee on loan from Yahoo Japan Corporation and has dispatched 3 employees to Yahoo Japan Corporation.

(2) Major advertisers and publishers

The Group is seeking to acquire new clients so it won't depend too storongly on specific industries and advertisers. However, the Group is striving to improve its results by providing a consulting service for those advertisers it has a good and stable relationship with, using the experience and achievements the Group has accumulated and, as a result, sales from certain advertisers such as financial sector could account for a greater percentage of total revenues. Changes in the business strategies or financial situation of these advertisers, or their policies regarding transactions with the Group, could have a significant influence on the Group's results.

Despite maintaining its relationships with those publishers that can attract a lot of clients and that have strong advertising, changes in the business strategies or financial situation of these publishers, or their policies regarding transactions with the Group, could have a significant influence on the Group's results.

5. Future business expansion

(1) Risks associated with investing in/loaning to and developing new businesses

To expand its businesses, the Group could establish subsidiaries and joint venture companies or acquire other companies in Japan or overseas. Investments and loans for these activities could be large compared with the Group's current scale of operations. If the Group initiates new businesses, it might not develop them as planned due to unexpected factors. These situations could have a significant influence on the Group's businesses and results. It is hard to accurately estimate the effect on the Group of the status of the businesses the Group has invested in/loaned to, or the effect on the Group of new businesses. The Group may not recoup its investments or loans due to unexpected circumstances, which could significantly affect the Group's results.

(2) Risks associated with the development of global operations

The Group's business model could not only be adopted in Japan, but also overseas. If specific global businesses do not progress as expected, that could have a significant effect on the Group's results.

(3) Risks related to financing

To expand its businesses, the Group must meet the financial requirements for capital expenditures and the development of new technologies. The Group will mitigate risks by diversifying its fund-raising methods, including capital market financing. If the Group cannot raises funds due to changing circumstances, that could have a significant impact on the Group's results.

6. Other

(1) Dividend policy

The Company considers returning profits to its shareholders as one of its most important managerial issues. Our policy is to pay dividends in accordance with our performance, while maintaining certain retained earnings used for investments for our future growth, and we have established a consolidated payout target of 30% or higher. However, there's a possibility not to be achieved the target payout ratio due to the drastical change of business environment.

(2) Stock dilution due to the exercise of stock options

To motivate its directors and employees to increase the Company's enterprise value in the long term, the Company grants stock options. The number of shares underlying these stock options was 1,155,400 as of December 31, 2014, which is 3.35% of the total number of issued shares of 34,471,000. In case that the existing granted stock options have allocated from treasury stock or new shares are issued by the stock options possible to be granted in the future, the total number of issued shares will increase, and the stock value per share will be diluted. This dilution of the stock value could affect the stock price.

2. Management Policy

(1) Basic Management Policy of the Company

The internet advertising market where the Group develops its business are being evolved at an astonishing speed on the background of the E-commerce market which keeps expanding. Online and off-line connect seamlessly, a new business model is generated one after another and is also accelerating globalization in a market. The Company will always challenge innovation and focus on diversification of service to keep growing for the future in such market and to keep providing high-quality and effective service to a customer.

Slogan :	Your Success is Our Value.
Mission :	To create new value by Information technology
Vision :	To be the best performance marketing company representing Japan
Core Value :	Pursue, Challenge, Speed, Enjoy

(2) Targeted Performance Indicators

The Group values management efficiency, and plans to work on improving the sales growth rate, the operating profit groth rate, the operating margin and ROE, as well as short-term liquidity. In regards to operational indicator, the Group also targets increases in the number of advertisers, publishers and conversions as key performance indicators, since expansion in the ad distribution network between advertisers and publishers, and growth in conversions are important factors to construct the sales and profits.

(3) Medium- and Long-Term Business Strategy

The Group aims to achieve medium- and long-term growth by focusing limited management resources on areas of growth through a process of selection and concentration and strengthening its business base. Based on "Data Solutions" which utilizes accumulated marketing data for new service, the Group will focus on three business domains as follows;

- Ad Business	As well as reinforce affiliate marketing services and Storematch services, expand "ADPRESSO", ad distribution service for smartphone launched in October 2014.
-Media Business	Provide utilized service for customer by operating own media and coodinating ad business.
-New Business	Pursue a broad range of growth opportunities both in domestic and in abroad, and work on creation of new businesses with synergy from existing business.

