Consolidated Financial Statements for
the Three Months Ended March 31, 2018 (IFRS)

These financial statements have been prepared for reference only.

May 14, 2018

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Filing of Quarterly Report (*Shihanki Hokokusho*) (scheduled):	May 14, 2018
Start of distribution of dividends (scheduled):	June 25, 2018
Supplementary documents for quarterly results:	No
Quarterly results briefing:	No

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Three Months Ended March 31, 2018 (January 1, 2018 – March 31, 2018)

(1) Revenues and Income (Percentages represent change compared with the same quarter of the previous year.)

	Revenues (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Income before income taxes (¥ million)	Change (%)	Net income (¥ million)	Change (%)
Three months ended March 31, 2018	9,642	10.1	862	23.5	853	27.3	533	29.1
Three months ended March 31, 2017	8,756	6.2	698	13.8	670	21.5	413	12.0

	Net income attributable to owners of the parent (¥ million)	Change (%)	Comprehensive income (¥ million)	Change (%)	Basic earnings per share (¥)	Diluted earnings per share (¥)
Three months ended March 31, 2018	550	33.2	374	(51.6)	5.21	—
Three months ended March 31, 2017	413	12.0	774	(29.9)	3.91	—

(2) Financial Position

	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of the parent (¥ million)	Ratio of equity attributable to owners of the parent to total assets (%)
As of March 31, 2018	25,653	6,902	6,914	27.0
As of December 31, 2017	25,770	6,697	6,692	26.0

2. Dividends

	Dividends per share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year-end	Total
2017	1.50	1.50	1.60	1.60	6.20
2018	1.70				
2018 (est.)		1.70	1.70	1.70	6.80

Note: Revisions since the most recently announced dividend forecast: No

3. Forecast of Results for 2018 (January 1, 2018 – December 31, 2018)

(Percentages represent change compared with the previous fiscal year.)

	Revenues		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full-year	40,700	10.3	4,120	22.4	2,530	20.7	2,530	20.0	23.95

Note: Revisions since the most recently announced forecast of results: No

Notes

(1) Changes in Significant Subsidiaries during the Period: No

(2) Changes in Accounting Policies and Changes in Accounting Estimates
(a) Changes in accounting policies required by IFRS: Yes
(b) Changes in accounting policies other than (a) above: No
(c) Changes in accounting estimates: No

(3) Number of Shares Issued and Outstanding (Common Stock)
(a) Number of shares at the end of the period (including treasury stock)
Three months ended March 31, 2018: 113,068,000; Year ended December 31, 2017: 113,068,000
(b) Number of treasury shares at the end of the period:
Three months ended March 31, 2018: 7,445,700; Year ended December 31, 2017: 7,445,700
(c) Average number of shares outstanding (cumulative with earlier quarters):
Three months ended March 31, 2018: 105,622,300; Three months ended March 31, 2017: 105,622,300

*** Consolidated Financial Statements Not Subject to Quarterly Review by Certified Public Accountant or Auditing Firm**

These "Consolidated Financial Statements for the Three Months Ended March 31, 2018" are not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act although, as of the date of publication of these statements, the review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had been completed.

*** Explanation of the Proper Use of Performance Forecasts and Other Special Instructions**

Consolidated forecasts and other statements regarding the future contained in this document are based on information currently available to the Company and certain reasonable assumptions. Actual performance may differ substantially due to numerous factors.

