Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending September 2018 (FY9/18) (Nine Months Ended June 30, 2018) [Japanese GAAP]

August 14, 2018

Company name: Evolable Asia Corp. Stock Exchange Listing: TSE
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Scheduled date of filing of Quarterly Report: August 14, 2018 Scheduled date of payment of dividend: —

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter (October 1, 2017 to June 30, 2018) of FY9/18

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended June 30, 2018	6,319		-449	—	-459	—	-466	—
Nine months ended June 30, 2017	3,968	—	581	—	553	—	354	—

Note: Comprehensive income Nine months ended June 30, 2018 223 Millions of yen (35%) Nine months ended June 30, 2017 452 Millions of yen (—%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Nine months ended June 30, 2018	-26.92	—
Nine months ended June 30, 2017	21.17	20.04

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	22,901	4,450	17.8
As of September 30, 2017	7,547	3,294	37.7

Reference: Shareholders' equity As of June 30, 2018 2,852 Millions of yen As of September 30, 2017 2,371 Millions of yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2017	—	0.00	—	7.00	7.00
Fiscal year ending Sep. 30, 2018	—	0.00	—		
Fiscal year ending Sep. 30, 2018 (Estimated)				10.00	10.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY9/18 (October 1, 2017 to September 30, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	11,000	—	1,500	—	881	—	52.09

Note: Revision to the most recently announced consolidated forecast: Yes

* Notes

(1) Changes in significant subsidiaries during the period : Yes

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: 1 company Airtrip Corp.

Excluded – companies

(2) Application of special accounting methods for presenting quarterly consolidated financial statements : Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others : None

2) Changes in accounting policies other than 1) above : None

3) Changes in accounting-based estimates : None

4) Restatements : None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding as of the end of the period (including treasury shares)	As of Jun. 30, 2018:	17,679,500 shares	As of Sep. 30, 2017:	16,919,100 shares
2) Number of treasury shares as of the end of the period	As of Jun. 30, 2018:	— shares	As of Sep. 30, 2017:	— shares
3) Average number of shares issued during the period	Nine months ended June 30, 2018:	16,763,493 shares	Nine months ended June 30, 2017:	16,763,493 shares

* The current quarterly financial report is exempt from the quarterly review procedures performed by certified public accountants or audit corporations.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on information currently available to the Company. Consequently, these statements incorporate many uncertainties. Please note that actual performance may differ from these forecasts due to changes in internal or external factors affecting business operations and other factors.

○Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance
(1) Explanation of Results of Operations

During the first six months of the fiscal year under review, the Japanese economy showed a moderate economic recovery, partly due to the effects of various policies amid the improved employment and income conditions, while the uncertainty of the global economy and the impact of fluctuations in the financial and capital market demanded attention. The economy continued to expand at a steady pace, supported by increased domestic demand and inbound tourist demand against the background of the upcoming Tokyo Olympics in 2020.

In the travel industry, the number of Japanese citizens who left Japan in the period from January to June 2018 totaled 8,780,000, increasing about 360,000 from the same period of the previous fiscal year according to the statistics released by the Japan National Tourism Organization (JNTO). In addition, the number of foreigners who visited Japan from January to June 2018 surpassed 15,890,000. The number is rising steadily toward 40 million, the target for 2020 set in the Tourism Vision to Support the Future of Japan, which the Japanese government adopted in March 2016.

Under these conditions, Evolable Asia Corp. (hereinafter the “Company”) continued expanding its operations and diversifying its service lines with a focus on sales of domestic airline tickets as an online travel agency. In particular, the Company worked on increasing the recognition of its brand AirTrip and the acquisition of customers. The Company also continued to enhance its services for foreign visitors, making the most of its online travel business expertise.

In the IT Offshore Development Business, which was launched in 2012, the Company steadily won customers in numerous business categories and increased the number of engineers employed, focusing on the development of lab-type facilities in Vietnam. The number of engineers hired grew to 914 as of the end of June 2018. In the Investment Business, which has been developing in earnest since the stock was listed, the Company has been investing in growing companies. As of the end of June 2018, the Company has invested in 38 companies.