(4) Issues to be addressed by the Company

[1] Expansion of ad distribution network for smartphone

The Group correspond to full advertisement demand by expanding ad distribution space for smartphone with increase of the number of publishers and tie-up networks, and will link this with improvement in results. While, the Group will make efforts toward quality maintenance of ad distribution network.

[2] Increase in the number of affiliate users

In ASP services, the Group will seek an increase in the number of users by making efforts toward the improvement of usability to provide the application, examination and distribution speedily online, and will link this with improvement in results.

[3] High levels of customer satisfaction and high profitability

In consulting services, the Group will work to achieve high levels of customer satisfaction and high profitability by leveraging its consulting and marketing expertise and adding value.

[4] Customer development to off-line and sales support

By tracking the action off-line as well as online, which makes the cause-and - effect relationships between ad and consumer behavior measurable, the Group makes an effort toward supporting the generation of foot traffic and sales for merchants (customers) and will link this with improvement in results.

[5] Expansion of sales in Storematch services

The Group will increase the number of ad placement sites by strengthening relationships with online mall such as the Yahoo! Shopping, which is posted ads of the Group, and seek to increase the number of stores (advertisers) by offering diverse payment methods to suit the needs of advertisers, and will link this with improvement in results.

[6] Expansion of our own media business

Through the opearation of existing services, "Value Point Club", cash-back site, and "Gift Smart", social gifting service, the Group will plan for coordination with advertisement business by accumulating and utilizing wider marketing data.

[7] Creation of the new business as a pillar of the future profit

To keep growing for the future, the Group will work on development of new business by making the target market, domains, customer and the technology clear and challenging innovation.

[8] Training and retention of high quality human resources

The Group will train and retain high quality human resources capable of resolving the various issues accompanying the Group's growth by improving training programs for enhancing the skills of employees, designing and offering diverse career paths, and delivering appropriate evaluation and treatment.

[9] Appropriate risk management and provision of safe and secure services

The Group will implement measures to provide reliable services by properly recognizing and managing risks in order to minimize the impact of natural disaster, system failure, pandemic or other cause of business suspension in terms of level of operation and physical facilities. The Group will work on further reinforcement of a security measure to damage prevention by an illegal access act with the atmost care and attention. The Group will also do its utmost to ensure that services can be used safely, by ensuring appropriate establishment and operation of a system for the protection of personal information through efforts to acquire the Privacy Mark to help strengthen security.

[10] Management systems in response to radical changes in the business environment

The Group will build mechanical management system and structure flexibly to improve itself in the radically changing business environment. The Group will also seek to improve the efficiency, soundness and transparency of corporate management by evaluating its compliance system and internal control system from a company-wide perspective.

3. Earnings Results for the Year Ended December 31, 2014
(1) Consolidated Balance Sheet

(Thousand yen)

	As of December 31, 2013	As of December 31, 2014
(Assets)		
Current assets		
Cash and cash equivalents	4,541,810	4,742,365
Notes and accounts receivable	1,753,918	1,939,454
Deferred tax assets	86,886	29,537
Accrued receivable	987,726	808,238
Other current assets	46,159	40,698
Allowance for doubtful accounts	△2,663	△632
Current assets in total	7,413,838	7,559,661
Noncurrent assets		
Tangible assets		
Buildings and accompanying facilities	103,798	−
Accumulated depreciation	△64,988	−
Buildings and accompanying facilities, net	38,810	−
Tools, instruments and fixtures	226,003	224,470
Accumulated depreciation	△189,083	△177,921
Tools, instruments and fixtures, net	36,919	46,549
Leased assets	7,616	7,616
Accumulated depreciation	△2,704	△4,227
Leased assets, net	4,912	3,389
Tangible assets in total	80,642	49,938
Intangible assets		
Software	252,842	309,301
Software in progress	100,462	66,644
Other intangible assets	6,995	8,557
Intangible assets in total	360,299	384,503
Investments and other assets		
Investment securities	632,355	1,035,033
Deferred tax assets	46,399	4,937
Other investments	106,657	97,992
Allowance for doubtful accounts	△827	△827
Investments and other assets in total	784,584	1,137,136
Noncurrent assets in total	1,225,527	1,571,578
Total assets	8,639,365	9,131,240

