



Ateam Inc.

# Business Report FY2018 Q1

December 8, 2017

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# **1. FY2018 Q1 Financial Results**

- 2. FY2018 Q1 Business Details
- 3. FY2018 Q2 Progress
- 4. FY2018 Guidance
- 5. Medium- and Long-Term Outlook

# FY2018 Q1 Financial Summary (Aug - Oct 2017)

## Overall

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

Revenue:	8,904 million JPY	(Y/Y 124.8%, Q/Q 94.6%)
Operating income:	963 million JPY	(Y/Y 328.4%, Q/Q 73.7%)
Net income:	678 million JPY	(Y/Y 490.9%, Q/Q 91.5%)

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

## Ent.

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

Revenue:	4,315 million JPY	(Y/Y 105.5%, Q/Q 84.9%)
Profit:	865 million JPY	(Y/Y 286.3%, Q/Q 68.1%)

% of Revenue

**48.5**  
%

**Dispirited Quarter for Valkyrie Connect, Decrease in Revenue and Profit**

## Lifestyle Support

### Both Revenue and Profit Up Y/Y and Q/Q

Revenue:	3,954 million JPY	(Y/Y 149.1%, Q/Q 105.5%)
Profit:	550 million JPY	(Y/Y 148.9%, Q/Q 106.6%)

% of Revenue

**44.4**  
%

**Growth Y/Y & Q/Q, Seasonal Factors Only Causing Minor Influence**

## EC

### Revenue Up Y/Y and Q/Q

Revenue:	634 million JPY	(Y/Y 161.2%, Q/Q 108.7%)
Profit:	-44 million JPY	(Y/Y -, Q/Q -%)

% of Revenue

**7.1**  
%

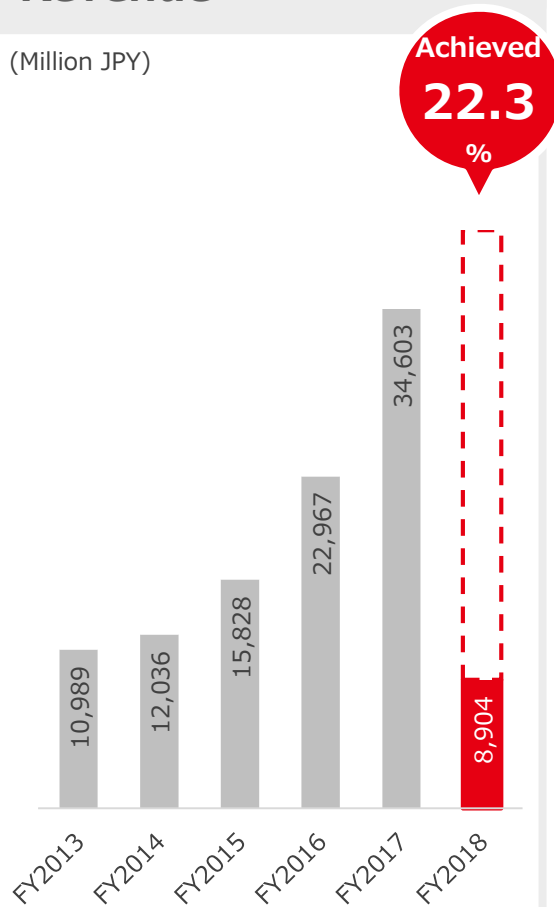
**Significant Growth of Overall Business Scale for Y/Y**

# FY2018 Q1 Financial Results vs. Revised Forecasts

(Reference) Revenue: 40 billion JPY, Operating income: 4.7 billion JPY,  
Net income: 3.1 billion JPY

