



Ateam Inc.

Business Report FY2017

September 8, 2017

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1. FY2017 Financial Results

- 2. FY2017 Q4 Business Details
- 3. FY2018 Q1 Progress
- 4. FY2018 Guidance
- 5. Medium- and Long-Term Outlook

FY2017 Financial Summary (Aug 2016 - July 2017)

Overall

Both Revenue and Profit Significantly Up, Record High Achieved

- Revenue: 34,603 million JPY (Y/Y 150.7%)
- Operating income: 4,077 million JPY (Y/Y 184.3%)
- Net income: 2,579 million JPY (Y/Y 199.6%)

*Net income = Net income attributable to shareholders of parent company (holds the same meaning on all following pages)

Ent.

Both Revenue and Profit Significantly Up, Record High Achieved

- Revenue: 19,259 million JPY (Y/Y 153.3%)
- Profit: 3,820 million JPY (Y/Y 166.3%)

Valkyrie Connect and Unison League Performed Well Domestically and Internationally, Efficient Operation Drove Large Jump in Profit

% of Revenue
55.7%

Lifestyle Support

Both Revenue and Profit Significantly Up, Record High Achieved

- Revenue: 13,342 million JPY (Y/Y 145.1%)
- Profit: 1,929 million JPY (Y/Y 117.8%)

Financial Media and Moving-Related Shown Large Jump in Revenue; Bridal-Related and Automobile-Related Also Performed Well

% of Revenue
38.6%

EC

Revenue Significantly Up, Record High Achieved

- Revenue: 2,001 million JPY (Y/Y 164.7%)
- Profit: -178 million JPY (Y/Y -%)

Operational and Physical Capacity Improvements Led to Large Increase in Revenue, Significant Y/Y Growth Achieved

% of Revenue
5.8%

FY2017 Q4 Financial Summary (May - July 2017)

Overall

Both Revenue and Profit Significantly Up Y/Y but Down Q/Q Due to Seasonal Factors

- Revenue: 9,412 million JPY (Y/Y 139.3%, Q/Q 95.0%)
- Operating income: 1,306 million JPY (Y/Y 174.6%, Q/Q 74.7%)
- Net income: 741 million JPY (Y/Y 147.0%, Q/Q 63.8%)

*Net income = Net income attributable to shareholders of parent company (holds the same meaning on all following pages)

Ent.

Both Revenue and Profit Significantly Up Y/Y but Down Q/Q

- Revenue: 5,082 million JPY (Y/Y 131.7%, Q/Q 97.7%)
- Profit: 1,270 million JPY (Y/Y 179.9%, Q/Q 88.2%)

% of Revenue

54.0%

Valkyrie and Derby Performed Well, Unison Decreased Causing Revenue Decline Q/Q, Profit Down Q/Q Due to Increased Valkyrie Advertising

Lifestyle Support

Both Revenue and Profit Up Y/Y but Down Q/Q

- Revenue: 3,746 million JPY (Y/Y 149.1%, Q/Q 93.9%)
- Profit: 516 million JPY (Y/Y 121.3%, Q/Q 72.1%)

% of Revenue

39.8%

Each Sub-Segment Business Grew Steadily Y/Y, but Down Q/Q Due to Seasonal Factors

EC

Revenue Up Y/Y but Down Q/Q Due to Seasonal Factors

- Revenue: 584 million JPY (Y/Y 151.3%, Q/Q 81.7%)
- Profit: -32 million JPY (Y/Y -, Q/Q -)

% of Revenue

6.2%

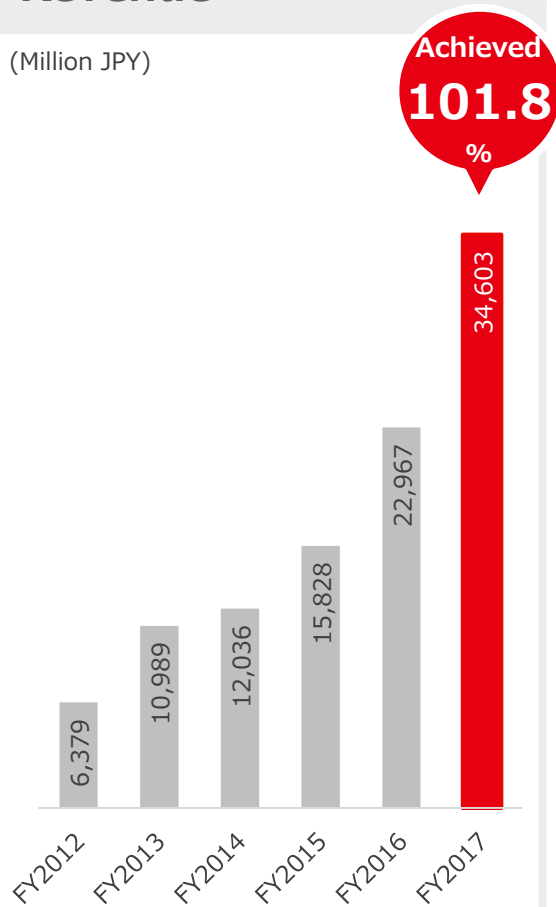
Grew Steadily Y/Y but Down Q/Q Due to Seasonal Factors

FY2017 Q4 Financial Results vs. Revised Forecasts

(Reference) Revenue: 34 billion JPY, Operating income: 3.8 billion JPY,
Net income: 2.5 billion JPY

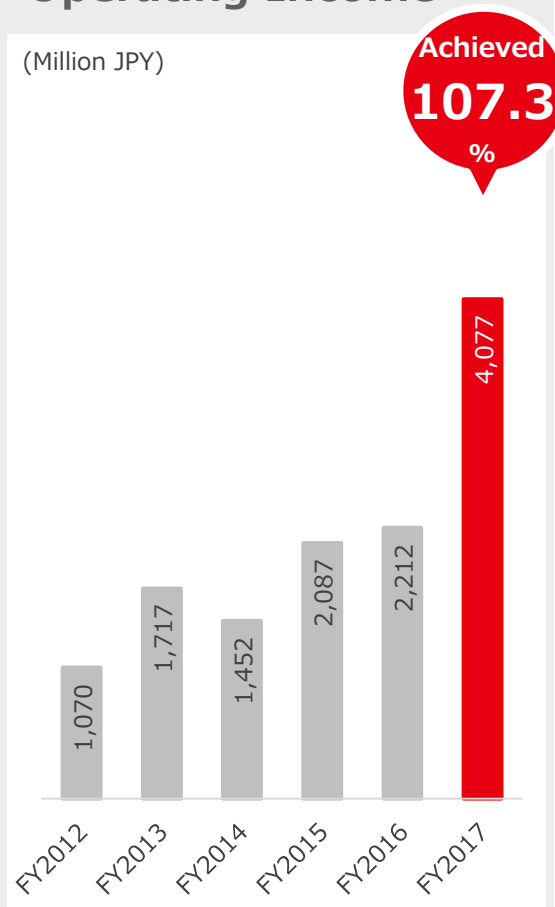
Revenue

(Million JPY)



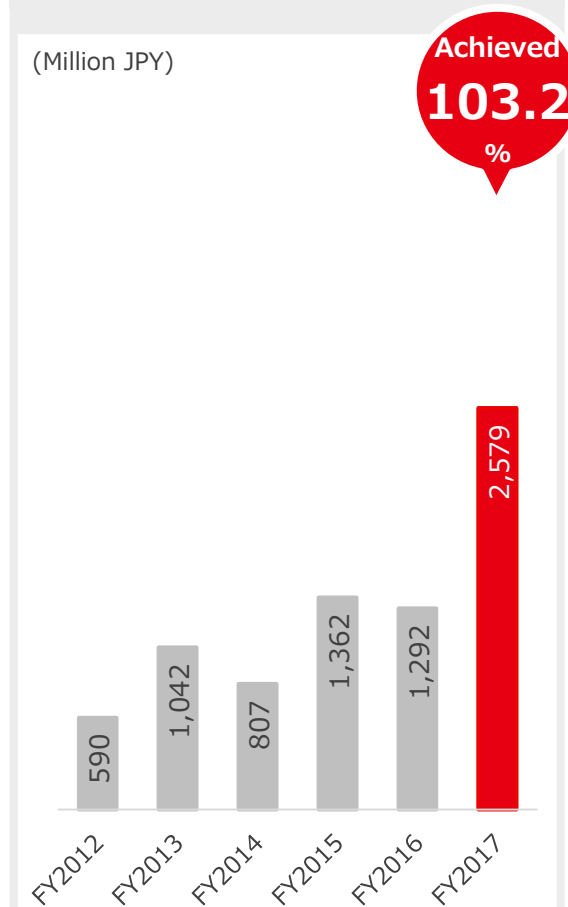
Operating Income

(Million JPY)



Net Income

(Million JPY)



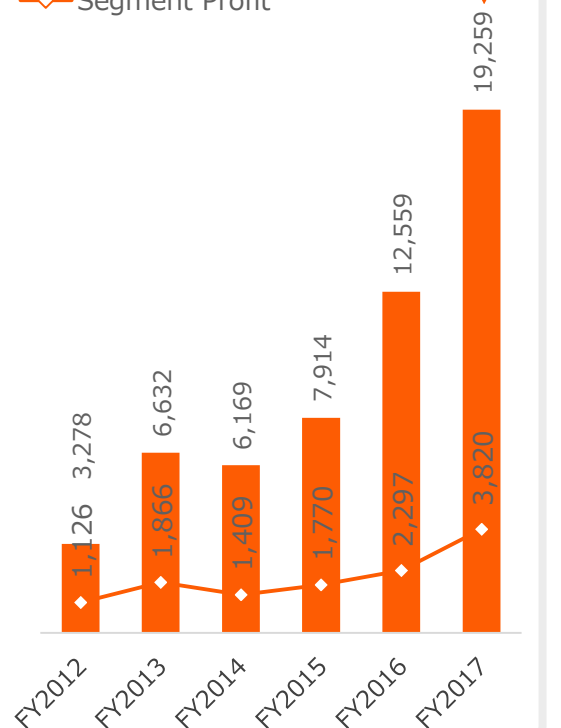
FY2017 Full-Year Financial Results by Segment

All Three Segments Achieved Record High Revenue

Entertainment

(Million JPY)

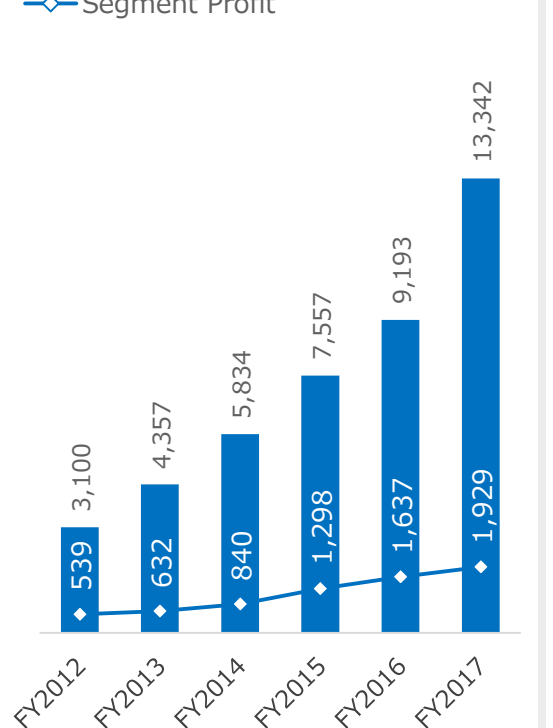
■ Segment Revenue
◆ Segment Profit



Lifestyle Support

(Million JPY)