	As of December 31, 2013	As of December 31, 2014
		(Thousand yen)
(Liabilities)		
Current liabilities		
Accounts payable	1,356,020	1,757,267
Accrued payable	1,647,708	1,250,966
Income taxes payable	366,500	224,000
Other current liabilities	185,909	229,791
Current liabilities in total	3,556,138	3,462,025
Noncurrent liabilities		
Guarantee deposits received	131,227	105,618
Other noncurrent liabilities	5,348	3,762
Noncurrent liabilities in total	136,575	109,381
Liabilities in total	3,692,714	3,571,407
(Net worth)		
Shareholders' equity		
Capital stock	1,728,266	1,728,266
Capital surplus	1,083,798	1,083,798
Retained earnings	2,306,455	2,881,706
Treasury stock	△205,381	△201,845
Shareholders' equity in total	4,913,139	5,491,926
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,943	24,054
Foreign currency translation adjustment	△910	△155
Accumulated other comprehensive income in total	13,033	23,898
Subscription rights to shares	20,478	44,007
Net worth in total	4,946,651	5,559,832
Liabilities and net worth	8,639,365	9,131,240

(2) Consolidated Statement of Income and Comprehensive Income

(Thousand yen)

	Year ended December 31, 2013 (Jan. 1 to Dec. 31, 2013)	Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)
Revenue	12,013,394	13,373,210
Cost of revenue	8,140,244	9,417,829
Gross profit	3,873,149	3,955,380
Selling, general and administrative expenses	2,532,381	2,439,968
Operating income	1,340,768	1,515,412
Non-operating income		
Equity in earnings of affiliates	193,113	115,362
Others	9,722	17,303
Non-operating income in total	202,835	132,665
Non-operating expenses		
Operating losses on investment in partnership	18,729	—
Others	2,886	425
Non-operating expenses in total	21,615	425
Ordinary income	1,521,988	1,647,651
Extraordinary losses		
Expense on head office relocation	—	106,566
Others	—	13,559
Extraordinary losses in total	—	120,126
Income before income taxes	1,521,988	1,527,525
Income taxes	554,200	478,845
Income tax deferred	3,646	90,110
Income tax in total	557,846	568,956
Net income before minority interests	964,141	958,569
Net income	964,141	958,569
Net income before minority interests	964,141	958,569
Other comprehensive income		
Valuation difference on available-for-sale securities	13,943	10,110
Foreign currency translation adjustment	△834	754
Other comprehensive income in total	13,109	10,865
Comprehensive income	977,250	969,434
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	977,250	969,434
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Changes in Net Worth

Year ended December 31, 2013 (Jan. 1 to Dec. 31, 2013)

(Thousand Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity in total
Balance at the beginning of year	1,728,116	1,083,648	2,226,820	△889,481	4,149,104
Changes of items during the period					
Issue of new shares	150	150			300
Cash dividends			△207,086		△207,086
Net income			964,141		964,141
Disposition of treasury stock			△1,549	8,229	6,680
Cancellation of treasury stock			△675,870	675,870	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	150	150	79,634	684,100	764,035
Balance at the end of year	1,728,266	1,083,798	2,306,455	△205,381	4,913,139

	Accumulated other comprehensive income			Subscription rights to shares	Net worth in total
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income in total		
Balance at the beginning of year	—	△76	△76	—	4,149,028
Changes of items during the period					
Issue of new shares					300
Cash dividends					△207,086
Net income					964,141
Disposition of treasury stock					6,680
Cancellation of treasury stock					—
Net changes of items other than shareholders' equity	13,943	△834	13,109	20,478	33,588
Total changes of items during the period	13,943	△834	13,109	20,478	797,623
Balance at the end of year	13,943	△910	13,033	20,478	4,946,651

Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)

(Thousand Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity in total
Balance at the beginning of year	1,728,266	1,083,798	2,306,455	△205,381	4,913,139
Changes of items during the period					
Cash dividends			△381,831		△381,831
Net income			958,569		958,569
Disposition of treasury stock			△1,486	3,536	2,050
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	575,251	3,536	578,787
Balance at the end of year	1,728,266	1,083,798	2,881,706	△201,845	5,491,926

	Accumulated other comprehensive income			Subscription rights to shares	Net worth in total
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income in total		
Balance at the beginning of year	13,943	△910	13,033	20,478	4,946,651
Changes of items during the period					
Cash dividends					△381,831
Net income					958,569
Disposition of treasury stock					2,050
Net changes of items other than shareholders' equity	10,110	754	10,865	23,528	34,394
Total changes of items during the period	10,110	754	10,865	23,528	613,181
Balance at the end of year	24,054	△155	23,898	44,007	5,559,832