In this business environment, the Company and its consolidated subsidiaries (the Group) achieved consolidated net sales of 6,319,490 thousand yen (up 59.2% year on year), consolidated operating loss of 449,377 thousand yen (down 177.3% year on year), consolidated ordinary loss of 459,705 thousand yen (down 182.9% year on year), consolidated loss before income taxes of 469,613 thousand yen (down 184.8% year on year), and consolidated loss attributable to owners of parent of 466,623 thousand yen (down 231.7% year on year) in the nine months of the fiscal year under review.

The Company plans to adopt the IFRS in the fiscal year ending September 30, 2018. Under the IFRS, in the nine months under review, the Group recorded consolidated net sales of 6,340,533 thousand yen, consolidated operating income of 1,037,38 thousand yen, and consolidated profit attributable to owners of parent of 716,712 thousand yen (unaudited reference values).

Operating results by segment are as follows.

(1) Online Travel Agency Business

The Group offers the following four services in the Online Travel Agency Business segment.

・BtoC services (operation of PC and smartphone websites for selling travel commodities directly to general consumers)

The Company improved mass marketing and search engine marketing and renewed mission-critical systems significantly to acquire new customers. The Company also improved user interfaces to increase the number of repeat customers. These contributed to a steady increase in the number of service users.

The recognition of the Company’s brand AirTrip increased, and strategic pricing and the active input of branding costs were conducted to acquire customers.

・BtoBtoC services (travel content provision under brands owned by business partners)

The enhanced development of alliances with major partners, the provision of services to match the needs of major partners, and enhanced communication with partners contributed to an increase in service use. In addition, like the BtoC services, measures for marketing and alliances with an emphasis on increasing customer numbers were promoted.

・BtoB services (wholesale to other travel agencies)

Trends in the airline industry and policies enforced by business partners affect these services to a certain extent. The online travel agency business for operators handling domestic airline tickets grew dynamically as a whole, with an increase in the number of domestic air routes in service. As a result, net sales for these services increased strongly.

・BTM services (centralized management of internal approval procedures and arrangements associated with corporate business trips)

These services basically adopt a business model under which net sales expand in a manner that is linked with an increase in the number of corporate customers and a rise in their usage rate. The services achieved growth attributable to initiatives taken by the Group, including the addition of salespeople and the identification of existing customers who used the services at a relatively low rate.

As a result of the factors stated above, net sales for the Online Travel Agency Business segment amounted to 4,620,476 thousand yen and segment loss came to 319,734 thousand yen in the nine months of the fiscal year under review.

(2) IT Offshore Development Business

In the IT Offshore Development Business segment, the Group offers lab-type facility development services to customers consisting mainly of e-commerce operators, web solution providers, and game and system developers in Ho Chi Minh, Hanoi and Da Nang in Vietnam.

The Company's lab-type facility development model is distinctive in that a team is formed with new dedicated staff members hired for each customer. The model also enables customers to confirm the state of lab-type facility development on demand. The Company assumes the assignment of dedicated staff members to each team on a medium- to long-term basis. For that reason, the success or failure of development depends on employing workers suited to customer demands and motivating the respective engineers more.

In addition, these services basically adopt a business model under which customers are billed on the basis of man-months and the number of workers. The number of engineers supplied to clients and the man-months affect net sales for them significantly. An increase in the number of engineers and a rise in the unit cost due to development streamlining contributed to sales growth in the fiscal year under review.

As a result of the factors stated above, net sales for the IT Offshore Development Business segment reached 1,732,699 thousand yen, and segment income totaled 137,646 thousand yen.

(3) Investment Business

In the Investment Business segment, the Group emphasizes synergies with the existing businesses and expands service lines through aggressive M&A and capital alliances. The Group is pursuing investment in growing companies to improve profitability. At the end of the third quarter under review, the Group had increased the number of companies in which it invests to 38.

As a result, net sales for the Investment Business segment stood at 101,669 thousand yen, and segment income was 75,463 thousand yen.