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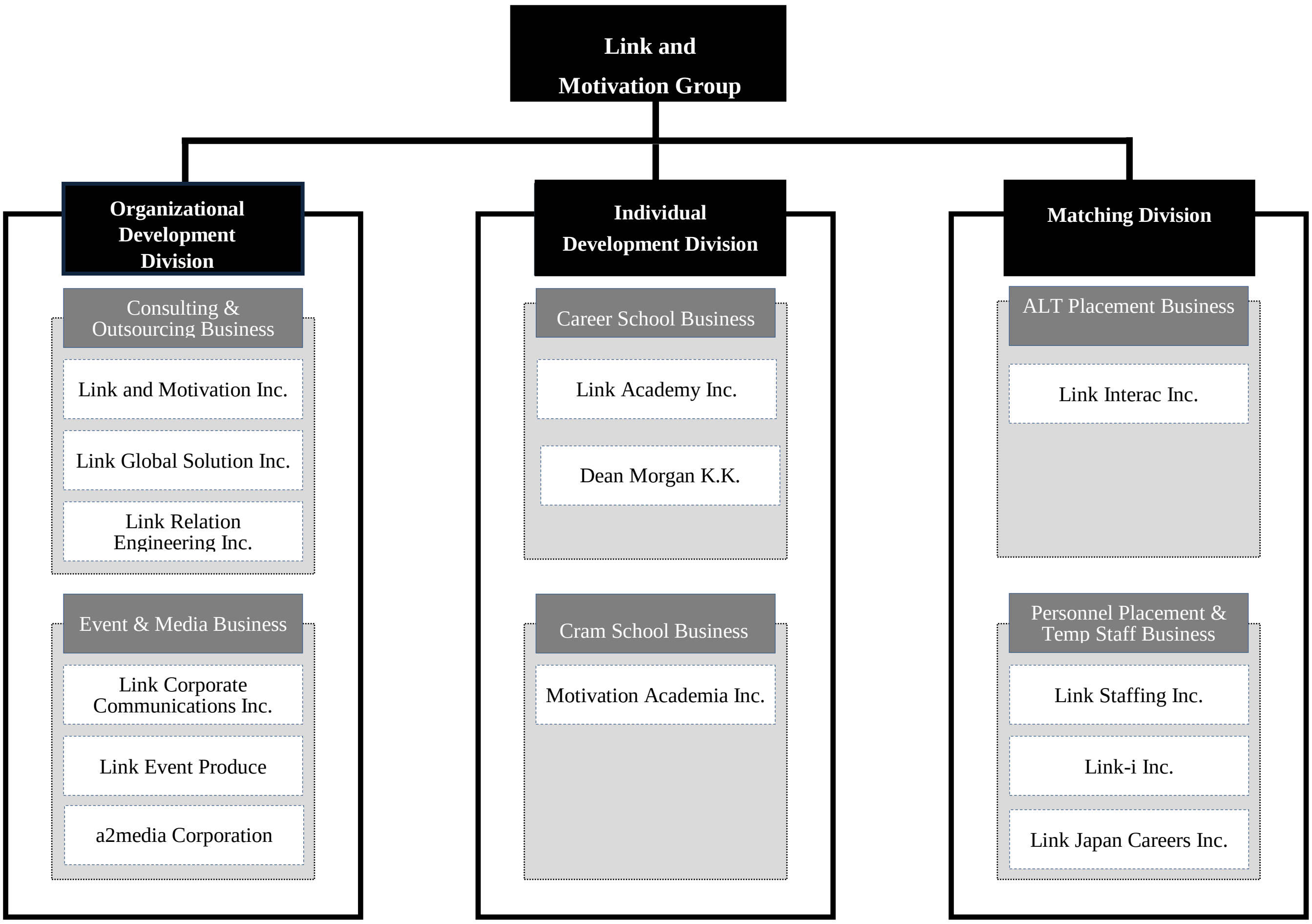
1. Overview of Results of Operations and Other Information

(1) Overview of Results of Operations for the Three Months Ended March 31, 2018

In the Japanese economy during the first quarter of 2018 (January 1, 2018 – March 31, 2018), corporate production activities and capital investment were on a recovery track and personal consumption, which had been in a persistent slump, also grew in tandem with an increase in leisure time due to Japanese society's promotion of work style reform. As a result, the economy was on an overall moderate recovery trend. Moreover, the Link and Motivation Group (the "Group") supports the transformation of numerous companies and individuals using "Motivation Engineering," which is the Group's core technology, backed by psychology, behavioral economics, social systems theory and other disciplines, under its corporate philosophy: "Through Motivation Engineering, we provide opportunities to transform organizations and individuals and create a more meaningful society." The market also grew moderately in industries related to the Group, with increased demand for higher labor productivity and facilitation of personnel recruiting associated with the promotion of work style reform.