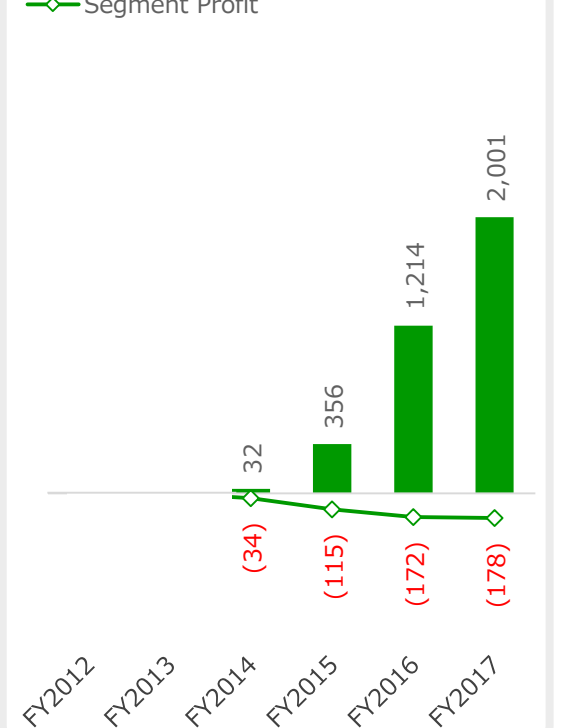
■ Segment Revenue
◆ Segment Profit



EC

(Million JPY)

■ Segment Revenue
◆ Segment Profit



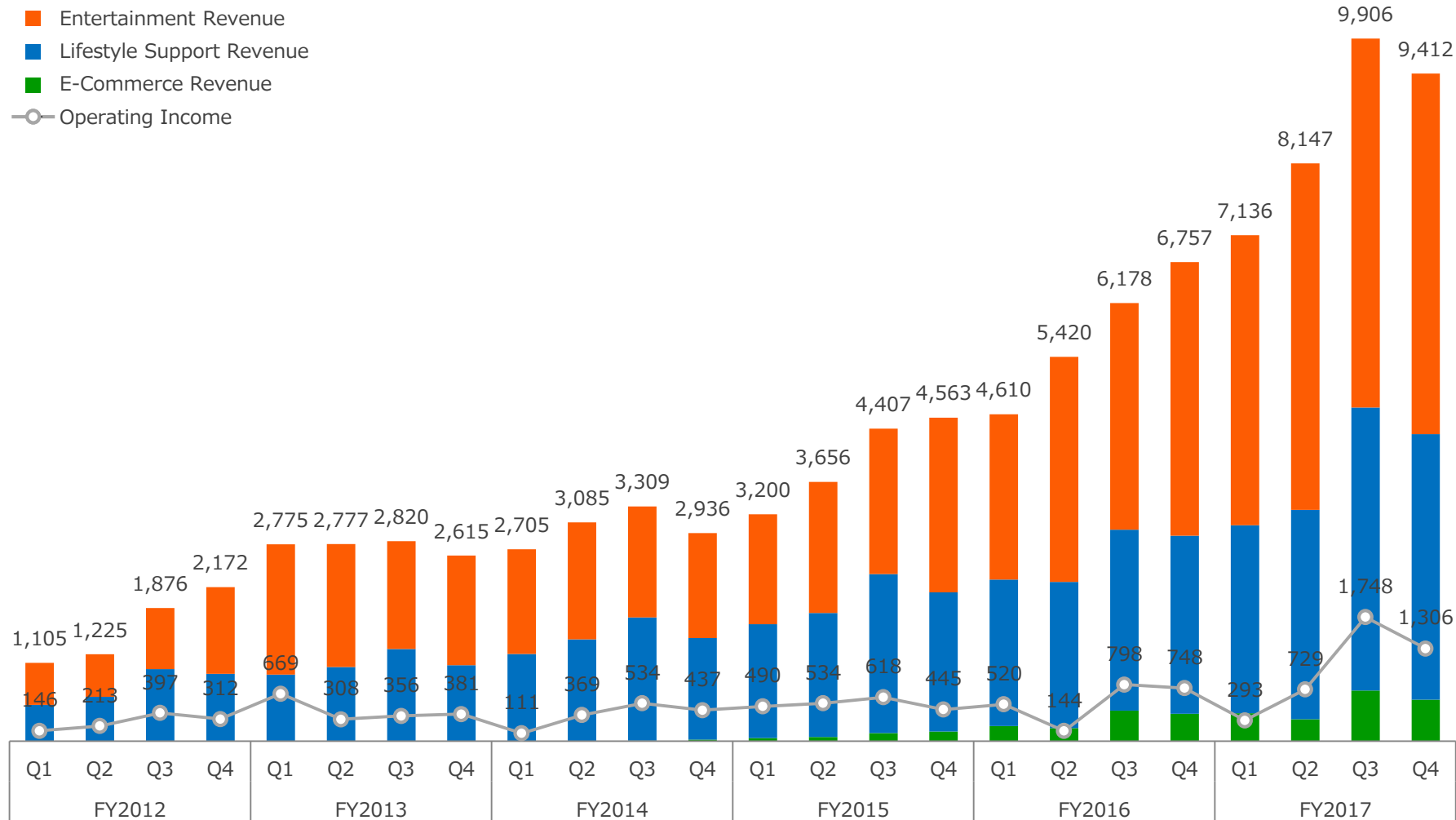
FY2017 Full-Year and Q4 Three-Month Results

(Million JPY)

FY2017 Full-Year Results (Aug 2016 - July 2017)					FY2017 Q4 Three-Month Results (May - Jul 2017)					
	FY2017		FY2016	Y/Y	Q4	%	FY2016 Q4	Y/Y	FY2017	Q/Q
	Full-year	%	Full-year						Q3	
Revenue	34,603	100.0%	22,967	150.7%	9,412	100.0%	6,757	139.3%	9,906	95.0%
Operating income	4,077	11.8%	2,212	184.3%	1,306	13.9%	748	174.6%	1,748	74.7%
Ordinary income	4,118	11.9%	2,094	196.6%	1,308	13.9%	736	177.7%	1,738	75.3%
Net income	2,579	7.5%	1,292	199.6%	741	7.9%	504	147.0%	1,162	63.8%

Consolidated Quarterly Financial Trends

(Million JPY)



*Lifestyle Support revenue peaks in Q3 (Feb - Apr) each year due to seasonal factors (moving-related service peak business period is Feb - Apr, bicycle- and automobile-related service peak business period is Dec - Feb).

Quarterly Trend of Key Management Indicators

(Million JPY)

	FY14	FY2015				FY2016				FY2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	2,936	3,200	3,656	4,407	4,563	4,610	5,420	6,178	6,757	7,136	8,147	9,906	9,412
Operating income	437	490	534	618	445	520	144	798	748	293	729	1,748	1,306
Promotional expenses	912	1,132	1,439	1,903	1,955	1,817	2,326	2,433	2,758	3,432	3,551	3,623	3,410
Labor costs, recruitment expenses	691	684	682	695	736	745	805	814	884	872	935	931	1,066
Commission fees, etc.	484	484	559	671	869	841	1,171	1,177	1,401	1,468	1,779	2,051	2,108
Subcontractor expenses, server fees	159	162	190	197	235	257	267	275	235	254	297	315	331
Office rental fees, utility expenses	100	110	105	105	111	138	235	177	177	178	218	238	243
Employees (people)	541	531	533	533	530	548	559	574	583	605	627	710	718

*Number of employees includes directors, auditors, full-time employees, contract employees, and part-time workers of all Ateam Group companies

*The number of part-time employees is calculated in FTE (Full-Time Equivalent)