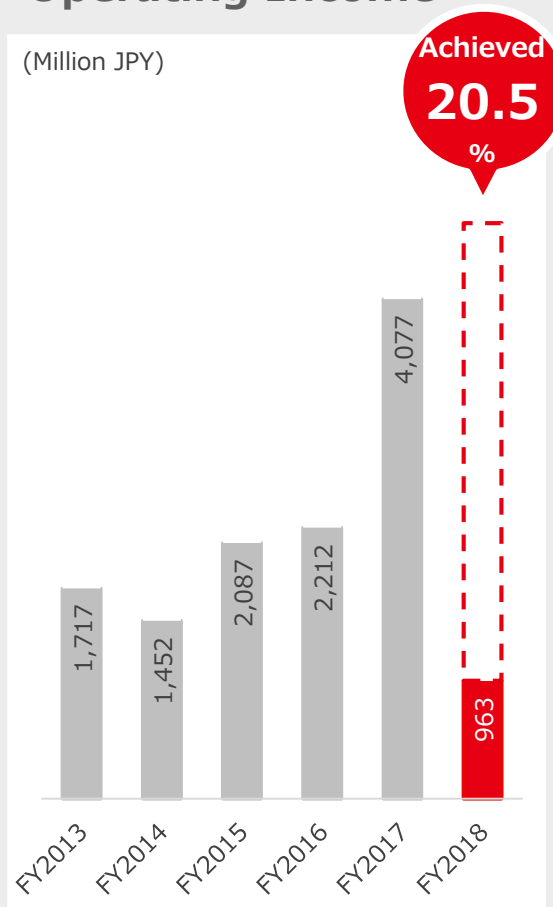
## Revenue

(Million JPY)



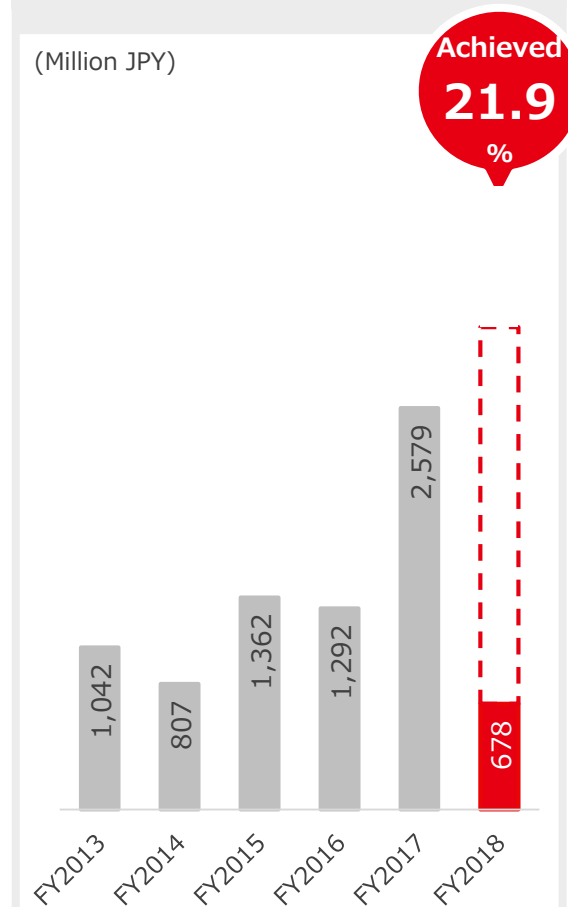
## Operating Income

(Million JPY)



## Net Income

(Million JPY)