(2) Explanation of Financial Position

(Assets)

Total assets increased 15,422,797 thousand yen from the end of the previous fiscal year, to 22,901,437 thousand yen at the end of the third quarter under review. This result was mainly due to an increase of 2,502,053 thousand yen in cash and deposits, a rise of 3,254,751 thousand yen in notes and accounts receivable - trade, an increase of 1,531,793 thousand yen in operational investment securities, a climb of 4,082,230 thousand yen in goodwill.

(Liabilities)

Liabilities increased 14,198,327 thousand yen from the end of the previous fiscal year, to 18,450,545 thousand yen at the end of the third quarter under review. This result primarily reflected an increase of 1,677,164 thousand yen in notes and accounts payable - trade, an increase of 3,456,139 thousand yen in short-term loans payable and a rise of 4,918,817thousand yen in long-term loans payable.

(Net Assets)

Net assets rose 1,224,469 thousand yen from the end of the previous fiscal year, to 4,450,891 thousand yen at the end of the third quarter under review. This result was mainly attributable to an increase of 1,261,943 thousand yen in capital surplus.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

In the business results for the first nine months of the fiscal year ending September 30, 2018, both handling volume and net sales were stronger than the Company's initial estimates, mainly due to the success of marketing measures on the Company's

Integrated Traveling Service Platform, AirTrip and website improvements in the Online Travel Agency Business.

In addition, Airtrip Corp. became a consolidated subsidiary of the Company from June, through the acquisition of the shares of DeNA Travel Co., Ltd. (now Airtrip Corp.), which is the largest domestic OTA for overseas air tickets and traveling abroad, on May 31, 2018. Since then. the Company has carefully examined the impact of this acquisition of shares.

Taking the impact of this acquisition of shares into consideration, in addition to the strongly performing existing businesses described above, the Company raised the full-year consolidated business forecasts announced at the beginning of the fiscal year.

The business forecasts for the current fiscal year (ending September 30, 2018) are consolidated net sales of 11,000 million yen, consolidated operating income of 1,500 million yen, and profit attributable to owners of the parent of 881 million yen.

(Note) The Company decided to voluntarily adopt the International Financial Reporting Standards (IFRS) from the financial results for the fiscal year ending September 30, 2018. The above business forecasts have been prepared in accordance with IFRS.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY9/17 (As of Sep. 30, 2017)	Third quarter of FY9/18 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	2,139,151	4,641,204
Notes and accounts receivable - trade	1,386,136	4,640,887
Operational investment securities	1,100,489	2,632,282
Merchandise and finished goods	45,032	55,972
Deferred tax assets	78,166	22,526
Accounts receivable - other	181,394	800,949
Other	227,716	1,688,761
Allowance for doubtful accounts	-16	-1,381
Total current assets	5,158,070	14,481,202
Non-current assets		
Property, plant and equipment		
Buildings, net	153,550	220,369
Vehicles, net	105,372	113,878
Tools, furniture and fixtures, net	100,864	191,677
Construction in progress	7,123	–
Total property, plant and equipment	366,910	525,926
Intangible assets		
Goodwill	724,820	4,807,051
Software	609,762	1,895,510
Other	-	181,707
Total intangible assets	1,334,582	6,884,269
Investments and other assets		
Investment securities	31,801	63,568
Deferred tax assets	12,597	24,270
Guarantee deposits	548,921	859,507
Claims provable in bankruptcy, claims provable in rehabilitation and other	25,430	36,997
Other	25,756	56,392
Allowance for doubtful accounts	-25,430	-30,697
Total investments and other assets	619,075	1,010,039
Total non-current assets	2,320,569	8,420,234
Total assets	7,478,640	22,901,437

(Thousands of yen)