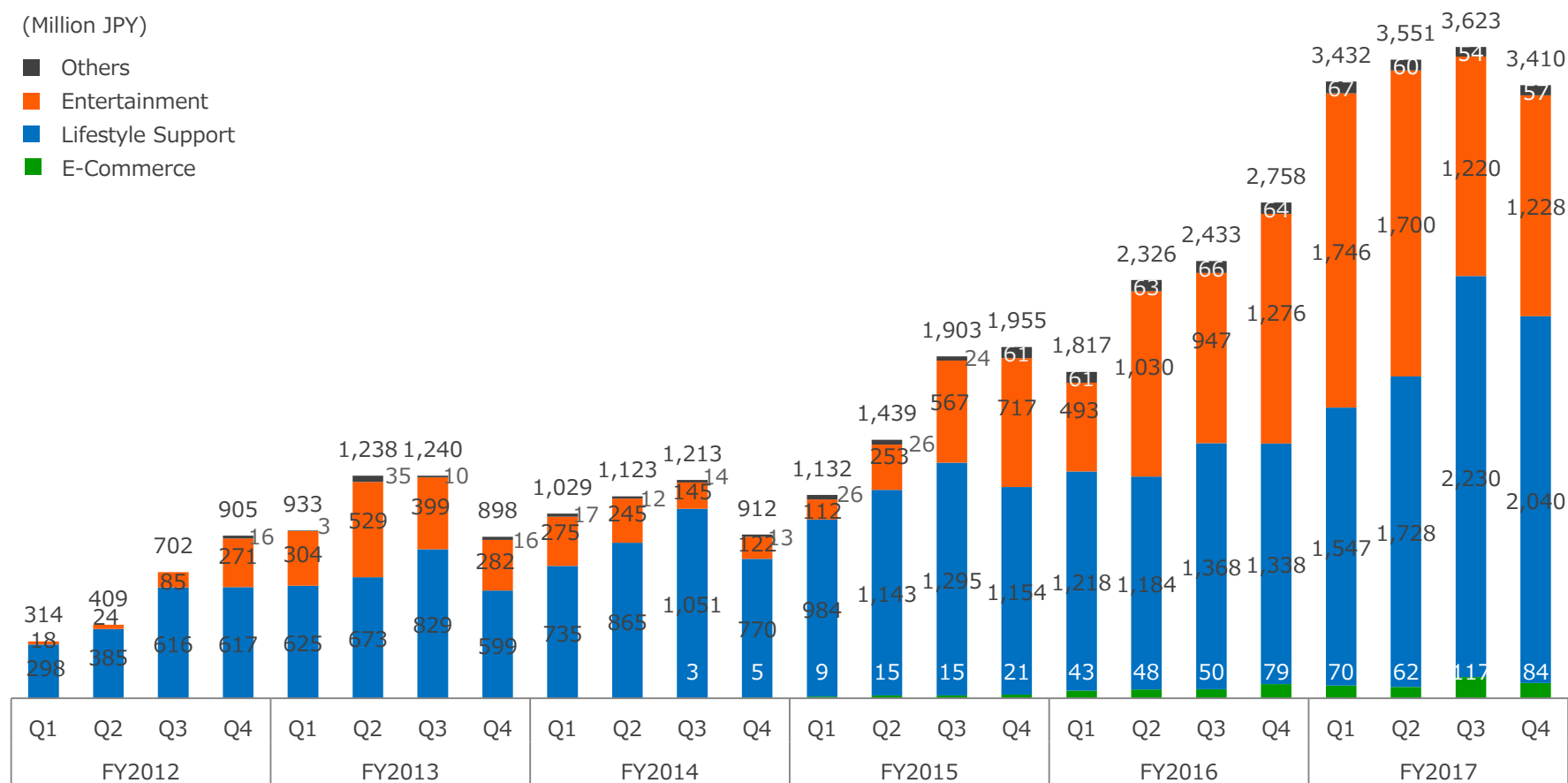
Quarterly Promotional Expense Trends

Entertainment Up Q/Q Due to Strengthening of Overseas Valkyrie Connect Promotion

Lifestyle Support & EC Decreased Mainly Due to Seasonal Factors

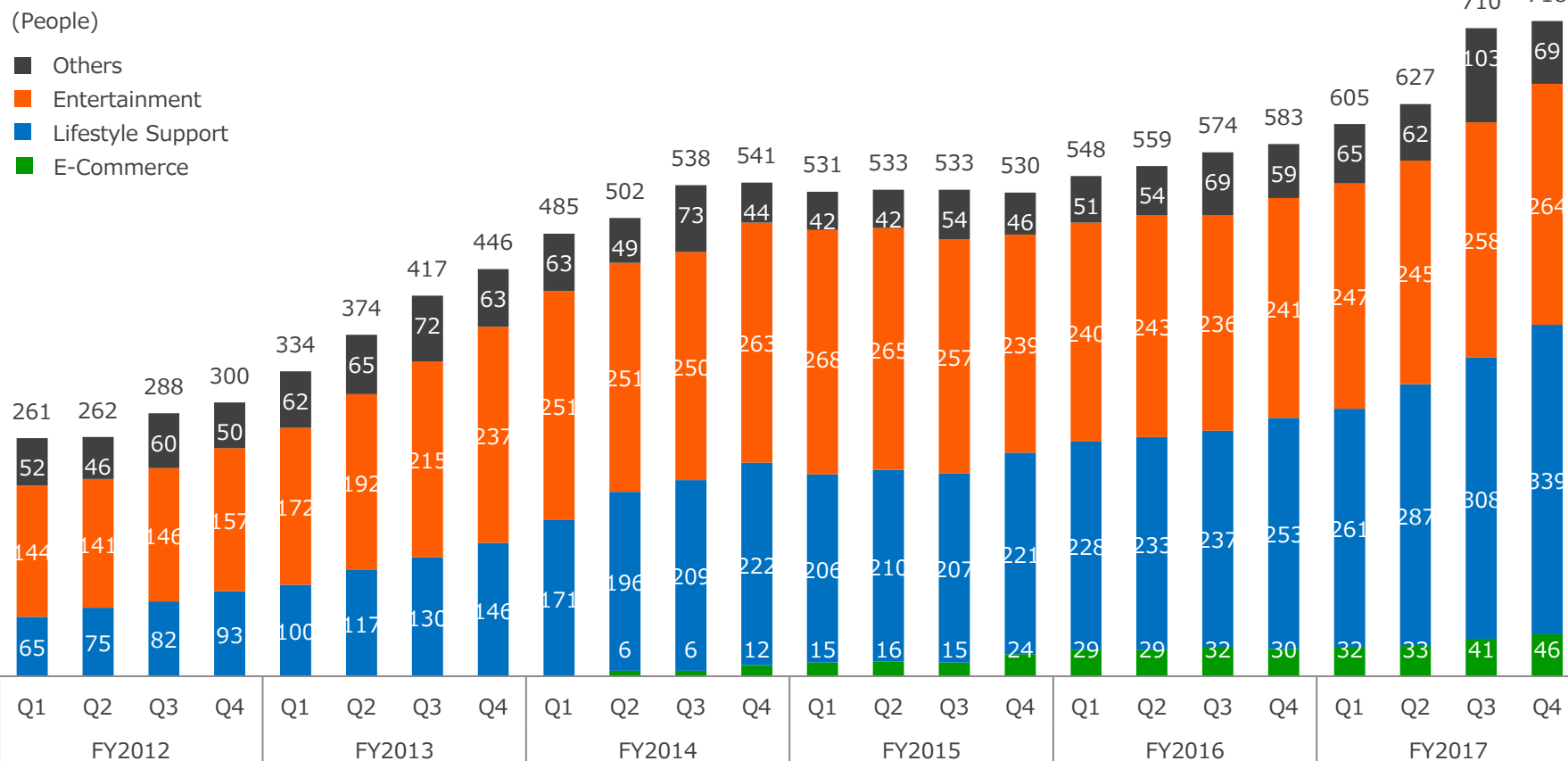
(Million JPY)

- Others
- Entertainment
- Lifestyle Support
- E-Commerce



Number of Employees

35 New Graduates Temporarily Attributed to “Others” Category Completed Training and Were Assigned to Business Divisions as of Jun 1



*Number of employees includes directors, auditors, full-time employees, contract employees, and part-time workers of all Ateam Group companies

*The number of part-time employees is calculated in FTE (Full-Time Equivalent)

Balance Sheet

Tangible Assets Increased Due to Expansion (In Space) of Headquarters and Osaka Office

Intangible Assets Decreased Due to Record of Extraordinary Loss

(Million JPY)

	FY2017 Q4	FY2017 Q3
Current assets	9,809	9,333
Cash and cash equivalents	5,004	4,415
Accounts receivable	3,774	3,897
Non-current assets	3,331	2,806
Tangible assets	1,666	1,203
Intangible assets (software)	507	793
Total assets	13,140	12,139

	FY2017 Q4	FY2017 Q3
Current liabilities	5,202	5,030
Non-current liabilities	481	389
Total liabilities	5,683	5,420
Short-term loans payable	632	828
Shareholder's equity	7,361	6,619
Total net assets	7,456	6,718
Liabilities and net assets	13,140	12,139

2. FY2017 Q4 Business Details

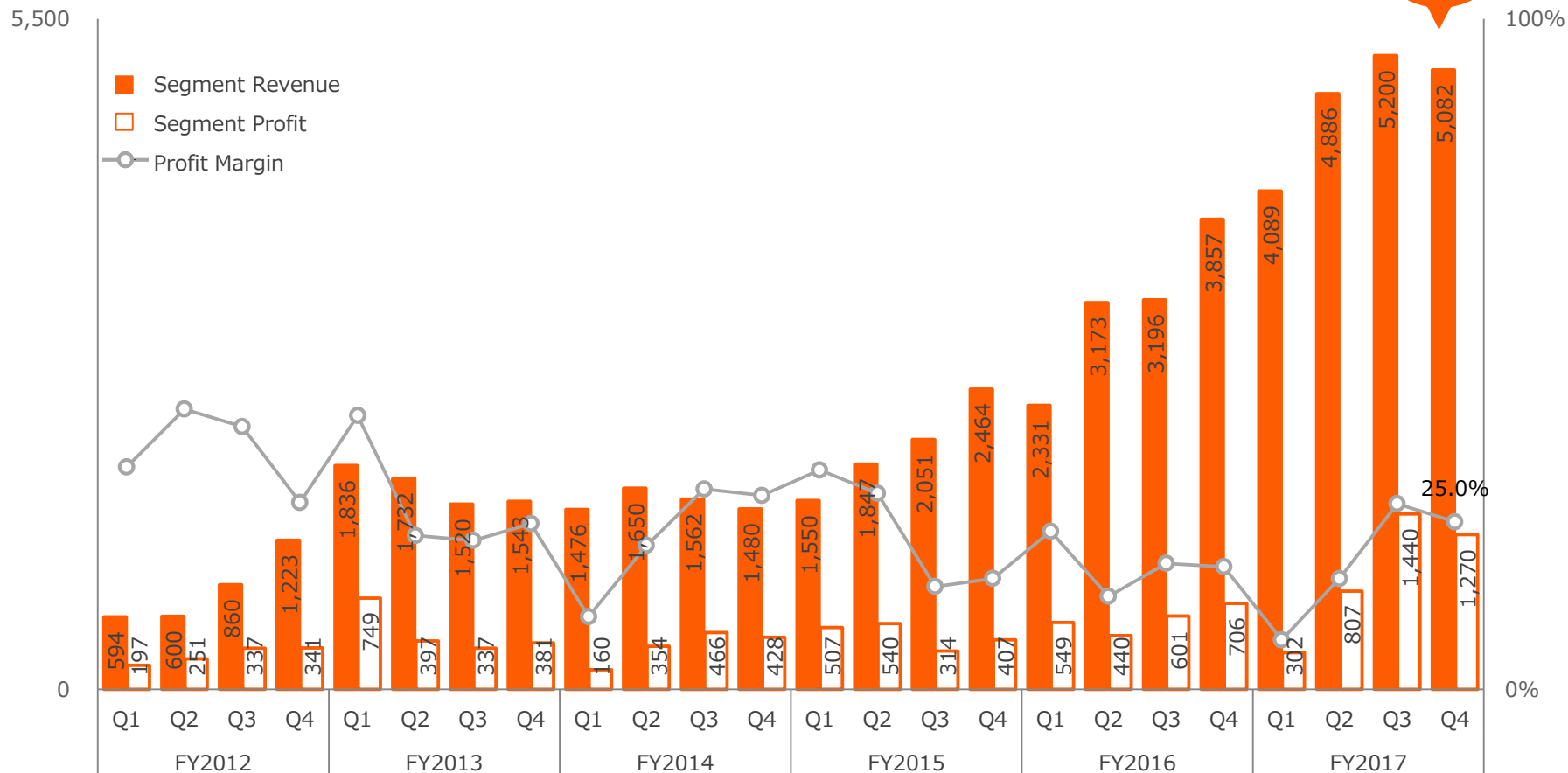
- 3. FY2018 Q1 Progress
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- 5. Medium- and Long-Term Outlook

Entertainment Business Performance Trends

Valkyrie Connect and Derby Impact Performed Well, Others Decreased Causing Q/Q Decline

Segment Profit Declined Due to Advertising of Valkyrie Connect

(Million JPY)