# FY2018 Q1 Financial Results

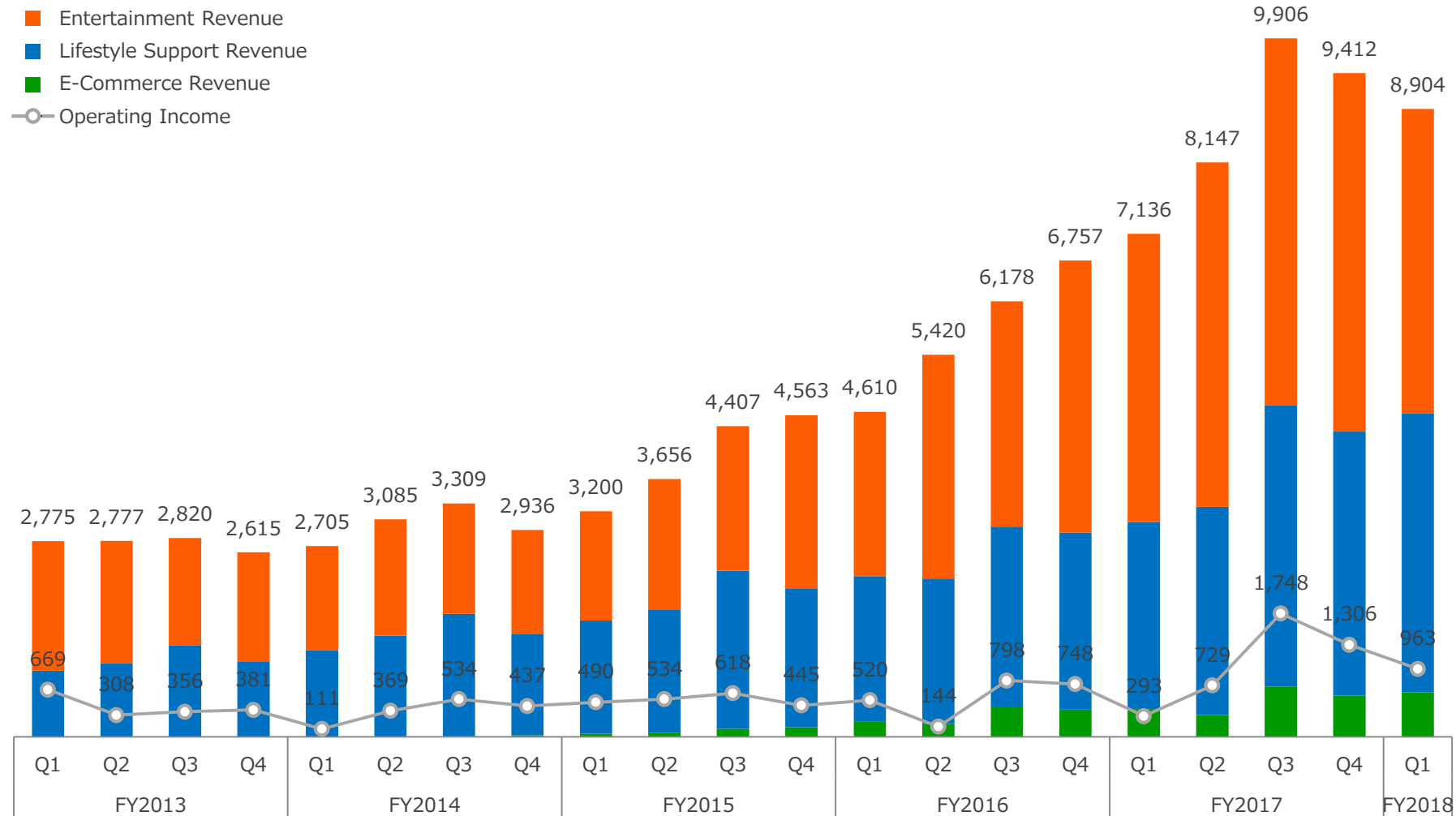
(Million JPY)

## FY2018 Q1 (Aug - Oct 2017)

	FY2018		FY2017	Y/Y	FY2017	Q/Q	FY2018	%	FY2018	%
	Q1	%	Q1		Q4		Full Year Forecast		Interim Forecast	
Revenue	<b>8,904</b>	100.0%	7,136	<b>124.8%</b>	9,412	<b>94.6%</b>	40,000	22.3%	18,500	48.1%
Operating income	<b>963</b>	10.8%	293	<b>328.4%</b>	1,306	<b>73.7%</b>	4,700	20.5%	1,350	71.4%
Ordinary income	<b>980</b>	11.0%	292	<b>335.3%</b>	1,308	<b>74.9%</b>	4,700	20.9%	1,350	72.6%
Net income	<b>678</b>	7.6%	138	<b>490.9%</b>	741	<b>91.5%</b>	3,100	21.9%	900	75.4%

# 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)

	FY2015				FY2016				FY2017				FY18
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	3,200	3,656	4,407	4,563	4,610	5,420	6,178	6,757	7,136	8,147	9,906	9,412	<b>8,904</b>
Operating income	490	534	618	445	520	144	798	748	293	729	1,748	1,306	<b>963</b>
Promotional expenses	1,132	1,439	1,903	1,955	1,817	2,326	2,433	2,758	3,432	3,551	3,623	3,410	<b>3,600</b>
Labor costs, recruitment expenses	684	682	695	736	745	805	814	884	872	935	931	1,066	<b>1,025</b>
Commission fees, etc.	484	559	671	869	841	1,171	1,177	1,401	1,468	1,779	2,051	2,108	<b>1,588*</b>
Subcontractor expenses, server fees	162	190	197	235	257	267	275	235	254	297	315	331	<b>532*</b>
Office rental fees, utility expenses	110	105	105	111	138	235	177	177	178	218	238	243	<b>249</b>
Employees (people)	531	533	533	530	548	559	574	583	605	627	710	718	<b>723</b>