	FY9/17 (As of Sep. 30, 2017)	Third quarter of FY9/18 (As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,558,350	3,235,515
Short-term loans payable	655,159	4,111,298
Accounts payable - other	487,496	1,397,207
Accrued expenses	155,181	124,662
Advances received	67,342	3,000,925
Income taxes payable	188,727	76,287
Provision for bonuses	46,852	51,085
Provision for point card certificates	4,367	18,740
Provision for shareholder benefit program	26,394	4,702
Current portion of long-term loans payable	122,258	3,269,039
Lease obligations	5,574	8,185
Deferred tax liabilities	–	227,711
Other	201,305	413,554
Total current liabilities	3,519,009	15,938,917
Non-current liabilities		
Long-term loans payable	622,780	2,394,816
Long-term guarantee deposited	81,528	17,367
Net defined benefit liability	5,094	12,329
Deferred tax liabilities	9,534	61,760
Lease obligations	14,270	25,355
Total non-current liabilities	733,208	2,511,628
Total liabilities	4,252,217	18,450,545
Net assets		
Shareholders' equity		
Capital stock	1,031,127	1,067,860
Capital surplus	837,092	2,099,035
Retained earnings	865,064	280,006
Total shareholders' equity	2,733,284	3,446,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,718	636,361
Deferred gains or losses on hedges	446	663
Foreign currency translation adjustment	-216	-5,655
Total accumulated other comprehensive income	39,948	631,369
Subscription rights to shares	48,729	49,449
Non-controlling interests	404,459	323,170
Total net assets	3,226,422	4,450,891
Total liabilities and net assets	7,478,640	22,901,437

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

For the Nine-month Period

(Thousands of yen)

	Nine months of FY9/17 (Oct. 1, 2016 – June 30, 2017)	Nine months of FY9/18 (Oct. 1, 2017 – June 30, 2018)
Net sales	3,968,345	6,319,490
Cost of sales	635,725	2,260,465
Gross profit	3,332,620	4,059,024
Selling, general and administrative expenses	2,751,418	4,508,401
Operating income (loss)	581,201	-449,377
Non-operating income		
Interest income	3,949	3,991
Foreign exchange gains	5,589	9,890
Other	2,200	5,977
Total non-operating income	11,739	19,859
Non-operating expenses		
Interest expenses	7,320	25,626
Provision of allowance for doubtful accounts	1,947	–
Listing expenses	21,900	–
Other	7,779	4,561
Total non-operating expenses	38,946	30,188
Ordinary income (loss)	553,993	-459,705
Extraordinary losses		
Loss on sales of non-current assets	–	9,907
Other	679	–
Total extraordinary losses	679	9,907
Profit (loss) before income taxes	553,314	-469,613
Income taxes	126,736	-107,108
Profit (loss)	426,577	-362,504
Profit (loss) attributable to non-controlling interests	72,433	104,119
Profit (loss) attributable to owners of parent	354,143	-466,623

Consolidated Statement of Comprehensive Income

For the Nine-month Period

(Thousands of yen)

	Nine months of FY9/17 (Oct. 1, 2016 – June 30, 2017)	Nine months of FY9/18 (Oct. 1, 2017 – June 30, 2018)
Profit (loss)	426,577	-362,504
Other comprehensive income		
Valuation difference on available-for-sale securities	6,061	596,643
Deferred gains or losses on hedges	3,107	216
Foreign currency translation adjustment	17,097	-10,664
Total other comprehensive income	26,267	586,195
Comprehensive income	452,844	223,691
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	372,032	124,797
Comprehensive income attributable to non-controlling interests	80,811	98,893

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Significant changes in shareholders' equity)

The Company acquired the shares of EA1 Corp. through a share exchange and made it a subsidiary on October 6, 2017. As a result of this share exchange, capital surplus increased 349,934 thousand yen. In addition, the Company acquired the shares of N's Enterprise Inc. through a share exchange and made it a subsidiary on November 6, 2017. As a result of the said share exchange, capital surplus increased 459,400 thousand yen. The Company also acquired the shares of Destination Japan Inc.. through a share exchange and made it a subsidiary on May 31, 2018. As a result of the said share exchange, capital surplus increased 500,000 thousand yen.

Consequently, at the end of the third quarter under review, capital stock stood at 1,067,860 thousand yen and capital surplus came to 2,099,035 thousand yen.

(Application of special accounting methods for presenting quarterly consolidated financial statements)

(Calculation of tax expenses)

The tax expenses are calculated by obtaining a reasonable estimate of the effective tax rate on profit before income taxes for the fiscal year, which includes the third quarter under review, after the application of the tax effect accounting, and multiplying the profit before income taxes by the said estimated effective tax rate.