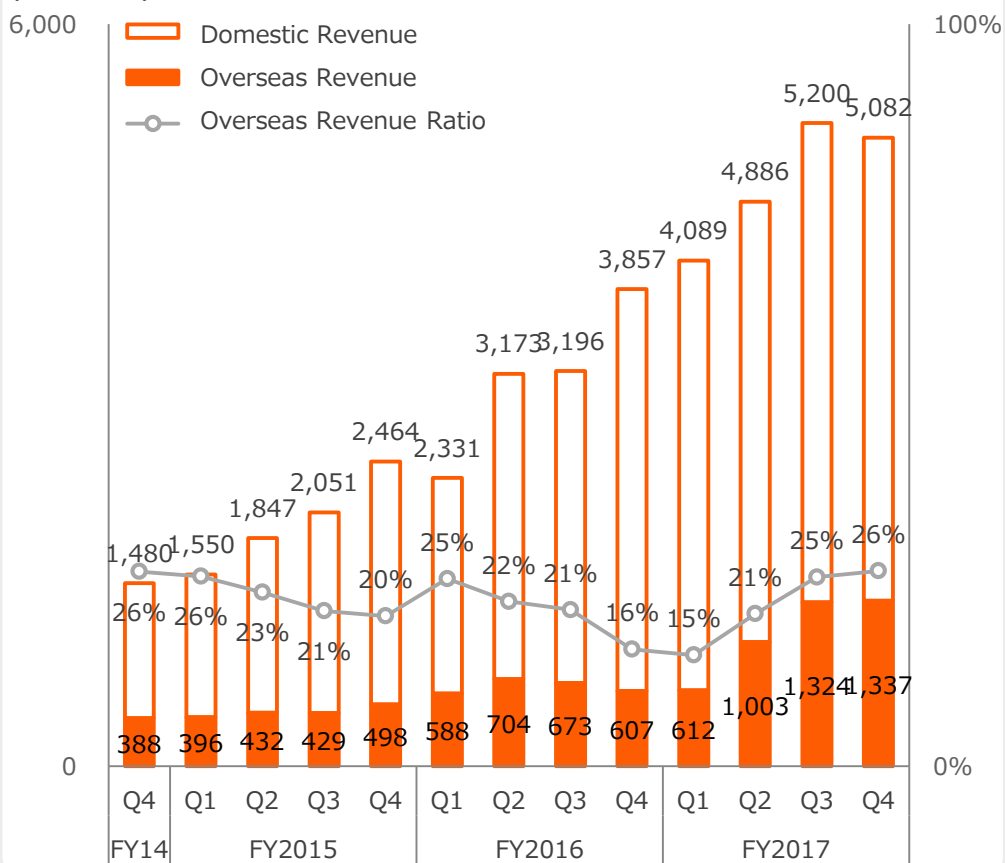









Entertainment Overseas Revenue Ratio Trends

Overseas Sales Trends

Record High Overseas Revenue Achieved

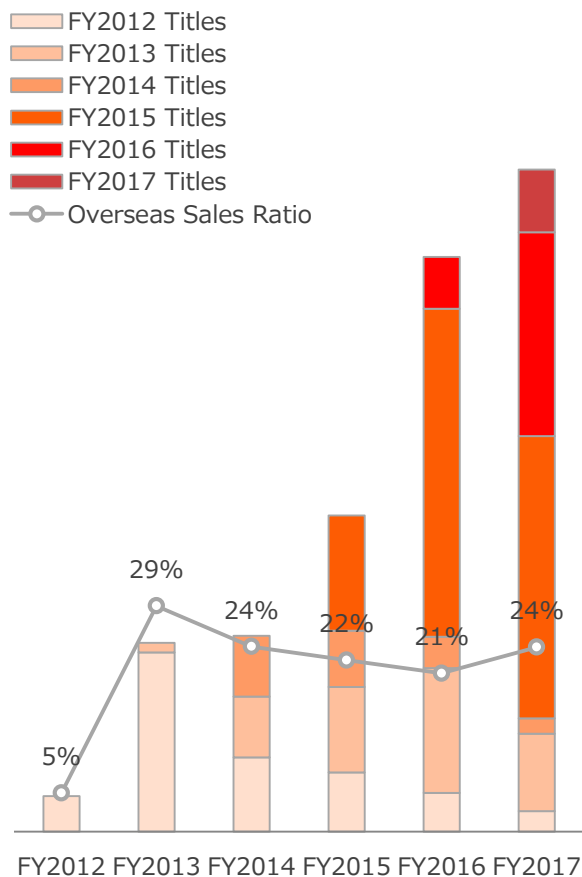
(Million JPY)



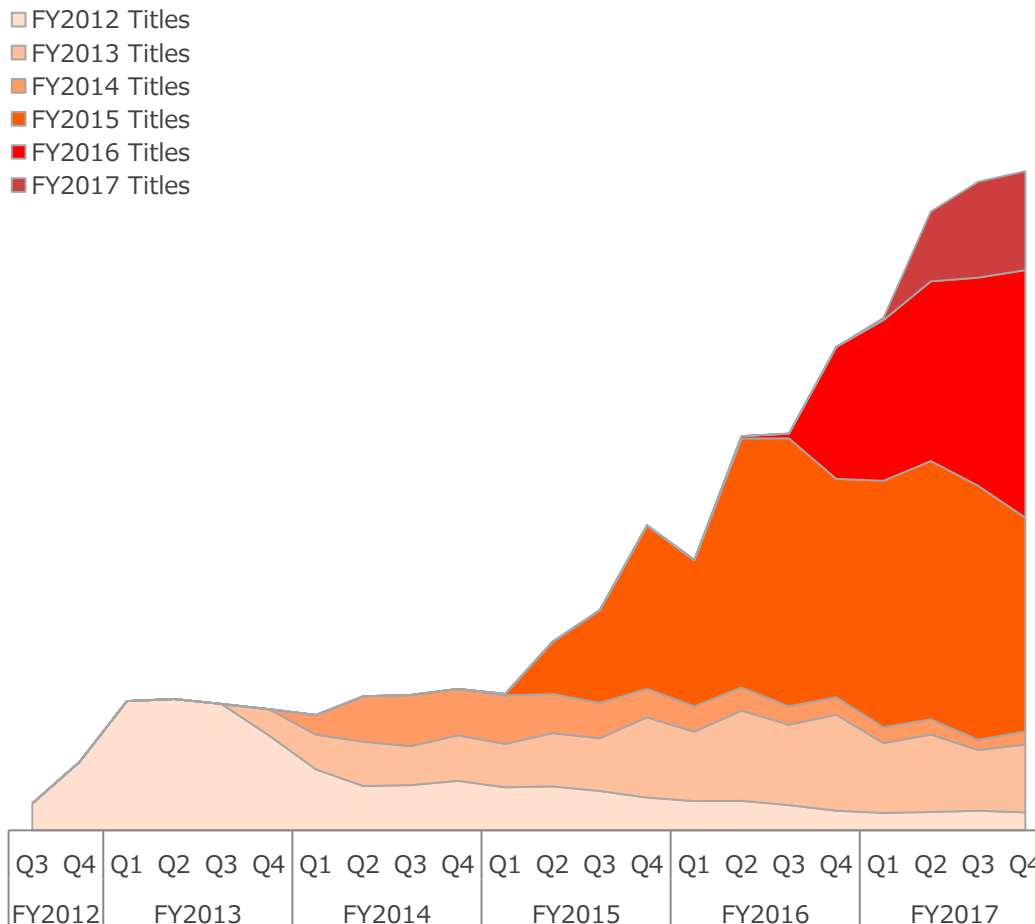
Region:	JP	NA	EU	TW HK MO	S. KR	SE. Asia
 Girls Tribe	●					
 Valkyrie	●	●	●	●	●	●
 Unison	●	●	●	●	●	●
 Derby	●			●		●
 Smash!	●			●		
 Legions	●	English Version				
 Summoner	●	English Version				

Native App Performance Trends by Release Year

Yearly Trends



Quarterly Trends by Release Year



*Overseas versions of game apps are classified from time of release, which may vary from Japanese versions.
 (Example: Valkyrie Connect Japanese version release year: FY 2016; Valkyrie Connect overseas version release year: FY2017)

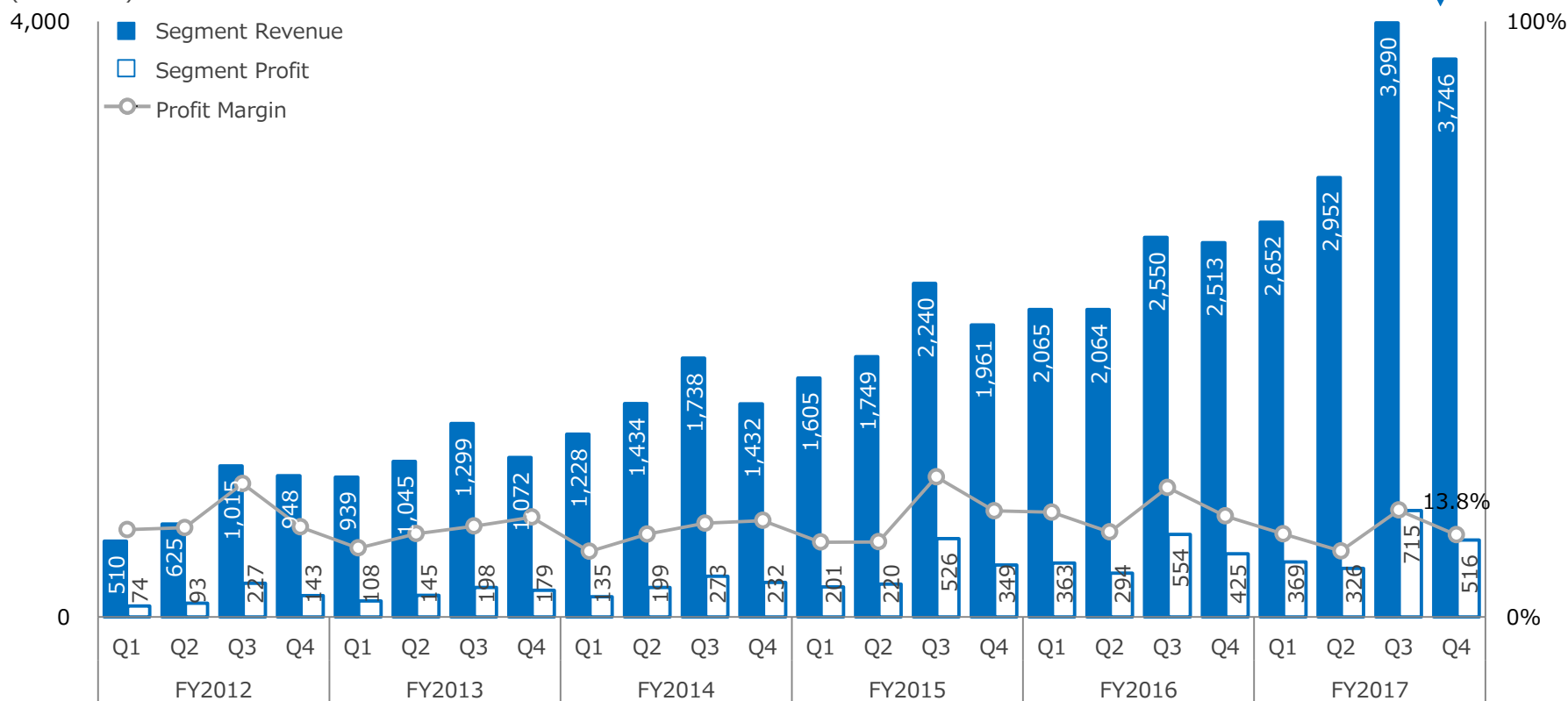
Lifestyle Support Business Performance Trends

Moving- and Automobile-Related Declined Due to Seasonal Factors

Along with Revenue, Segment Profit Declined

Y/Y
+49.1
%

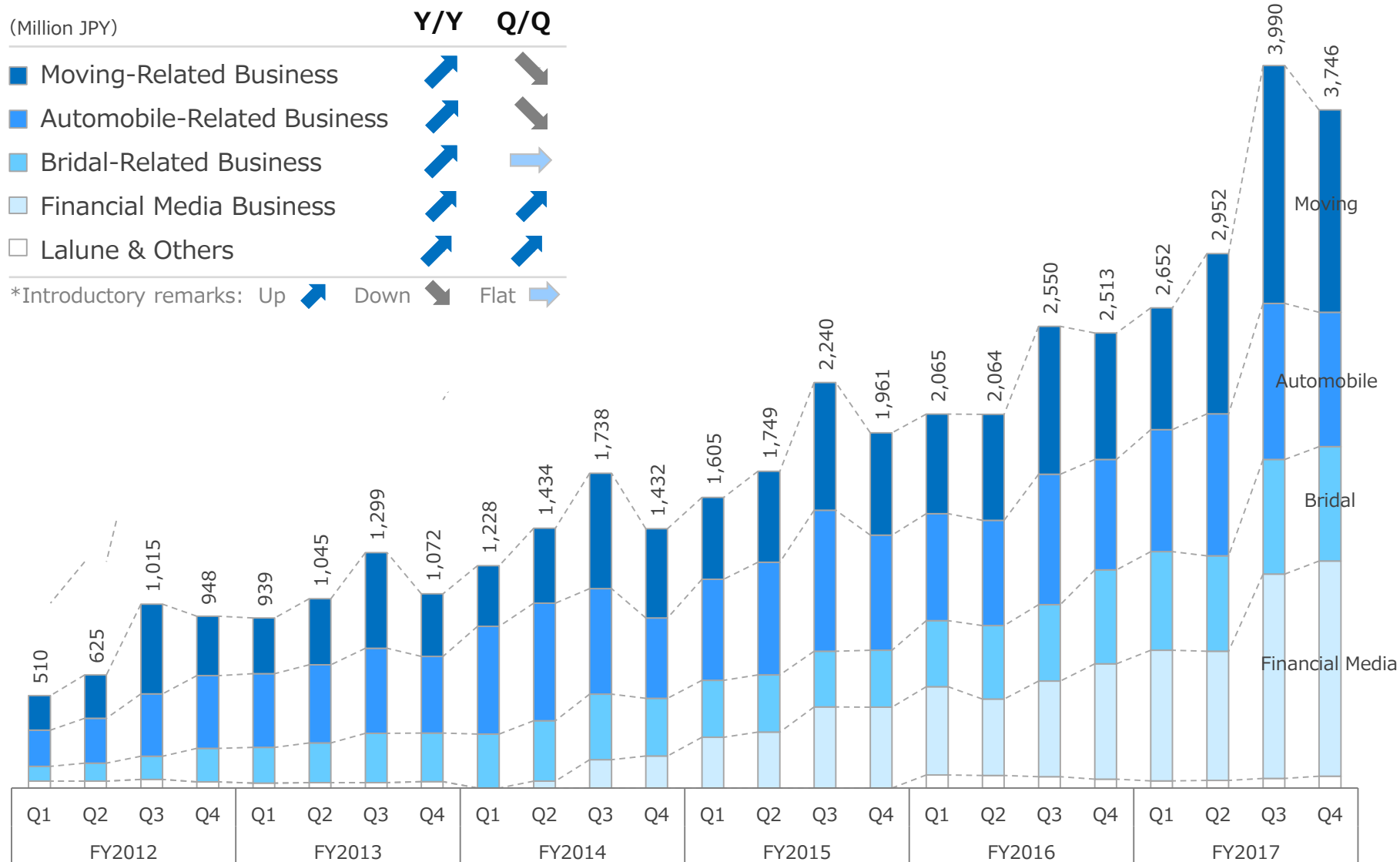
(Million JPY)



*From FY2017 (Aug 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

*E-Commerce performance is no longer included in Lifestyle Support business figures, please refer to page 17.