In this economic environment, revenues and each level of income increased substantially. Revenues of the Group were ¥9,642 million (a 10.1% increase compared with the same period of the previous year), gross profit was ¥3,749 million (a 20.1% increase), operating income was ¥862 million (a 23.5% increase) and net income attributable to owners of the parent was ¥550 million (a 33.2% increase).

The segment and business classifications of the Group are as shown below, and an overview of the first quarter of 2018 by segment and business follows.



Organizational Development Division

The Organizational Development Division offers corporate customers services that provide support for building and strengthening relationships with a company's stakeholders (employees, job applicants, customers, shareholders) using "Motivation Engineering," which is the core technology of the Group.

In this segment, due to strong performance by each business, segment revenues for the first quarter of 2018 increased substantially compared with the same period of the previous year to ¥3,097 million (a 12.4% increase). In addition, with the contribution of strong performance by the Consulting & Outsourcing business, which has a high profit margin, segment income increased substantially to ¥2,105 million (a 23.4% increase). An overview of operating results by business for the first quarter of 2018 is as follows.

Consulting & Outsourcing Business

The Consulting & Outsourcing business acts under the concept of creating numerous "Motivation Companies" in which employee motivation is a company's growth engine. As its method of providing services, the business diagnoses the state of a company's motivation based on its original diagnostic framework and offers various one-stop solutions for innovations related to organizations and personnel, including recruiting, training, framework and corporate culture.

In this business, revenues for the first quarter of 2018 were ¥2,505 million (a 12.8% increase) and gross profit was ¥1,949 million (a 29.3% increase). Results by product in the Consulting & Outsourcing business were as follows.

Table 1. Revenues by Product

Product (¥ million) [Gross profit in brackets]	Three months ended March 31, 2017	Three months ended March 31, 2018	YoY change (%)
Consulting & Outsourcing Business	2,221 [1,508]	2,505 [1,949]	12.8 29.3
Package	591	595	0.6
Consulting	1,132	1,238	9.3
Outsourcing	283	234	(17.3)
Member/database services	213	437	105.0

In the first quarter of 2018, revenues and gross profit both increased substantially compared with the same period of the previous year. Specifically, sales of Consulting and Member/database services including Motivation Cloud grew substantially by capturing needs for organizational transformation backed by work style reform. In addition, bringing event production that had been outsourced to the Event & Media business in-house improved profitability.

Progress in the number of contact points that have adopted the cloud-based service for organizational improvement Motivation Cloud, which is a key indicator for the Group, was as follows.

Table 2. Number of Contact Points and Average Monthly Fee Revenue for Motivation Cloud at Quarter-End

	2017				2018
	March	June	September	December	March
Number of contact points	155	234	343	430	505
Monthly fee revenue (¥ thousand)	20,804	32,108	45,043	60,716	72,086

Motivation Cloud is the first HR tech (people x technology) cloud service in Japan for managing employee engagement (mutual understanding, empathy and commitment between companies and employees). We began providing this monthly pay-as-you-go product in July 2016, and it has performed well. The cumulative number of contact points that have adopted Motivation Cloud steadily grew to 520 as of the end of April 2018.

During the first quarter of 2018, there was substantial progress in the number of contact points that have adopted Motivation Cloud. That is because improving employee engagement is a key management theme in achieving increases in labor productivity, which is the true purpose of work style reform, and the Consulting & Outsourcing business has captured rising needs for organizational transformation spurred by this factor. Motivation Cloud generates steady revenue, and total monthly fee revenue for Motivation Cloud for March 2018 was ¥72,086 thousand. The business is progressing toward its target of total monthly fee revenue of ¥130,000 thousand in December 2018.

Event & Media Business

The Event & Media business produces events and media for various types of communication associated with business activities to support the "creation of Motivation Companies" at corporations. In its event production, the business offers assistance in stimulating the interest and promoting the understanding of stakeholders through support for creation of forums such as anniversary events, recruiting presentations, promotional events and shareholders' meetings. In its media production, the business is involved in printed media such as company newsletters, corporate brochures and annual reports for shareholders, as well as web-based media such as corporate websites and investor relations (IR) sites and visual media such as videos that explain products and webcasts of shareholders' meetings.

In this business, revenues for the first quarter of 2018 were ¥842 million (a 10.7% decrease) and gross profit was ¥268 million (a 1.4% decrease). Results by product in the Event & Media business were as follows.