\*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)

**\*Regarding accounting changes in "Commission fees" and "Subcontractor expenses":**

Due to a redetermination of outsourcing fees for our A/C reinstallation peripheral service within Lifestyle Support moving-related business, adjusted accounting fees from "Commission fees" to "Subcontractor expenses" starting FY2018. Related Accounting Costs for FY2018 Q1: 185 million JPY



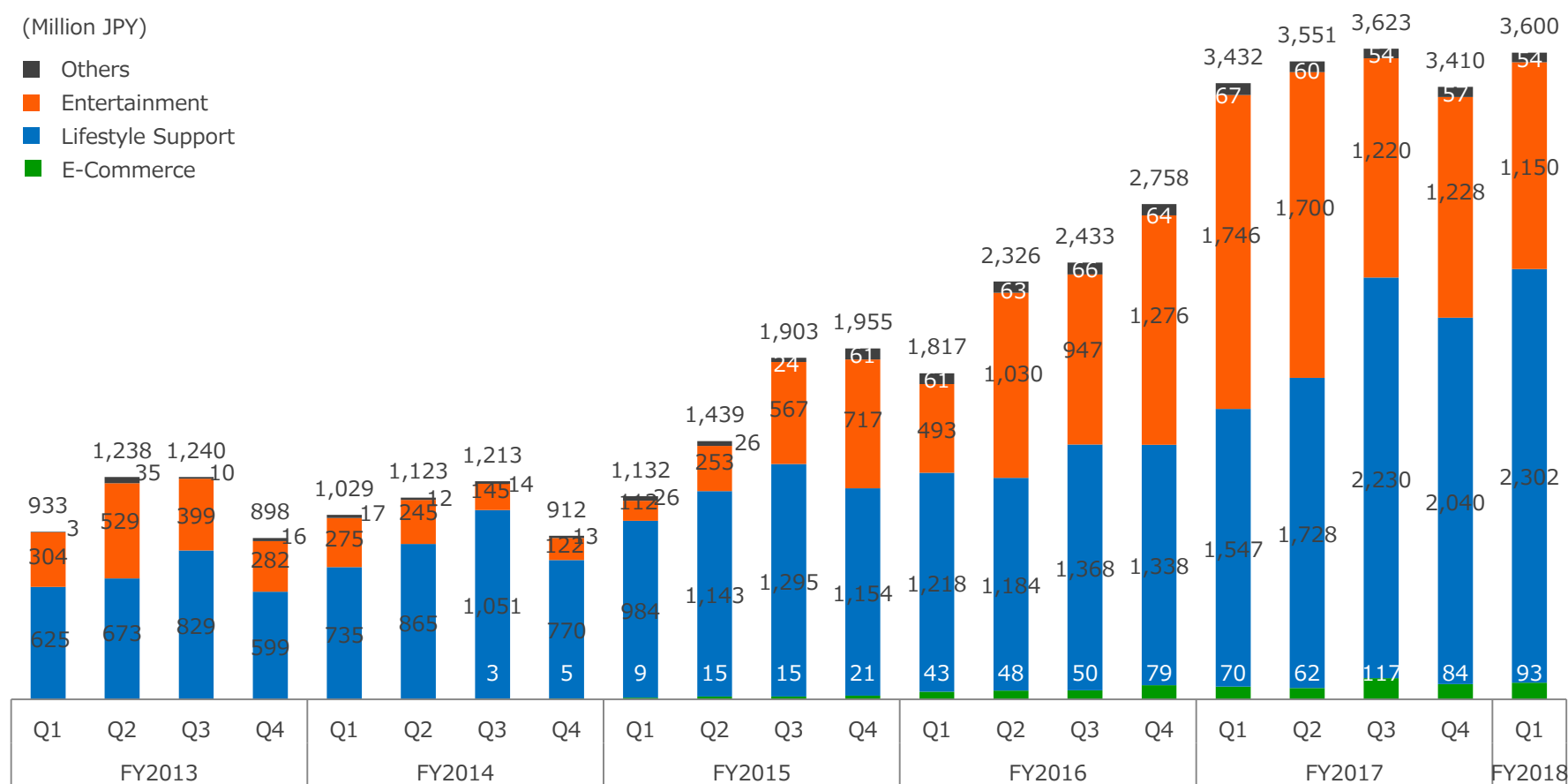
# Quarterly Promotional Expense Trends

Entertainment: Decreased Due to Efficient Management

Lifestyle Support: Increased Due to New Financial Media Services, in Addition to General Business Expansion Resulting in Greater Income