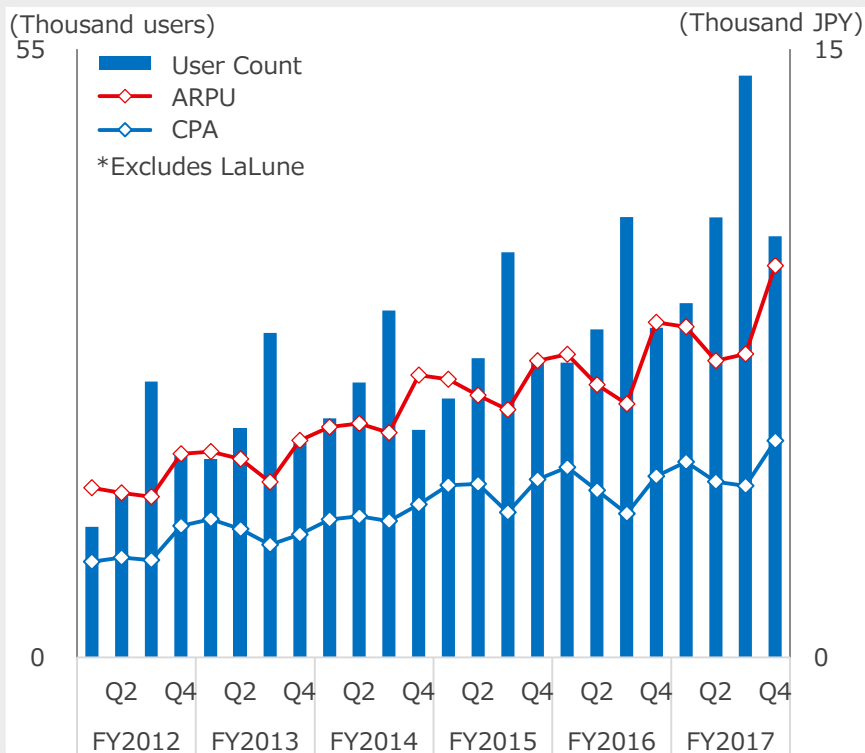
Lifestyle Support Sub-Segment Business Trends



Lifestyle Support Key Performance Indicator Trends

User Count, ARPU, CPA

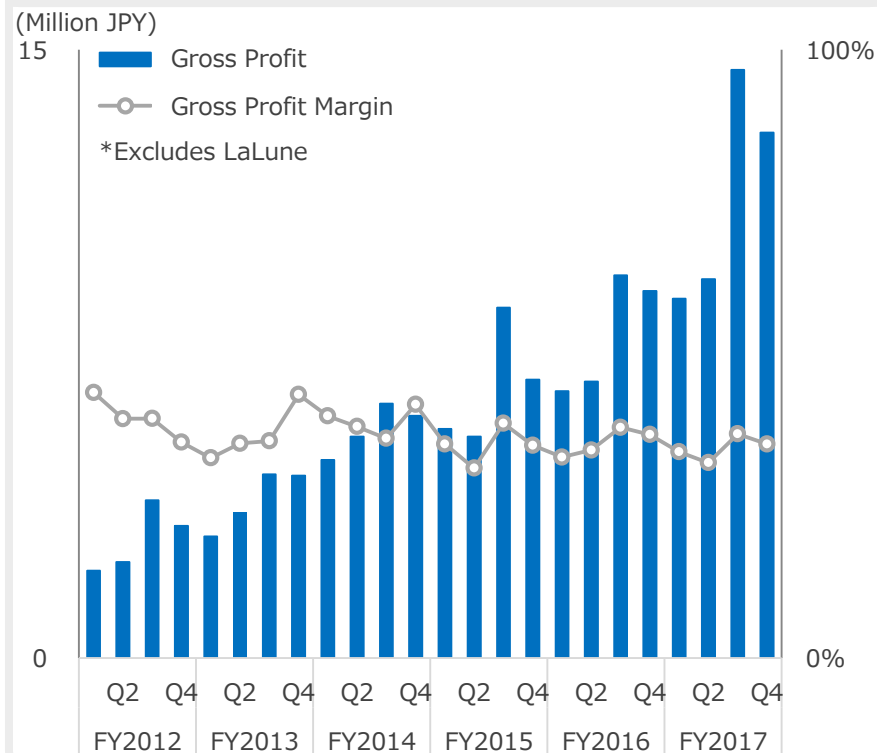
- User Count Up Significantly Y/Y
- ARPU & CPA Trended Similarly to Previous Years



- [① User count]=total users from 4 main sub-segment businesses (users that generated segment revenue)
- [② ARPU: Revenue per user]=segment revenue÷[① User count]
- [③ CPA: Cost per user acquisition]=advertising cost÷[① User count]

Gross Profit, Gross Profit Margin

- Gross Profit Up Significantly Y/Y
- Gross Profit Margin Trended Stably at Around 30-40%

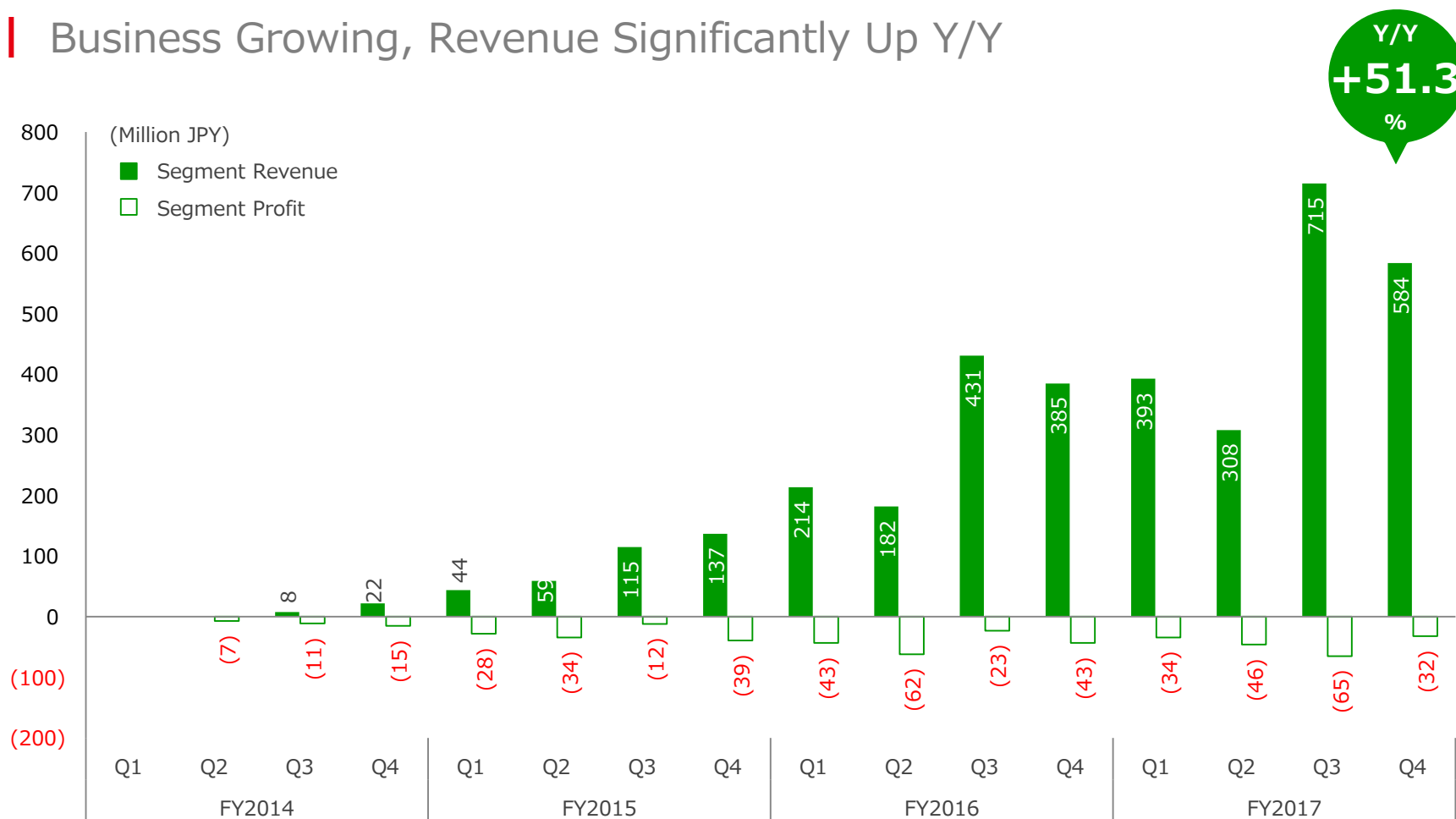


- [④ Gross profit]=segment revenue-(advertising + purchase costs)
- [⑤ Gross profit margin]=[④ Gross profit]÷segment revenue
- *Purchase costs include A/C, bridal rings, Hanayume photo purchase costs, A/C installation fees, and bridal deferred payment package costs

E-Commerce Business Performance Trends

Revenue Down Q/Q Due to Seasonal Factors

Business Growing, Revenue Significantly Up Y/Y



*From FY2017 (Aug 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

**"cyma" launched service in Dec 2013. FY2014 Q2 revenue was below 1 million JPY. Peak business period is Mar – Apr (Q3).

3. FY2018 Q1 Progress

- 4. FY2018 Guidance
- 5. Medium- and Long-Term Outlook

Segment Topics

Overall

- | Selected for "TOYOTA NEXT" innovation program to cooperate on new developments
- | Decided opening of Fukuoka office (mid to late Oct)
- | Decided implement of equity finance on Aug 8



Ent.