Table 3. Revenues by Product

Product (¥ million) [Gross profit in brackets]	Three months ended March 31, 2017	Three months ended March 31, 2018	YoY change (%)
Event & Media Business	943 [272]	842 [268]	(10.7) (1.4)
Event production	622	324	(47.8)
Media production	321	517	61.0

Revenues for the first quarter of 2018 decreased substantially compared with the same period of the previous year, due to an intentional reduction of event production (which has a high cost ratio) that had previously been ordered by the Consulting & Outsourcing business. However, because sales of IR-related media production grew, gross profit decreased only slightly compared with the same period of the previous year.

The business will work for growth by developing products with greater advantages using "Motivation Engineering," the Group's core technology.

Individual Development Division

The Individual Development Division applies "Motivation Engineering," which is the core technology of the Group, to businesses in areas including career schools and cram schools, to offer individual customers "career navigation" services, which provide total support for independent and autonomous career creation.

In this segment, due to firm performance in each business, segment revenues for the first quarter of 2018 were ¥1,874 million (a 17.0% increase) and segment income was ¥664 million (a 38.9% increase). An overview of operating results by business for the first quarter of 2018 is as follows.

Career School Business

The Career School business defines human resources who act independently and autonomously, without depending on an organization, as "i-Companies" and supports the production of numerous i-Companies. As for specific services, the business provides one-stop services for individual career advancement, targeting mainly university students and working adults, under the six service brands of "Aviva" personal computer schools, "Daiei" qualification schools, "Aviva Pro" programming schools, and "Rosetta Stone Learning Center," "Rosetta Stone Premium Club" and "Hummingbird" foreign language schools.

In this business, revenues for the first quarter of 2018 were ¥1,700 million (a 7.8% increase) and gross profit was ¥589 million (a 20.4% increase). Results by product in the Career School business were as follows.

Table 4. Revenues by Product

Product (¥ million) [Gross profit in brackets]	Three months ended March 31, 2017	Three months ended March 31, 2018	YoY change (%)
Career School Business	1,578 [489]	1,700 [589]	7.8 20.4
Office	746	735	(1.4)
Pro Series	203	230	13.4
Accounting courses	149	141	(5.2)
National exam courses	135	156	15.4
Civil servant courses	300	309	3.1
Educational materials/other	43	43	0.6
English conversation	—	83	—

During the first quarter of 2018, revenues increased and gross profit increased substantially compared with the same period of the previous year as a result of capturing needs for individual career advancement as the employment environment improved due to the promotion of work style reform, among other factors. Specifically, sales of Pro Series and National exam courses were strong and profitability improved due to more efficient deployment of personnel.

In addition to working to enhance its lineup of courses and to improve their quality in order to raise its value as a total career school, the business will promote career navigation by focusing on comprehensive services from providing career guidance to offering employment opportunities in collaboration with the Personnel Placement & Temp Staff business.

Cram School Business

Unlike typical cram schools, the Cram School business operates under the business concept of producing numerous “i-Companies” in addition to improving the academic ability of its students. Its services consist of operating “Motivation Academia” cram schools for junior high and high school students to provide a place where students can not only prepare for school entrance exams but also develop skills to play a role in society. The business also operates “SS-1,” an individualized instruction cram school for students preparing for junior high school entrance exams. The Group’s Cram School business will utilize its assets in programming education and English conversation education to provide places for students from elementary school straight through to high school to develop skills that will be of use in society.

In this business, revenues for the first quarter of 2018 were ¥173 million (a 632.2% increase) and gross profit was ¥74 million (compared with a loss of ¥11 million in the same period of the previous year).

During the first quarter of 2018, revenues and gross profit both increased substantially compared with the same period of the previous year due to an increase in the number of classrooms. This business has only one product.

By further applying the know-how in training adults that has been cultivated in the Consulting & Outsourcing business, this business aims to achieve one-stop services unattainable by conventional cram schools, ranging from elementary to high school students and adults.

Matching Division

The Matching Division provides services under the concept of matching organizations with hiring needs and individuals who want to advance their careers through “motivation matching,” which applies “Motivation Engineering,” the core technology of the Group, to personnel placement and temp staff dispatch.