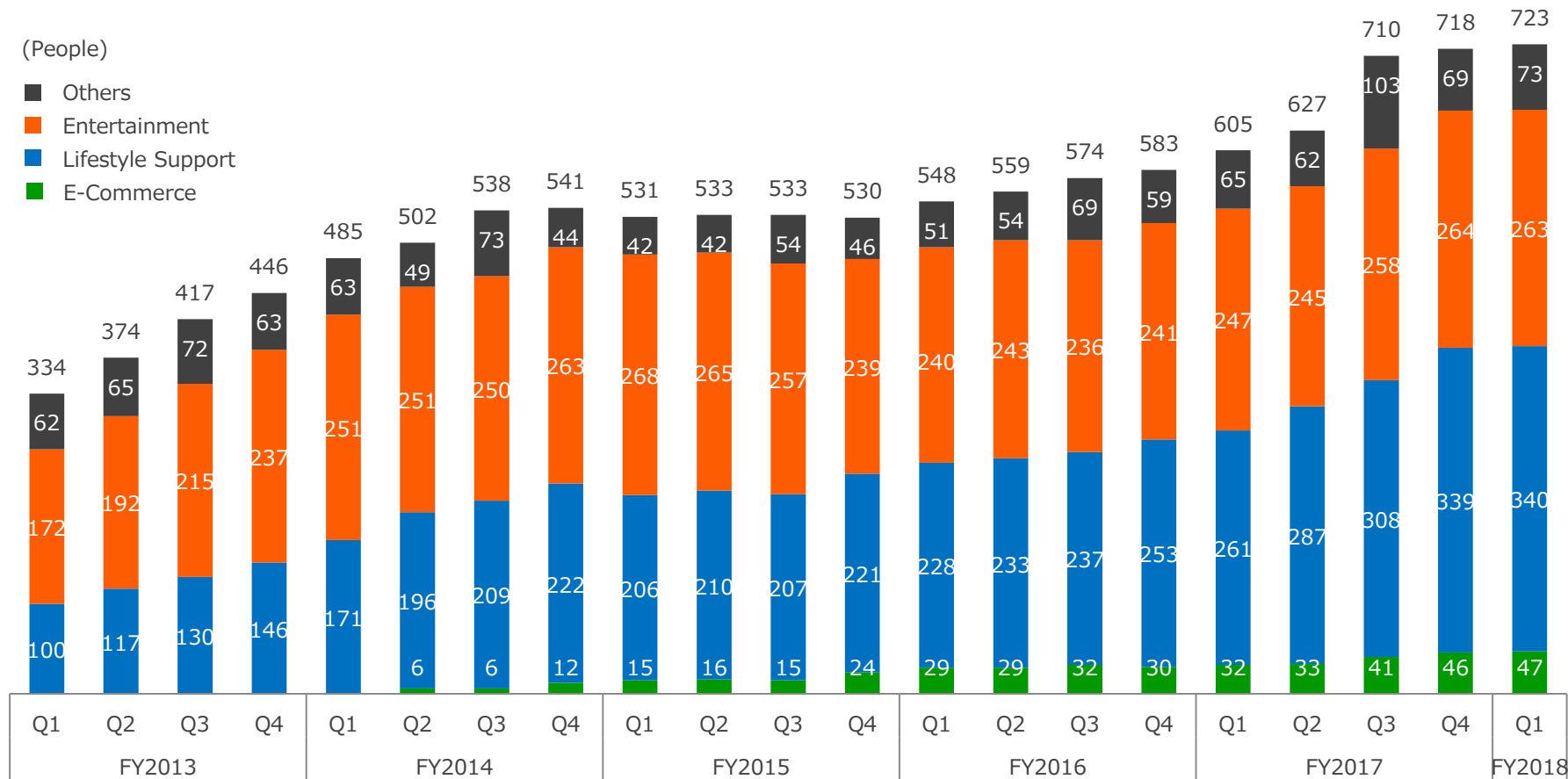
(Million JPY)