- | **Valkyrie Connect** ▶ Surpassed 10 million downloads on Aug 10, campaigns to celebrate began Aug 10 and Aug 24
- | **Unison League** ▶ Collaboration with "Magical Mirai 2017 Hatsune Miku" on Aug 23
- ▶ Released in Chinese App Store via publisher Perfect World on Aug 17



Lifestyle Support

- | **Moving-Related** ▶ 11th part of "Travel" radio commercial series began airing from Aug 15
- | **Bridal-Related** ▶ Held "Career Up Review" on Aug 3 to determine the number one wedding advisor in **Hanayume**

4. FY2018 Guidance

5. Medium- and Long-Term Outlook

FY2018 Consolidated Financial Forecasts

(Million JPY)

	FY2017 Results		FY2018 (Aug 2017 – Jul 2018) Forecasts			
	Interim Results	Full-Year Results	Interim Forecasts	Full-Year Forecasts	% of Revenue	Full-Year Y/Y
Revenue	15,283	34,603	18,500	40,000	100.0%	115.6%
Entertainment	8,976	19,259	9,500	19,500	48.8%	101.3%
Lifestyle Support	5,605	13,342	8,000	18,000	45.0%	134.9%
E-Commerce	702	2,001	1,000	2,500	6.3%	124.9%
Operating income	1,022	4,077	1,350	4,700	11.8%	115.3%
Ordinary income	1,071	4,118	1,350	4,700	11.8%	114.1%
Net income	676	2,579	900	3,100	7.8%	120.2%

*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

Initiatives and Notes on FY2018 Guidance

Overall

Acquire and Nurture New Staff and Focus on Maintain Working Environment and Organization

- | Expand recruitment with opening of Fukuoka office in Oct 2017

Ent.

New Titles Coming up in FY2018 Forecasted Conservatively, Others Forecasted to Flat Y/Y

- | Focus on expanding sales overseas for Valkyrie Connect, Unison League, etc.
- | Other existing titles forecasted based on recent KPI trends, performance predicted to flat Y/Y
- | New titles coming up in FY2018 (1 or 2) forecasted conservatively in revenue, but promotion costs on release factored in

Lifestyle Support

Forecasts Based on KPI and Seasonal Factors

- | Focus on increasing users and revenue per user in each sub-segment, obtaining and retaining new users, and cross-service user acquisition
- | Performance predictions for services in each sub-segment and initiatives in new industries based on projected costs for planning and development

EC

Forecasts Based on Recent KPI Trends and Seasonal Factors

- | Continued investments to improve foundation base and organization factored in
- | Contributions based on recent KPI trends; sales growth predicted thanks to increase in capacity, forecasts based on seasonal factors

Revision of FY2018 Year-End Dividend Forecasts

Aiming for Payout Ratio of 20% Subject to Full-Year Performance

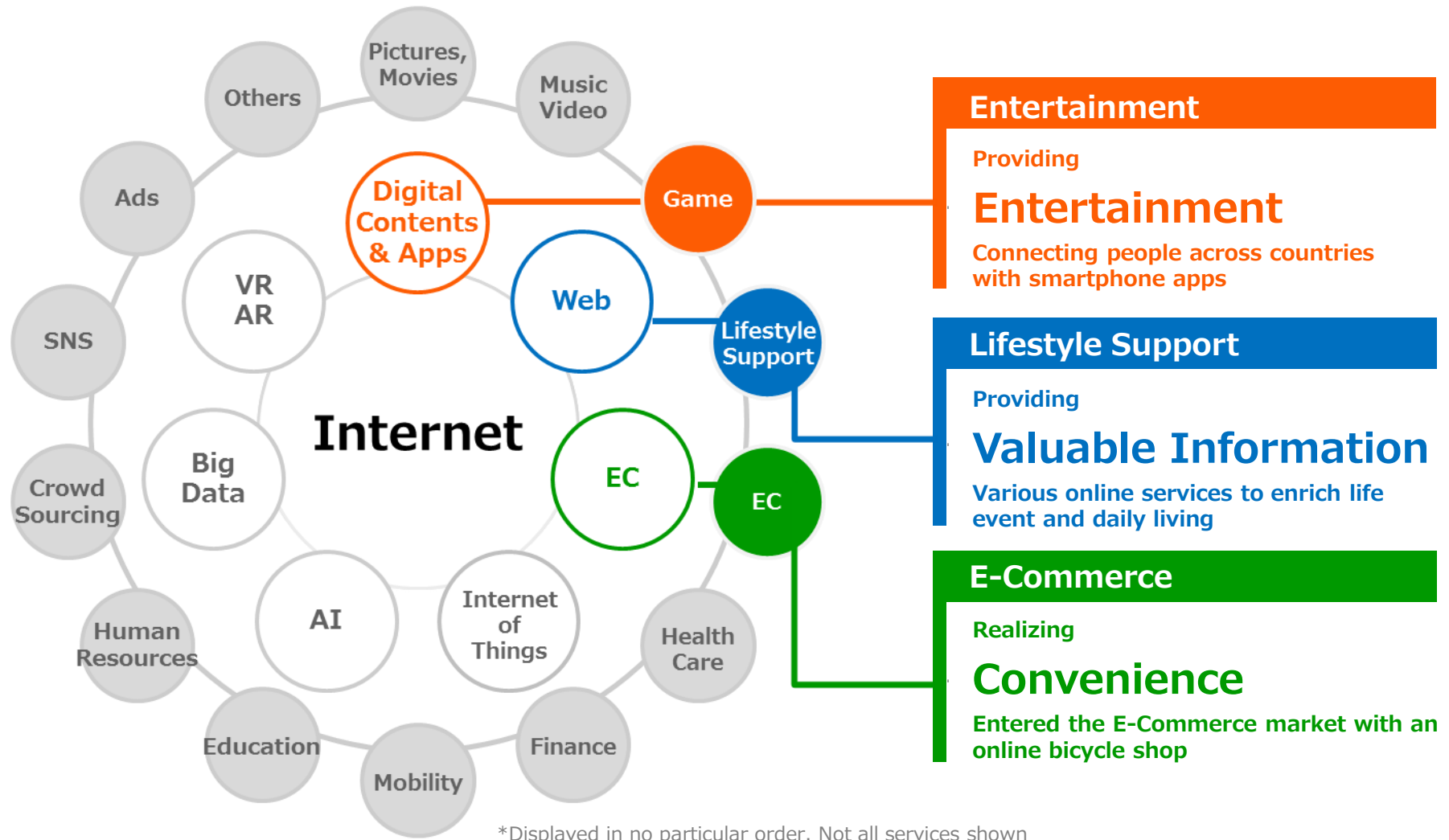
	FY2015 Result		FY2016 Result		FY2017 Result		FY2018 Forecast
	Interim	Year-End	Interim	Year-End	Interim	Year-End	Year-End
Date of right allotment	Jan 31	Jul 31	Jan 31	Jul 31	Jan 31	Jul 31	Jul 31
Date of distribution	Apr 3	Oct 13	Apr 4	Oct 7	Apr 4	Oct 6	Oct (Planned)
Dividend per share	5.00	7.50	5.00	7.50	5.00	22.00	32.50 (Planned)
Total dividend amount	238 million JPY		239 million JPY		517 million JPY		-
Full-year pay out ratio	17.7%		18.2%		19.8%		20% (Planned)

*Interim Dividend will be Discontinued, Year-end Dividend will Continue to Be Paid Once Annually, Yearly Payout Ratio will Remain the Same

5. Medium- and Long-Term Outlook

Our Vision of the Future

We Will Continue to Challenge Varied Businesses that Utilize the Internet



Medium- and Long-Term Business Outlook

Overall

Pursue New Markets and Generate New Revenue Sources in Three Core Segments

Ent.

- | Provide Entertainment to the World
 - Expand beyond North America into European and Asian markets
- | Create Several Game Titles with 1b JPY+ Monthly Revenue
 - Aim to increase overseas revenue ratio above 50%

Lifestyle Support

- | Expand Four Main Services to 5b JPY Annual Revenue
 - Total annual revenue of 20-30b JPY from four main services
- | Introduce More Convenient Services to Enrich Users' Lives

EC

- | Aim to be the Number One Bicycle EC Site
 - Target a 3% domestic bicycle EC market share until 2020
- | Attempt Sales of Products Not Yet Readily Available from EC

Business Investment Strategy

Mission

- | Utilize Capital to Realize Mid- and Long-Term Vision while Expediting Increase in Corporate Value

M&A

- | Companies Expected to Increase Ateam's Competitiveness
 - **Entertainment:** (e.g.) Medias that can acquire more users globally
 - **Lifestyle Support:** (e.g.) Companies or medias that would increase our market share or synergize well with our existing businesses
 - **EC:** (e.g.) E-commerce companies or business other than bicycles
- | Companies in Industries with High Barriers to Entry

Capital Investment

- | Companies In Business Industries that Have High Uncertainty But Have Large Future Potential
- | Companies That Will Develop Businesses Which Can Expect Large Growth Utilizing Our Knowhow

APPENDIX A

Company Overview

Company Profile as of July 31, 2017

Company name	Ateam Inc.
Security code	TSE Section 1 3662
Incorporated on	February 29, 2000
Headquarters	Nagoya, Japan
President	Takao Hayashi
Industry	Information & Communication
Sector	Game Internet E-Commerce
Account settled in	July
Group companies (Fully owned subsidiaries)	5 (includes 1 overseas subsidiary)
Number of employees	678 (excludes part-time employees)
Shares per unit	100 shares



Dai Nagoya Building



Headquarters Reception



Umeda Hankyu Building



East One Tower

Personal History of Takao Hayashi, President



Dec. 1971

Born in Toki City, Gifu Prefecture, Japan

Dec. 1982

Started computer programming

Mar. 1987

Graduated from Tajimi Junior High School

Apr. 1987

Managed a private preparatory school and involved in part-time jobs of various types

Jun. 1997

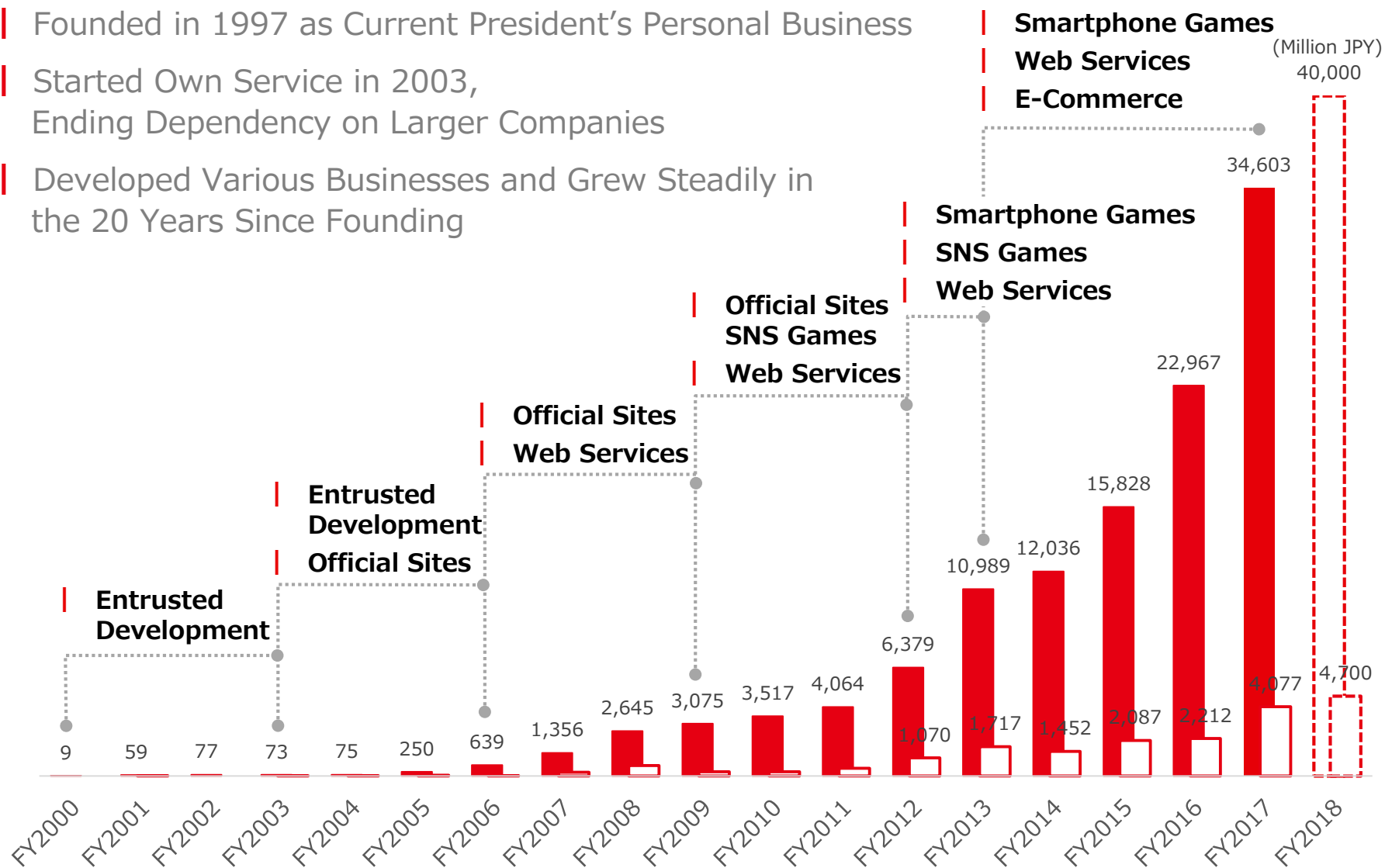
Started Ateam as an unincorporated enterprise

Feb. 2000

Established Ateam Inc.