In this segment, segment revenues for the first quarter of 2018 were ¥5,080 million (a 7.4% increase) and segment income was ¥1,296 million (a 9.6% increase), both increasing compared with the previous year. An overview of operating results by business for the first quarter of 2018 is as follows.

ALT Placement Business

The ALT Placement business dispatches foreign assistant language teachers (ALTs) to elementary, junior high and high schools throughout Japan and provides English-language instruction services on contract. In this business, where barriers to entry are extremely high due to the importance placed on relationships of trust with customers and a company’s track record, the Group has established the number-one share among private companies. In addition, Japan’s English education market is expanding with the creation of a “Reform Plan for Cultivating Global Human Resources” by the Ministry of Education, Culture, Sports, Science and Technology (MEXT), looking ahead to the Tokyo Olympics to be held in 2020.

In this business, revenues for the first quarter of 2018 were ¥2,907 million (a 10.0% increase) and gross profit was ¥806 million (a 4.1% increase).

During the first quarter of 2018, revenues increased substantially compared with the same period of the previous year due to firm performance thanks to the trend to strengthen English education promoted by MEXT. However, costs increased from outsourcing ALT hiring to the Foreign worker support operations of the Personnel Placement & Temp Staff business. This business has only one product.

The business will work to strengthen hiring of foreign teachers with a view toward further growth in demand for ALTs in Japan.

Personnel Placement & Temp Staff Business

The Personnel Placement & Temp Staff business provides solutions in the form of introductions and temp staffing of the human resources an organization needs to grow. The main businesses include a new graduate recruiting and introduction business that connects university students looking for employment with company orientation meetings and interviews, a mid-career introduction business that matches working adults looking to change jobs with companies, and a temp staff business that dispatches personnel for sales, clerical work, and other fields. In addition, to capitalize on rising needs for employment of foreigners, the Personnel Placement & Temp Staff business also conducts a business that provides one-stop foreigner recruiting, training and labor support for companies that want to hire them.

In this business, revenues for the first quarter of 2018 were ¥2,332 million (a 10.6% increase) and gross profit was ¥617 million (a 44.9% increase). Results by product in the Personnel Placement & Temp Staff business were as follows.

Table 5. Revenues by Product

Product (¥ million) [Gross profit in brackets]	Three months ended March 31, 2017	Three months ended March 31, 2018	YoY change (%)
Personnel Placement & Temp Staff Business	2,109 [425]	2,332 [617]	10.6 44.9
Store sales temp staff	1,813	1,834	1.2
Office temp staff	155	160	3.4
Foreign worker support	—	141	—
Recruiting/introductions	141	196	39.3

During the first quarter of 2018, revenues and gross profit both increased substantially. This was due to firm growth in introductions and temp staffing in Japan backed by a shortage of human resources at corporations, and the smooth start-up of Foreign worker support. The profitability of the Personnel Placement & Temp Staff business improved due to the growth of high-profit-margin Foreign worker support and Recruiting/introductions.

The business will raise matching efficiency and increase the number of staff placements through business synergy that links individuals who have improved their skills through the Group’s Career School business to corporate dispatch and introductions.

Venture Incubation

In addition to its divisions, the Group conducts venture incubation. In venture incubation, the Group provides its know-how in organizational and personnel consulting in addition to funding, as well as supporting growing venture companies on an organizational level with the aim of listing their stock. The two main criteria for selection of investees are (1) sympathy with creating a “Motivation Company” and (2) aim to list stock. Gains on sales and other results generated from venture incubation are recorded as equity on the balance sheet.

(2) Overview of Financial Condition for the Three Months Ended March 31, 2018

Total assets as of March 31, 2018 were ¥25,653 million, a decrease of ¥116 million from the end of the previous year. This was mainly due to factors including a ¥126 million decrease in trade and other receivables.

Total liabilities as of March 31, 2018 were ¥18,750 million, a decrease of ¥321 million from the end of the previous year. This was mainly due to factors including a ¥510 million decrease in income tax payable.

Total equity as of March 31, 2018 was ¥6,902 million, an increase of ¥204 million from the end of the previous year. This was mainly due to factors including a ¥381 million increase in retained earnings.