■ Others  
■ Entertainment  
■ Lifestyle Support  
■ E-Commerce



# Number of Employees

Due to Intensified Competition, Unable to Obtain Resources as Desired;  
Continuing to Actively Recruit



\*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

## Increase in Shareholders' Equity Due to Equity Financing

- Funded Amount: 1,193 Million JPY (6<sup>th</sup> Issuance of 500 Thousand New Shares and Stock Acquisition Rights Through Third Party Allotment as of Aug 8<sup>th</sup>, 2017)

(Million JPY)

	FY2018 Q1	FY2017 Q4
Current assets	<b>10,226</b>	9,809
Cash and cash equivalents	<b>5,556</b>	5,004
Accounts receivable	<b>3,584</b>	3,774
Non-current assets	<b>3,392</b>	3,331
Tangible assets	<b>1,659</b>	1,666
Intangible assets (software)	<b>576</b>	507
Total assets	<b>13,619</b>	13,140

	FY2018 Q1	FY2017 Q4
Current liabilities	<b>4,160</b>	5,202
Non-current liabilities	<b>481</b>	481
Total liabilities	<b>4,642</b>	5,683
Short-term loans payable	<b>586</b>	632
Shareholder's equity	<b>8,885</b>	7,361
Total net assets	<b>8,976</b>	7,456
Liabilities and net assets	<b>13,619</b>	13,140