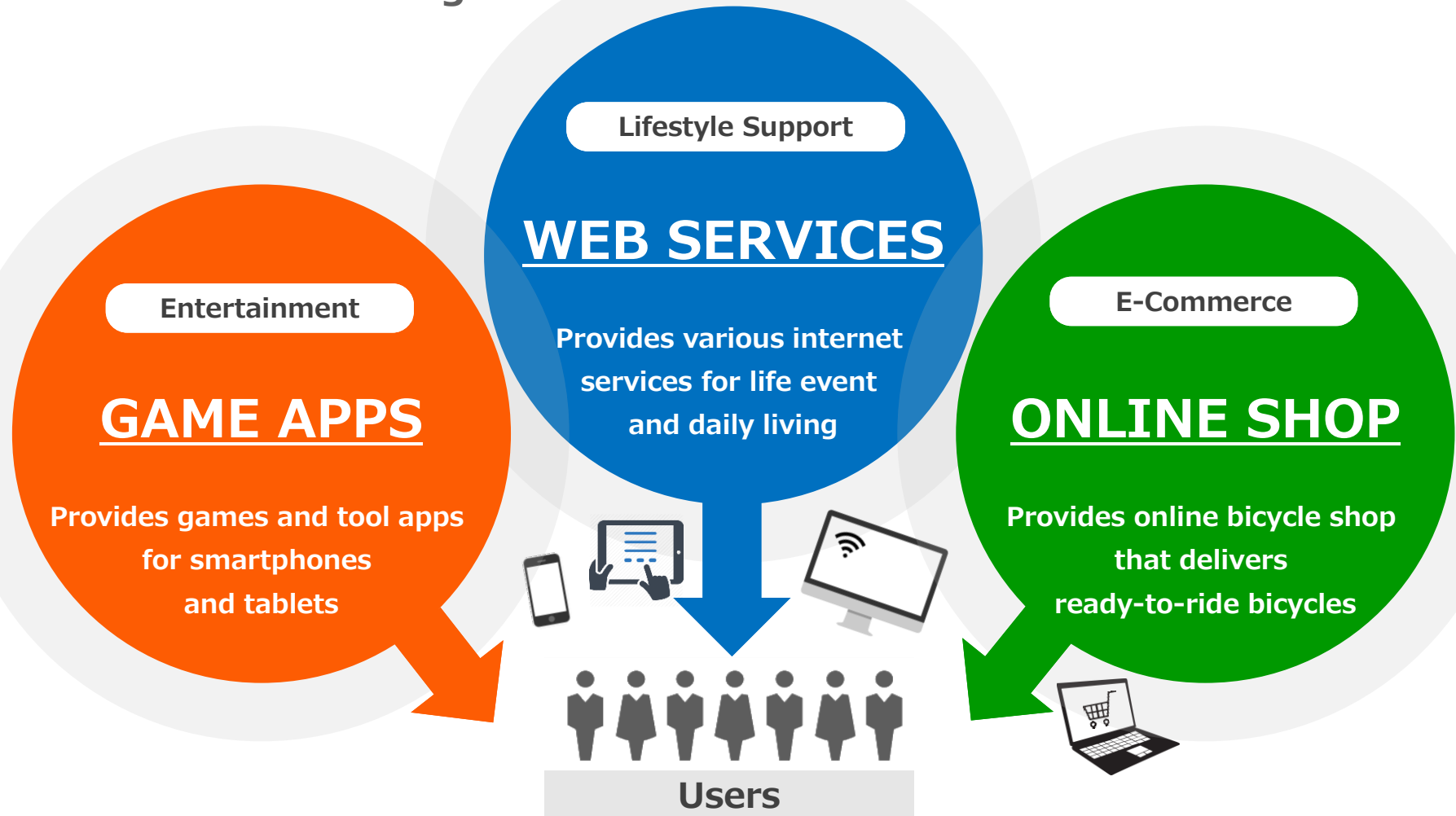
Company History

- Founded in 1997 as Current President's Personal Business
- Started Own Service in 2003,
Ending Dependency on Larger Companies
- Developed Various Businesses and Grew Steadily in
the 20 Years Since Founding



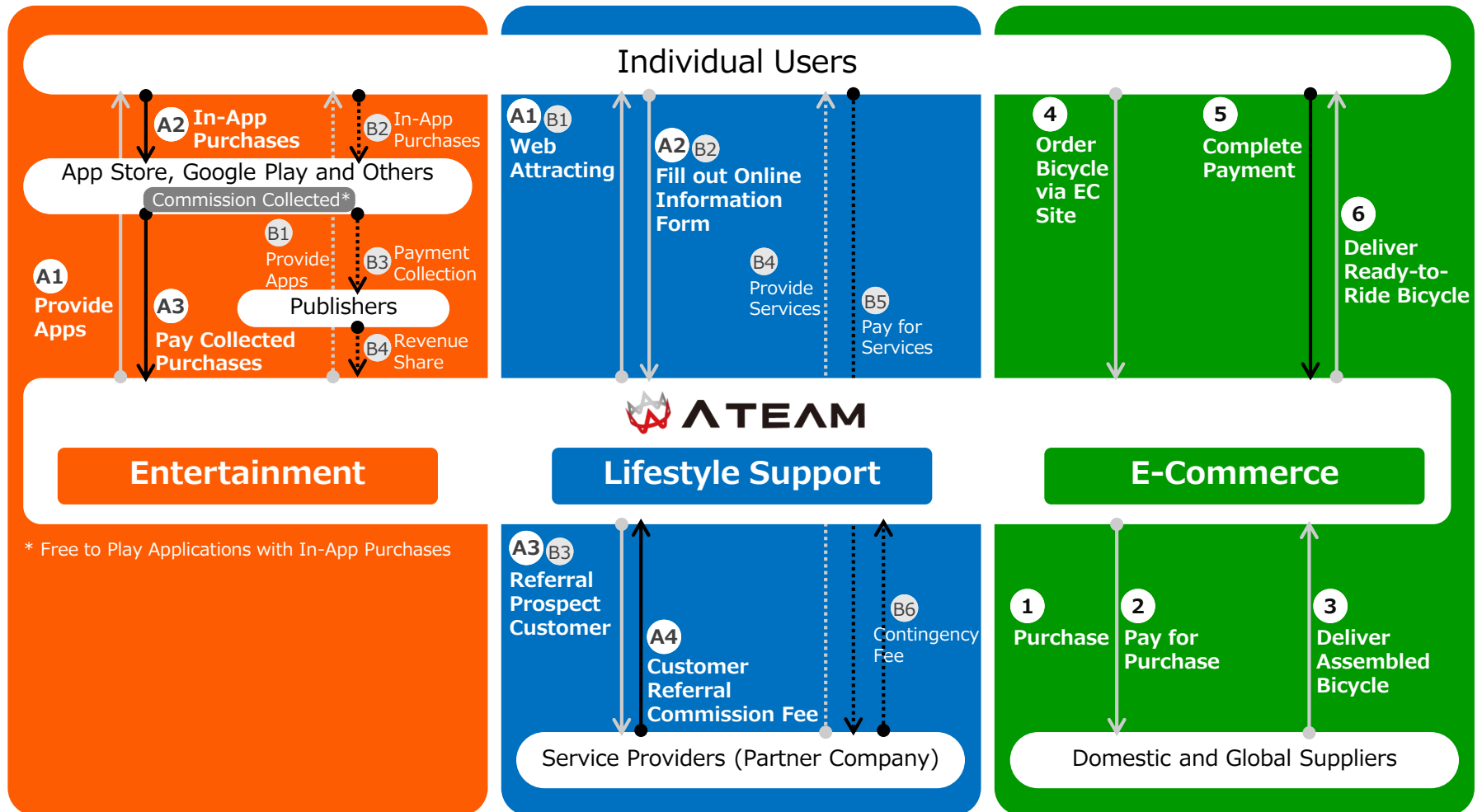
Our Businesses

Ateam Provides Various Services to Users
Through the Internet and Smart Devices



Business Models

(A) Main Business Model (Solid arrow) (B) Sub Business Model (Dotted arrow)
  Commercial Distribution
  Financial Flow



* **Commission Collected** Commission fee will be collected by providers of application distribution platform such App Store & Google Play, etc.

Entertainment Product Line-up

Game Apps

Mid-Core Role Playing Games



FY2017

After School
Girls Tribe



FY2016

Valkyrie Connect



FY2015

Unison League



FY2014

War of Legions



FY2012

Dark Summoner

Simulation



FY2013

Derby Impact

Action



FY2015

Three Kingdoms
Smash!