(4) Consolidated Statement of Cash Flow

	Year ended December 31, 2013 (Jan. 1 to Dec. 31, 2013)	Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)
		(Thousand Yen)
Operating cash flows		
Income before income taxes	1,521,988	1,527,525
Depreciation and Amortization	105,960	124,967
Stock based compensation expense	17,646	22,981
Increase (decrease) in allowance for doubtful accounts	1,046	△2,030
Interest income	△748	△848
Interest expenses	254	189
Foreign exchange losses (gains)	△768	△662
Equity in losses (earnings) of affiliates	△193,113	△115,362
Operating losses (gains) on investment in partnership	18,729	△11,524
Expense on head office relocation	—	106,566
Decrease (increase) in accounts receivable	△448,160	△185,536
Increase (decrease) in accounts payable	258,689	401,247
Decrease (increase) in accrued receivable	△156,927	179,487
Increase (decrease) in accrued payable	225,557	△399,687
Increase (decrease) in deposits received	△27,845	9,758
Increase (decrease) in guaranteed deposit received	△17,054	△25,608
Others, net	48,505	31,350
Subtotal	1,353,758	1,662,812
Interest and dividends income received	33,248	34,498
Interest expense paid	△254	△189
Head office relocation expense paid	—	△40,203
Income taxes paid	△430,098	△619,536
Operating cash flows	956,654	1,037,381
Investing cash flows		
Purchase in tangible assets	△18,382	△32,948
Purchase in intangible assets	△182,538	△131,172
Payment for investment securities	△142,785	△327,414
Proceeds from distribution of investment in partnership	—	33,682
Investing cash flows	△343,705	△457,852
Financing cash flows		
Proceeds from, issuance of shares	300	—
Proceeds from disposal of treasury stock	6,680	2,050
Dividend payment	△206,068	△380,561
Others	1,311	△1,585
Financing cash flows	△197,777	△380,096
Effect of exchange rate change on cash and cash equivalents	153	1,122
Net increase (decrease) in cash and cash equivalents	415,324	200,554
Beginning balance of cash and cash equivalents	4,126,485	4,541,810
Ending balance of cash and cash equivalents	4,541,810	4,742,365

(5)Notes to Consolidated Financial Statement

(Notes on the Going Concern Premise)

Not applicable.

(Significant Items Regarding Preparation of Consolidated Financial Statements)

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 1
   Name of consolidated subsidiaries: ValueCommerce Korea Limited
   Value Commerce International Limited has excluded from the scope of consolidation since it has liquidated effective on November 21, 2014.
   (2) Names of non-consolidated subsidiaries
   Not applicable.
2. Application of the equity method
   (1) Number of affiliated companies accounted for under the equity method: 1
   Name of affiliated companies accounted for under the equity method: JP21 Corporation
   (2) Non-consolidated subsidiaries not accounted for under the equity method:
   Not applicable.

3. Fiscal year, etc. for consolidated subsidiaries

The last day of the fiscal year of consolidated subsidiary coincides with the consolidated closing date.

4. Accounting standards

(1) Valuation basis or method of significant asset

Investment securities

Other investment securities

With observable market price

Apply market method based on market price as of the last day of fiscal consolidated year

Without observable market price

The investment in limited partnership is valued by the equity percentage of partnership of the latest financial statement of the investment.

(2) Depreciation method of significant depreciable assets

A. Tangible assets (except for lease assets)

Computed by the declining balance-method.

Major useful lives are as follows.

Tools, instruments and fixtures: 4 - 20 years

B. Intangible assets (except for lease assets)

Computed by the straight-line method.

Amortization of software for internal use is determined over the estimated useful life (within 5 years).

C. Leased assets

Applies the straight-line method using the lease term as the useful life and a residual value of zero.

(3) Accounting standard for significant reserves

Allowance for doubtful allowance

Allowance for doubtful accounts is provided at possible losses from uncollectable receivables based on the actual rate of losses from bad debts for ordinary receivables, and on estimated recoverability for specific doubtful receivables.

(4) Standard for translation of significant foreign currency assets and liabilities

Foreign currency receivables and payables are translated into Japanese yen using the spot rate on the date of the consolidated balance sheet. The differences arising from the translation are stated as income/loss. Assets and liabilities and revenues and expenses of overseas subsidiaries, etc. are translated into Japanese yen using the spot rate on the date of the consolidated balance sheet. The differences arising from the translation are included in the foreign currency translation adjustment in the net worth section.