(3) Overview of Cash Flow for the Three Months Ended March 31, 2018

Cash and cash equivalents (“cash”) as of March 31, 2018 were ¥1,546 million, a decrease of ¥107 million during the period.

Cash flow during the three months ended March 31, 2018 was as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities was ¥575 million, an increase of 199.5% compared with the same period of the previous year. The principal factors were an increase of ¥779 million in income taxes paid, offset by ¥853 million in income before income taxes and a decrease of ¥282 million decrease in trade and other receivables.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥328 million, a decrease of 60% compared with the same period of the previous year. The principal factors were ¥175 million in payments for acquisition of intangible assets and ¥120 million in payments for acquisition of investment securities.

Cash Flow from Financing Activities

Net cash used in financing activities was ¥352 million. In the same period of the previous year, financing activities provided net cash of ¥1,798 million. The principal factors were a ¥306 million increase in short-term financial liabilities, offset by ¥460 million in repayment of long-term financial liabilities and ¥171 million in payments of cash dividends.

(4) Forecast

There is no change from the forecast of consolidated results for 2018 announced in “Consolidated Financial Statements for the Year Ended December 31, 2017” dated February 14, 2018.

(5) Important Information Regarding Assumption of Going Concern

None applicable

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed Quarterly Consolidated Balance Sheets

(Millions of yen, rounded down to the nearest million)

	Notes	As of December 31, 2017	As of March 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		1,654	1,546
Trade and other receivables		4,929	4,802
Inventories		186	308
Other current financial assets		11	0
Current income tax assets		11	0
Other current assets		796	768
Total current assets		7,589	7,427
Non-current assets			
Property, plant and equipment		1,905	1,974
Goodwill		6,701	6,701
Intangible assets		1,534	1,623
Investments in associates		1,164	1,186
Other non-current financial assets		6,017	5,972
Deferred tax assets		506	506
Other non-current assets		350	259
Total non-current assets		18,180	18,225
Total assets		25,770	25,653

(Millions of yen, rounded down to the nearest million)

	Notes	As of December 31, 2017	As of March 31, 2018
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables		4,023	4,283
Interest-bearing and other financial liabilities		5,007	5,219
Income tax payable		883	373
Provisions		2	6
Other current liabilities		2,212	2,330
Total current liabilities		12,129	12,212
Non-current liabilities			
Interest-bearing and other financial liabilities		5,418	5,061
Provisions		440	458
Deferred tax liabilities		813	748
Other non-current liabilities		270	269
Total non-current liabilities		6,942	6,537
Total liabilities		19,072	18,750
EQUITY			
Equity attributable to owners of the parent			
Share capital		1,380	1,380
Capital surplus		2,137	2,137
Treasury shares		(1,373)	(1,373)
Retained earnings		3,426	3,807
Other components of equity		1,121	962
Total equity attributable to owners of the parent		6,692	6,914
Non-controlling interests		4	(12)
Total equity		6,697	6,902
Total liabilities and equity		25,770	25,653

(2) Condensed Quarterly Consolidated Statements of Operations and Comprehensive Income

Condensed Quarterly Consolidated Statements of Operations

(Millions of yen, rounded down to the nearest million)

	Notes	Three months ended March 31, 2017	Three months ended March 31, 2018
Revenues		8,756	9,642
Cost of sales		5,634	5,893
Gross profit		3,121	3,749
Selling, general and administrative expenses		2,473	2,889
Other income		68	3
Other expenses		17	1
Operating income		698	862
Financial income		2	3
Financial expenses		30	34
Equity in earnings of associates		—	22
Income before income taxes		670	853
Income taxes		257	320
Net income		413	533
(Attributable to)			
Owners of the parent		413	550
Non-controlling interests		—	(16)
Total		413	533
			(Yen)
Earnings per share			
Basic		3.91	5.21
Diluted		—	—

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen, rounded down to the nearest million)

	Notes	Three months ended March 31, 2017	Three months ended March 31, 2018
Net income		413	533
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income		361	(156)
Total of items that will not be reclassified to profit or loss		361	(156)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(0)	(2)
Total of items that may be reclassified to profit or loss		(0)	(2)
Total other comprehensive income		361	(158)
Total comprehensive income		774	374
(Attributable to)			
Owners of the parent		774	391
Non-controlling interests		—	(16)
Comprehensive income		774	374