(Changes in accounting policies)

Not applicable.

(Changes in accounting estimates)

Not applicable.

(Segment information, etc.)

[Segment Information]

Nine months ended March 31, 2017 (Oct. 1, 2016 – Jun. 30, 2017)

1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount on quarterly consolidated statement of income (Note 2)
	Online Travel Agency Business	IT Offshore Development Business	Other businesses	Total		
Net sales						
Sales to external customers	2,918,448	1,048,518	1,378	3,968,345	—	3,968,345
Intersegment sales and transfers	—	82,867	—	82,867	-82,867	—
Total	2,918,448	1,131,385	1,378	4,051,212	-82,867	3,968,345
Segment profits (losses)	838,568	124,706	-11	963,263	-382,061	581,201

Notes: 1 The adjustment of -382,061 thousand yen to the segment profits (losses) includes corporate expenses which mainly consist of general and administrative expenses that are not attributable to the reportable segments

2 The segment profit or loss has been adjusted to the operating income stated in the quarterly consolidated statement of income.

2. Information about impairment loss of property, plant and equipment or goodwill, etc. by reportable segment

(Material impairment loss related to property, plant and equipment)

Not applicable.

(Material change in the amount of goodwill)

Not applicable.

(Material gain on bargain purchase)

Not applicable.

Nine months ended March 31, 2018 (Oct. 1, 2017 – Jun. 30, 2018)

1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount on quarterly consolidated statement of income (Note 3)
	Online Travel Agency Business	IT Offshore Development Business	Investment Business	Total				
Net sales								
Sales to external customers	4,620,476	1,597,300	101,669	6,319,446	44	6,319,490	—	6,319,490
Intersegment sales and transfers	—	135,398	—	135,398	—	135,398	-135,398	—
Total	4,620,476	1,732,699	101,669	6,454,845	44	6,454,889	-135,398	6,319,490
Segment profits (losses)	-319,734	137,646	75,463	-106,624	0	-106,624	-342,752	-449,377

Notes: 1 The category "Other" includes the business segments not included in the reportable segments, such as advertising revenue.

2 The adjustment of -342,752 thousand yen to the segment profits (losses) includes corporate expenses which mainly

consist of general and administrative expenses that are not attributable to the reportable segments.

3 The segment profit or loss has been adjusted to the operating income stated in the quarterly consolidated statement of income.

2. Matters regarding change of reportable segments

The Company launched the Investment Business in the previous consolidated fiscal year under review, and the reportable segments were changed from the Online Travel Agency Business, the IT Offshore Development Business, and Other Businesses to the Online Travel Agency Business, the IT Offshore Development Business, and the Investment Business.

Because of the lack of importance of the Investment Business for the first nine months of the previous fiscal year, no reclassification was carried out.

3. Information about impairment loss of property, plant and equipment or goodwill, etc. by reportable segment

(Material impairment loss related to property, plant and equipment)

Not applicable.

(Material change in the amount of goodwill)

In the Online Travel Agency Business, goodwill was posted upon the acquisition of the shares of consolidated subsidiaries, N's Enterprise Inc., EA1 Corp., Destination Japan and Airtrip Corp. The goodwill posted upon these events was 997,395 thousand yen, 237,887 thousand yen, 393,761 thousand yen and 2,628,248 thousand yen respectively. These amounts of goodwill were tentatively determined because the appropriation of the acquisition cost is not completed.

(Material gain on bargain purchase)

Not applicable.

(Important subsequent events)

At the meeting of the Board of Directors held on August 14, 2018, the Company resolved to issue the 13th stock acquisition rights (third party allotment) (hereinafter referred to as the “Stock Acquisition Rights”) and to conclude a third-party allotment agreement with a commitment clause, which includes the following information, after notification under the Financial Instruments and Exchange Act has taken effect. As stated in the Notification Concerning Acquisition and Cancellation of the 9th and 10th Stock Acquisition Rights which the Company announced today, the Company resolved to acquire and cancel all of the remaining 9th Stock Acq1uisition Rights and 10th Stock Acquisition Rights issued on July 24, 2017 with effect August 29, 2018.