(5) Definition of cash and cash equivalents in the Consolidated Statement of Cash Flow

Cash and cash equivalents shown in the Consolidated Statement of Cash Flow refers to cash on hand, bank deposits that can be withdrawn whenever necessary, and short-term investments that may be easily converted to cash and carry a minimal risk of fluctuation in value, with maturities of no more than three months from acquisition date.

(6) Other significant items regarding preparation of consolidated financial statements

Accounting procedure for consumption taxes

Consumption taxes and local consumption taxes are accounted by the tax-exclusion method.

(Additional Information)

(Changes in income tax rate)

As "the Bill on Partial Amendment of the Customs Tariff Act, etc."(Act No.10 of 2014) was published in March 31 2014 and "the Bill on Special Measures Concerning the Securing of the Necessary Sources of Revenue to Implement Measures for Reconstruction from the Great East Japan Earthquake" (Act No. 117 of 2011) was amended partially, taxation period of the revival special income tax law is decided to finish for one year ahead of the schedule. Following this, effective statutory tax rate to be used to calculate deffered tax assets and deffered tax liabilities will decreased from 38.01% to 35.64% in connection to temporary difference which is expected to eliminate in consolidated fiscal year starts after January 1, 2015. The influence which has on deffered tax assets, after deduction of deffered tax liabilities, and income tax of the cumulative consolidated FY 2014 is slight.

(Segment Information)

a. Segment Information

1. Overview of reporting segments

The reporting segments of the Company are components of the Company whose separate financial information is available. These segments are periodically evaluated by the Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Company formulates comprehensive strategies and deploys business activities, on the basis that each service it provides is a business unit. Accordingly, being composed of service-based segments, the Company has the following two reportable segments: Affiliate Marketing Services business and Storematch Services business. In the Affiliate Marketing Services business, the Company offers affiliated marketing services for advertisers, and in the Storematch Services business, the Company offers Internet ads distribution services for stores (advertisers) in an online mall.

2. Methods of calculating sales, profit/loss, assets, liabilities and other items by reporting segment

The accounting methods applied to reporting segments is the same as those described in "Significant Items Regarding Preparation of Consolidated Financial Statements".

The profit of reporting segments is based on operating income.

3. Information on the amount of sales, profit/loss, assets, liabilities and other items by reporting segment

For the year ended Dec. 31 of Fiscal 2013 (Jan. 1 to Dec. 31, 2013)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Affiliate Marketing Service	Storematch Service	Total		
Revenues					
Revenues to clients	10,889,135	1,124,258	12,013,394	—	12,013,394
Intersegment revenues	—	—	—	—	—
Total revenues	10,889,135	1,124,258	12,013,394	—	12,013,394
Segment operating income	1,635,866	84,546	1,720,413	△379,645	1,340,768
Segment assets	3,403,961	171,547	3,575,509	5,063,856	8,639,365
Other items					
Depreciation and amortization	77,015	1,346	78,362	27,597	105,960
Increase in tangible and intangible assets	179,692	—	179,692	19,846	199,539

(Note) 1. Adjustments are as follows.

(1) The deduction of JPY 379,645 thousand listed as an adjustment to segment operating income is corporate expenses not allocated to any reporting segment.

(2) The adjustment to segment assets of JPY 5,063,856 thousand is corporate assets not allocated to any reporting segment.

(3) The adjustment to depreciation and amortization of JPY 27,597 thousand is corporate expenses not attributable to any reporting segment.

(4) The adjustment to increase in tangible and intangible assets of JPY 19,846 thousand is increase in corporate assets not attributable to any reporting segment.

2. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Affiliate Marketing Service	Storematch Service	Total		
Revenues					
Revenues to clients	12,126,103	1,247,106	13,373,210	—	13,373,210
Intersegment revenues	—	—	—	—	—
Total revenues	12,126,103	1,247,106	13,373,210	—	13,373,210
Segment operating income	1,848,623	180,461	2,029,085	△513,673	1,515,412
Segment assets	3,505,864	163,209	3,669,073	5,462,166	9,131,240
Other items					
Depreciation and amortization	119,342	1,783	121,125	3,842	124,967
Increase in tangible and intangible assets	228,542	—	228,542	36,986	265,528

(Note) 1. Adjustments are as follows.

(1) The deduction of JPY 513,673 thousand listed as an adjustment to segment operating income is corporate expenses not allocated to any reporting segment.