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended March 31, 2017

(Millions of yen, rounded down to the nearest million)

	Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of the parent		
January 1, 2017		1,380	2,137	(1,373)	1,952	683	4,780		4,780
Net income					413	—	413		413
Other comprehensive income						361	361		361
Total comprehensive income		—	—	—	413	361	774		774
Dividends from surplus					(147)	—	(147)		(147)
Total transactions with the owners		—	—	—	(147)	—	(147)		(147)
March 31, 2017		1,380	2,137	(1,373)	2,217	1,044	5,407		5,407

Three months ended March 31, 2018

(Millions of yen, rounded down to the nearest million)

	Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of the parent		
January 1, 2018		1,380	2,137	(1,373)	3,426	1,121	6,692	4	6,697
Net income					550	—	550	(16)	533
Other comprehensive income						(158)	(158)	—	(158)
Total comprehensive income		—	—	—	550	(158)	391	(16)	374
Dividends from surplus					(168)		(168)		(168)
Transfer from other components of equity to retained earnings					0	(0)	—		—
Total transactions with the owners		—	—	—	(168)	(0)	(168)	—	(168)
March 31, 2018		1,380	2,137	(1,373)	3,807	962	6,914	(12)	6,902

(4) Condensed Quarterly Consolidated Statements of Cash Flow

(Millions of yen, rounded down to the nearest million)

	Notes	Three months ended March 31, 2017	Three months ended March 31, 2018
Cash flow from operating activities			
Income before income taxes		670	853
Depreciation and amortization		186	148
Loss on impairment		2	—
Financial income and financial expenses		27	31
Equity in (earnings) losses of associates		—	(22)
Decrease (increase) in trade and other receivables		(255)	282
Decrease (increase) in inventories		(59)	(121)
Increase (decrease) in trade and other payables		54	75
Other		(41)	127
Subtotal		584	1,374
Interest and dividends received		0	0
Interest paid		(23)	(29)
Income tax refund		—	11
Income taxes paid		(368)	(779)
Net cash provided by operating activities		192	575
Cash flow from investing activities			
Payments for acquisition of property, plant and equipment		(33)	(60)
Payments for acquisition of intangible assets		(37)	(175)
Payments for acquisition of investment securities		(277)	(120)
Proceeds from sale of investment securities		—	11
Payments for security deposits and guarantees		(472)	(28)
Proceeds from refund of security deposits and guarantees		11	45
Other		(11)	0
Net cash used in investing activities		(820)	(328)
Cash flow from financing activities			
Increase (decrease) in short-term financial liabilities		1,385	306
Proceeds from long-term financial liabilities		1,566	—
Repayment of long-term financial liabilities		(974)	(460)
Payments of cash dividends		(148)	(171)
Other		(28)	(26)
Net cash provided by (used in) financing activities		1,798	(352)
Cash and cash equivalents translation adjustment		(0)	(2)
Net increase (decrease) in cash and cash equivalents		1,170	(107)
Cash and cash equivalents at beginning of the quarter		1,082	1,654
Cash and cash equivalents at end of the quarter		2,253	1,546

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Changes in Accounting Policies)

The accounting policies applied by the Group to these summary quarterly consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the previous fiscal year, except for the following.

Income taxes for the three months ended March 31, 2018 are calculated using the estimated average annual effective tax rate.

As of the three months ended March 31, 2018, the Group has adopted IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016) (together, hereinafter "IFRS 15"). In accordance with the adoption of IFRS 15, revenue generated from contracts with customers is recognized based on the following five-step model.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group identifies the performance obligations based on the contract with the customer for each of the services to be provided and recognizes revenue upon satisfaction of the performance obligation or over a certain period of time according to the degree of progress of satisfaction of the performance obligation. Revenues are reduced for refunds expected in the future.

The adoption of IFRS 15 has no material impact on the Group's business results and financial condition.

(Notes Regarding Assumption of Going Concern)

None applicable

(Significant Subsequent Events)

None applicable