(1)	Date of allotment	September 6, 2018
(2)	Total number of stock acquisition rights to be issued	1,767
(3)	Issue price	24,700 yen per stock acquisition right (total amount of the issue price: 43,644,900 yen) Provided, however, that if the result calculated by the same method used to determine the above issue price on any of the days in the period from August 20, 2018 to August 22, 2018 (inclusive) to be determined by the Board of Directors of the Company as the date for determining the final conditions for the Stock Acquisition Rights based upon consideration of general circumstances including stock price fluctuation (hereinafter referred to as the “condition determination date”) exceeds the above amount (24,000 yen), the issue price shall be the amount determined based on the calculation result on the condition determination date. The total amount of the issue price is the amount obtained by multiplying the amount per stock acquisition right by 1,767, which is the total number of the Stock Acquisition Rights.
(4)	Dilutive number of shares due to this issuance	Number of dilutive shares: 1,767,000 There is no upper limit to the strike price. The lower limit to the strike price will be determined on the condition determination date but the number of dilutive shares is 1,767,000 shares even at the minimum strike price.
(5)	Amount of funds provided	4,681,587,900 yen (approximate net amount)
(6)	Strike price and conditions for revision of strike price	The initial strike price will be the closing price of the Company’s common shares in regular trading on the Tokyo Stock Exchange on the day of trading directly preceding the condition determination date (hereinafter referred to as the “condition determination base price”). The strike price will be revised to the amount equivalent to [92%] of the closing price of the Company’s common shares in regular trading on the Tokyo Stock Exchange on the day of trading directly preceding the effective date of each exercise request of the Stock Acquisition Rights, but if the revised strike price is lower than the lower limit of the strike price, the lower limit of the strike price will be used as the revised strike price.
(7)	Method of solicitation or allotment	Third-party allotment
(8)	Scheduled holders of subscription rights	Merrill Lynch Japan Securities
(9)	Other	After notification under the Financial Instruments and Exchange Act has taken effect, the Company plans to conclude a third-party allotment agreement with a commitment clause with Merrill Lynch Japan Securities Co., Ltd. (hereinafter referred to as “Merrill Lynch Japan Securities”). The third-party allotment agreement will provide for the following: ・ Designation of exercise of the Stock Acquisition Rights by the Company ・ Suspension of exercise of the Stock Acquisition Rights by the Company ・ Request for purchase of the Stock Acquisition Rights by Merrill Lynch Japan Securities ・The Company shall take measures to restrict the exercise of stock acquisition rights pursuant to Rule 434, Paragraph 1 of the Securities Listing Regulations established by the Tokyo Stock Exchange, Rule 436, Paragraph 1 through 5 of Enforcement Rules for Securities Listing Regulations established by the Tokyo Stock Exchange, and the “Regulations concerning Handling of Allocation of New Shares to a Third Party, etc.” as defined by the Japan Securities Dealers Association The agreement states that Merrill Lynch Japan Securities cannot transfer the Stock Acquisition Rights to another party without the approval of the Board of Directors of the Company and that, even if the Stock Acquisition Rights are transferred, the transferee shall succeed to the rights and obligations of Merrill Lynch Japan

	Securities.

Note: The amount of funds raised is the amount calculated by subtracting the approximate amount of expenses required for the issuance of the Stock Acquisition Rights from the sum total of the total amount paid for the Stock Acquisition Rights and the total value of assets invested when exercising the Stock Acquisition Rights. The total amount paid for the Stock Acquisition Rights is the expected amount calculated on the assumption of figures such as the closing price on the day of trading immediately preceding August 14, 2018 (hereinafter referred to as the "issuance resolution date"), and the total value of assets invested when exercising the Stock Acquisition Rights is the amount on the assumption that all of the Stock Acquisition Rights are exercised at the initial strike price, but the final amount paid for the Stock Acquisition Rights and the initial strike price will be determined on the condition determination date. If the strike price is revised or adjusted, the amount of funds raised will increase or decrease. In addition, if the Stock Acquisition Rights are not exercised within the exercise period or if the Company has canceled the Stock Acquisition Rights that it has acquired, the amount of funds raised will decrease.