Puzzle



Pongo Combo

Mahjong



Mahjong - Rising -

Feature Phone Games



Eternal Zone



Million Versus

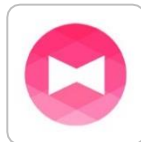
Tool Apps

SNS



Jam

Customization



[+]HOME

ZeroApp Series (Free-Use Tool Applications)



Good Nights
Sleep Alarm



Quick Calorie
Control



Eye Training
3D



3 minute
Workout



fast
flashcards



Customizable
Mirror

Lifestyle Support Service Line-up

Moving-Related Business



Hikkoshi Samurai

- Users can receive quotations from up to 10 moving companies by filling out an online form detailing their moving needs
- In partnership with more than 250 moving companies nationwide
- Maintaining a top market share

Automobile-Related Business



Navikuru

- Users can receive quotations from up to 10 car dealers by filling out an online form detailing their car information
- In partnership with carefully chosen top used car dealers
- Maintaining a top market share

Bridal-Related Business



Hanayume

- Website and free consultation desks provide referrals to over 500 wedding halls
- Wedding consultation desks located in Kanto, Tokai, Kansai, and Kyushu areas
- Various payment options available, including deferred payment

Financial Media Business



Navi Navi Cashing

- Thorough comparisons of select top banks and consumer credit services
- Allows users to easily find a service that matches their needs

Women's Health Consultation Business



Lalune

- Women's health consultation application
- Simple graphs and features to track daily fertility, fetal growth, body temperature, manage body weight, and more
- Discuss fertility, contraception, and more with medical professionals

EC Service Introduction

Bicycle EC

cyma -サイマ-
life & discovery
cyma

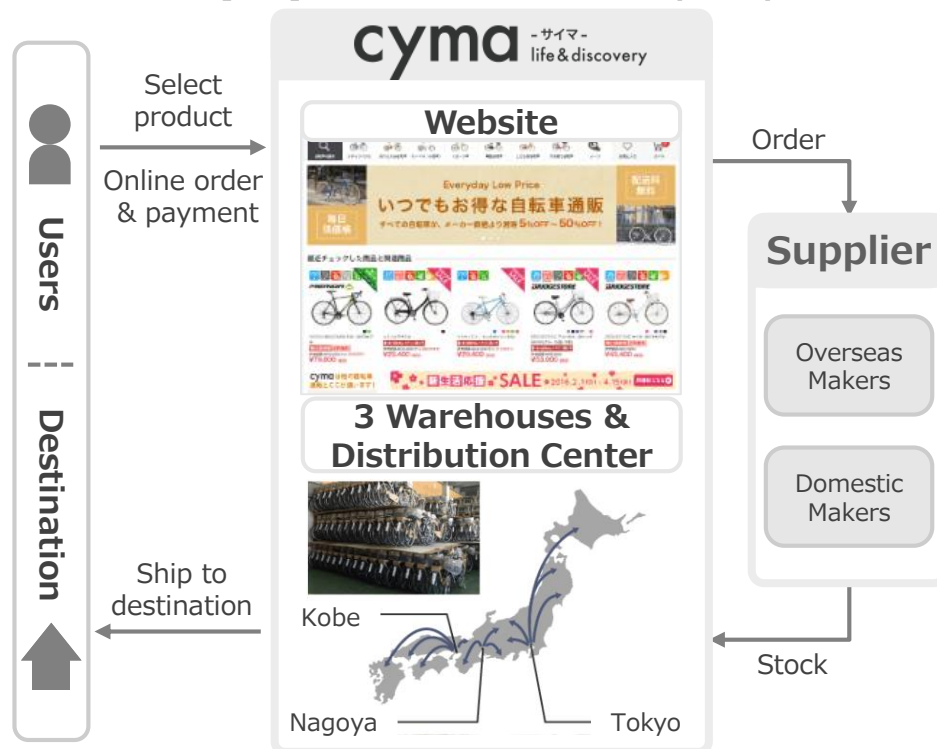
- Selection of over 200 bicycle models
- Bicycles assembled and prepared by specialists, shipped ready-to-ride
- cyma support includes one year of free maintenance and repair, etc.



cyma -サイマ-
life & discovery



[B2C] Income from Consumers (Gross)



*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

Directors



Yukimasa Nakauchi

Director, General Manager
of Entertainment Division



Hiroyuki Kumazawa

Director, General Manager
of Lifestyle Support Division



Takahiro Makino

Director



Junya Kato

Outside Director

President of Subsidiary Companies

Concurrent Post

Ateam Vietnam Co., Ltd.
President

Concurrent Post

Ateam Hikkoshi Samurai Inc.
President

Ateam Connect Inc.
President



Fumio Mase

Ateam Lifestyle Inc.
President



Eriko Osaki

Ateam Brides Inc.
President

APPENDIX B

Supplementary Financial Data

P/L (FY2015 Q4 - FY2017 Q4)

(Million JPY)

	FY2015	FY2016				FY2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	4,563	4,610	5,420	6,178	6,757	7,136	8,147	9,906	9,412
Q/Q (%)	+3.5	+1.0	+17.6	+14.0	+9.4	+5.6	+14.2	+21.6	-5.0
Entertainment	2,464	2,331	3,173	3,196	3,857	4,089	4,886	5,200	5,082
Lifestyle Support	1,961	2,065	2,064	2,550	2,513	2,652	2,952	3,990	3,746
E-Commerce	137	214	182	431	385	393	308	715	584
Cost of revenues	718	763	825	987	1,038	1,105	1,221	1,671	1,671
Cost rate (%)	15.8	16.6	15.2	16.0	15.4	15.5	15.0	17.0	17.8
Selling, G&A expenses	3,399	3,326	4,450	4,392	4,969	5,737	6,196	6,486	6,434
Selling, G&A expenses ratio (%)	74.5	72.1	82.1	71.1	73.6	80.4	76.1	65.3	68.4
Total cost and G&A expenses	4,118	4,089	5,276	5,380	6,008	6,843	7,417	8,158	8,105
Labor costs & recruitment expenses	736	745	805	814	884	872	935	931	1,066
Promotional expenses	1,955	1,817	2,326	2,433	2,758	3,432	3,551	3,623	3,410
Promotional expenses ratio (%)	42.8	39.4	42.9	39.4	40.8	48.1	43.6	36.6	36.2
Entertainment	717	493	1,030	947	1,276	1,746	1,700	1,220	1,228
Lifestyle Support	1,154	1,218	1,184	1,368	1,338	1,547	1,728	2,230	2,040
E-Commerce	21	43	48	50	79	70	62	117	84
Commissions, etc.	869	841	1,171	1,177	1,401	1,468	1,779	2,051	2,018
Subcontractor expenses, server fees	235	257	267	275	235	254	297	315	331
Office rental fees, utility expenses	111	138	235	177	177	178	218	238	243
Other expenses	209	289	470	501	551	636	634	997	1,034
Operating income	445	520	144	798	748	293	729	1,748	1,306
Q/Q (%)	-28.0	+17.0	-72.2	+452.0	-6.3	-60.8	+148.5	+139.7	-25.3
Entertainment	407	549	440	601	706	302	807	1,440	1,270
Lifestyle Support	349	363	294	554	425	369	326	715	516
E-Commerce	-39	-43	-62	-23	-43	-34	-46	-65	-32
Operating income margin	9.8	11.3	2.7	12.9	11.1	4.1	9.0	17.6	13.9
Ordinary income	452	493	112	751	736	292	778	1,738	1,308
Net income	278	291	17	479	504	138	537	1,162	741

P/L (FY2012 - FY2017)

(Million JPY)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Y/Y (%)
Revenue	6,379	10,989	12,036	15,828	22,967	34,603	+50.7
Y/Y (%)	57.0	72.3	9.5	31.5	45.1	50.7	—
Entertainment	3,278	6,632	6,169	7,914	12,559	19,259	+53.3
Lifestyle Support	3,100	4,357	5,834	7,557	9,193	13,342	+45.1
E-Commerce	0	0	32	356	1,214	2,001	+64.7
Cost of revenues	927	1,392	2,132	2,389	3,615	5,669	+56.8
Cost rate (%)	14.5	12.7	17.7	15.1	15.7	16.4	+0.7
Selling, G&A expenses	4,381	7,880	8,451	11,351	17,139	24,855	+45.0
Selling, G&A expense ratio (%)	68.7	71.7	70.2	71.7	74.6	71.8	-2.8
Total cost and G&A expenses	5,309	9,272	10,583	13,740	20,755	30,525	+47.1
Labor costs & recruitment expenses	1,540	2,083	2,638	2,798	3,250	3,807	+17.1
Promotional expenses	2,331	4,310	4,279	6,430	9,335	14,018	+50.2
Promotional expenses ratio (%)	36.5	39.2	35.6	40.6	40.6	40.5	-0.1
Entertainment	399	1,571	789	1,651	3,748	5,895	+57.3
Lifestyle Support	1,914	2,673	3,422	4,578	5,109	7,547	+47.7
E-Commerce	0	0	8	61	221	335	+51.6
Commissions, etc.	624	1,600	1,737	2,586	4,592	7,318	+77.2
Subcontractor expenses, server fees	250	528	826	785	1,035	1,198	+15.8
Office rental fees, utility expenses	190	337	420	433	728	879	+20.7
Other expenses	371	411	682	706	3,340	3,303	-1.1
Operating income	1,070	1,717	1,452	2,087	2,212	4,077	+84.3
Y/Y (%)	138.5	60.4	-15.4	43.8	6.0	84.3	—
Entertainment	1,126	1,866	1,409	1,770	2,297	3,820	+66.3
Lifestyle Support	539	632	840	1,298	1,637	1,929	+17.8
E-Commerce	0	0	-34	-115	-172	-178	+3.6
Operating income margin	16.8	15.6	12.1	13.2	9.6	11.8	+2.2
Ordinary income	1,047	1,718	1,470	2,164	2,094	4,118	+96.6
Pre-tax income	1,008	1,688	1,364	2,091	1,858	3,854	+107.4
Net income	590	1,042	807	1,362	1,292	2,579	+99.6

B/S (FY2012 - FY2017)

(Million JPY)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Assets						
Current assets	2,709	3,760	4,034	6,334	6,918	9,809
Cash and cash equivalents	1,339	1,944	2,217	3,097	3,505	5,004
Non-current assets	443	881	1,470	1,322	2,668	3,331
Tangible assets	45	102	120	125	1,321	1,666
Intangible assets	120	410	355	460	622	507
Investments and other assets	277	367	994	736	724	1,157
Total assets	3,153	4,641	5,504	7,656	9,586	13,140
Liabilities						
Current liabilities	1,153	1,136	1,305	3,648	4,127	5,202
Non-current liabilities	0	0	0	0	387	481
Total liabilities	1,153	1,136	1,305	3,648	4,514	5,683
Interest-bearing liabilities	100	0	0	1,700	1,166	632
Net assets						
Shareholder's equity	1,999	3,500	4,130	3,900	4,971	7,361
Treasury stock	0	0	0	-1,403	-1,222	-1,177
Stock option	0	5	67	108	100	96
Total net assets	1,999	3,505	4,198	4,008	5,072	7,456
Total liabilities and net assets	3,153	4,641	5,504	7,656	9,586	13,140

Others (FY2012 - FY2017)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Number of shares issued (year-end)	18,393,000	19,195,000	19,349,200	19,405,600	19,450,000	19,469,800
Treasury stock (shares)	0	0	0	580,020	302,562	302,562
Average number of shares during the FY	16,882,352	18,933,262	19,255,641	19,310,191	18,846,317	18,904,872
EPS (JPY)	34.99	55.04	41.96	70.54	68.58	136.45
EPS Y/Y (%)	117.5	57.3	-23.8	45.6	-2.8	+99.0
ROA (Ordinary income on total assets, %)	42.3	44.1	29.0	32.9	24.3	36.2
Net assets per share (JPY)	108.7	182.4	213.5	207.2	263.4	389.0
Dividend per share (JPY)	0.00	10.61	10.00	12.50	12.50	27.00
Interim dividend (JPY)	0.00	5.00	5.00	5.00	5.00	5.00
Total dividend amount (JPY)	0.00	203	192	238	239	517
Payout ratio (%)	0	19.3	23.8	17.7	18.2	19.8
Shareholder's equity ratio (%)	63.4	75.4	75.0	50.9	51.9	56.0
Equity ratio (%)	63.4	75.4	75.1	50.9	51.9	56.0
ROE (%)	38.9	37.9	21.2	33.9	29.1	41.8
ROIC (=①÷②, %)	29.9	30.3	20.8	21.0	25.1	34.1
① Net operating income after taxes	626	1,059	859	1,178	1,539	2,729
② Invested capital (=③+④)	2,099	3,500	4,130	5,600	6,137	7,993
③ Shareholder's equity	1,999	3,500	4,130	3,900	4,971	7,361
④ Short-term loans payable	100	0	0	1,700	1,166	632

*The company carried out common stock splits of 100-for-1 on Oct 27, 2011, 3-for-1 on Jun 1, 2012, and 2-for-1 on May 1, 2015. The per share figures listed above have been adjusted to reflect these splits, and some therefore differ from those in previous materials released by the company.

Our Mission Is to Produce Happiness Through Business and to Grow for the Next 100 Years



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