(2) The adjustment to segment assets of JPY 5,462,166 thousand is corporate assets not allocated to any reporting segment.

(3) The adjustment to depreciation and amortization of JPY 3,842 thousand is corporate expenses not attributable to any reporting segment.

(4) The adjustment to increase in tangible and intangible assets of JPY 36,986 thousand is increase in corporate assets not attributable to any reporting segment.

2. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

b. Related information

For the year ended Dec. 31 of Fiscal 2013 (Jan. 1 to Dec. 31, 2013)

1. Information by product and service

Information is omitted as similar information is disclosed in segment information.

2. Information by region

(1) Sales

Information is omitted as sales to external customer in Japan exceed 90% of sales stated in the consolidated statement of income and comprehensive income.

(2) Tangible assets

Information is omitted as the amount of tangible assets in Japan exceed 90% of the amount of tangible assets stated in the consolidated balance sheet.

3. Information of major customers

(Thousand yen)

Name of customer	Sales	Relevant segment
Crossfinity Inc.	1,783,191	Affiliate Marketing Service
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,655,321	Affiliate Marketing Service
Recruit Holdings Co.,Ltd.	1,385,588	Affiliate Marketing Service

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

1. Information by product and service

Information is omitted as similar information is disclosed in segment information.

2. Information by region

(1) Sales

Information is omitted as sales to external customer in Japan exceed 90% of sales stated in the consolidated statement of income and comprehensive income.

(2) Tangible assets

Information is omitted as the amount of tangible assets in Japan exceed 90% of the amount of tangible assets stated in the consolidated balance sheet.

3. Information of major customers

(Thousand yen)

Name of customer	Sales	Relevant segment
Crossfinity Inc.	1,981,676	Affiliate Marketing Service
Recruit Holdings Co.,Ltd.	1,756,964	Affiliate Marketing Service

c. Information regarding impairment loss of noncurrent assets by reporting segment

For the year ended Dec. 31 of Fiscal 2013 (Jan. 1 to Dec. 31, 2013)

Not applicable.

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

According to the head office relocation which resolved at the meeting of its Board of Directors held on June 26, 2014, buildings and accompanying facilities' impairment loss of JPY 34,232 thousand is recorded. This impairment loss is included in "expense on head office relocation" under extraordinary losses of Consolidated Statement of Income and Comprehensive Income. This impairment loss is not allocated to any reporting segment.

d. Information regarding amortization of goodwill and unamortized balance by reporting segment

For the year ended Dec. 31 of Fiscal 2013 (Jan. 1 to Dec. 31, 2013)

Not applicable.

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

Not applicable.

e. Information regarding gain on negative goodwill by reporting segment

For the year ended Dec. 31 of Fiscal 2013 (Jan. 1 to Dec. 31, 2013)

Not applicable.

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

Not applicable.

(Per Share Information)

Year ended December 31, 2013 (Jan. 1 to Dec. 31, 2013)			Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)		
Book-value per share	JPY	148.41	Book-value per share	JPY	166.06
Earnings per share	JPY	29.09	Earnings per share	JPY	28.86
Diluted earnings per share	JPY	28.87	Diluted earnings per share	JPY	28.70

Note 1. The Company split one share of its common stock into 100 shares effective on July 1, 2013 and one share of its common stock into 2 shares effective on October 1, 2013. Following on this, BPS, basic EPS and diluted EPS are calculated on the assumption that stock splits were performed at the beginning of FY2013.

2. The calculation basis for earnings per share and diluted earnings per share is as follows.

	Year ended December 31, 2013 (Jan. 1 to Dec. 31, 2013)	Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)
Earnings per share		
Net income - thousand yen	964,141	958,569
Amount not attributed to common shareholders - thousand yen	—	—
Net income relating to common stock - thousand yen	964,141	958,569
Average number of shares during the year - shares	33,147,081	33,211,458
Diluted earnings per share		
Adjustment to net income - thousand yen	—	—
Number of increase in common shares - shares	245,829	187,408
(of which, subscription rights to shares, etc.)	(245,829)	(187,408)
Description of the possible diluted shares not included in the calculation of earnings per share diluted due to their non-dilutive effect	1 types of subscription rights to shares (Number of shares issued or transferred as a result of exercise of rights: 800,000 shares)	1 types of subscription rights to shares (Number of shares issued or transferred as a result of exercise of rights: 800,000 shares)

(Significant subsequent events)

Not applicable

4. Other

Not applicable