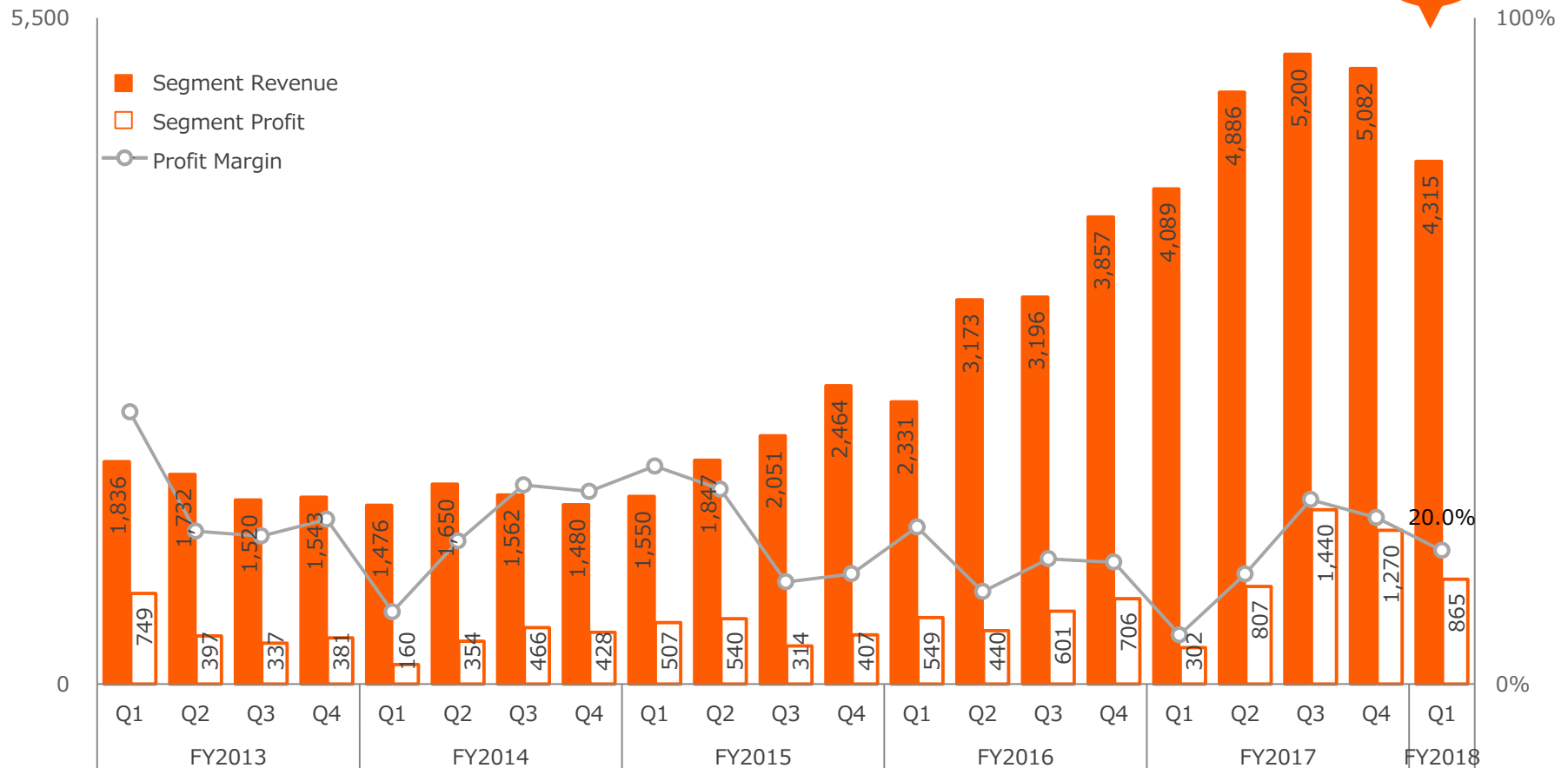
## **2. FY2018 Q1 Business Details**

- 3. FY2018 Q2 Progress
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# Entertainment Business Performance Trends

Dispirited Quarter for Valkyrie Connect, Overall Downward Trend for Both Revenue and Profit

(Million JPY)

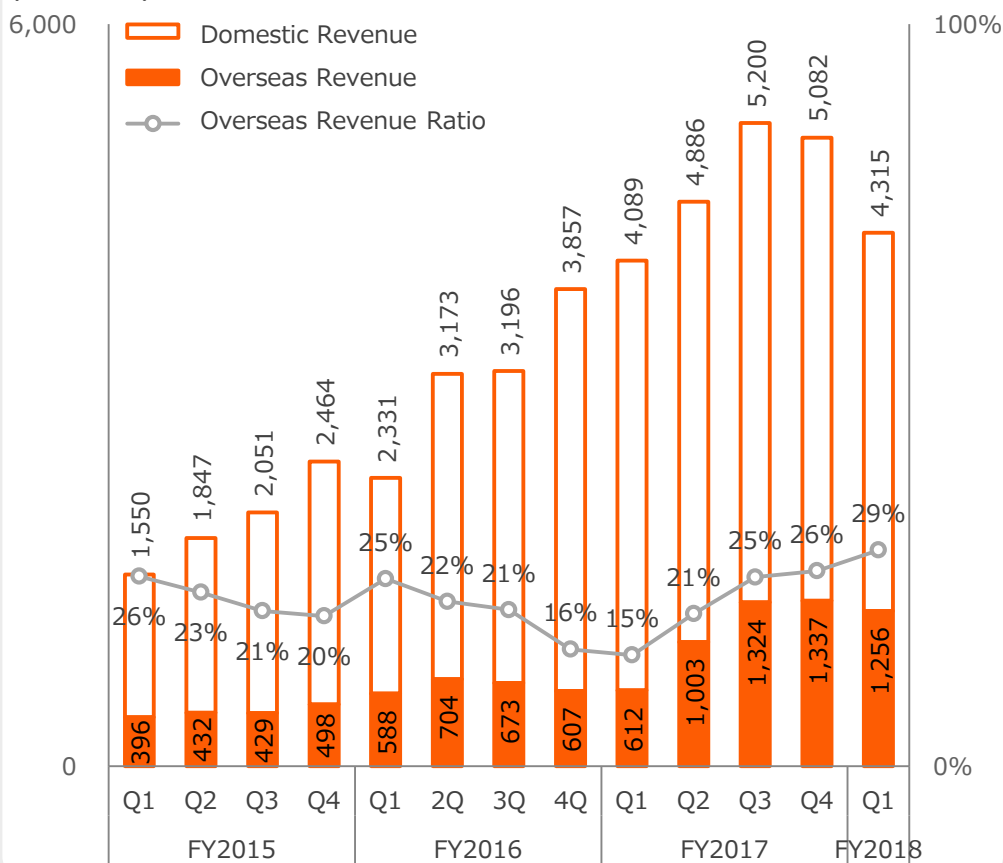








# Entertainment Overseas Revenue Ratio Trends

## Overseas Sales Trends

### Record Overseas Revenue Ratio Achieved

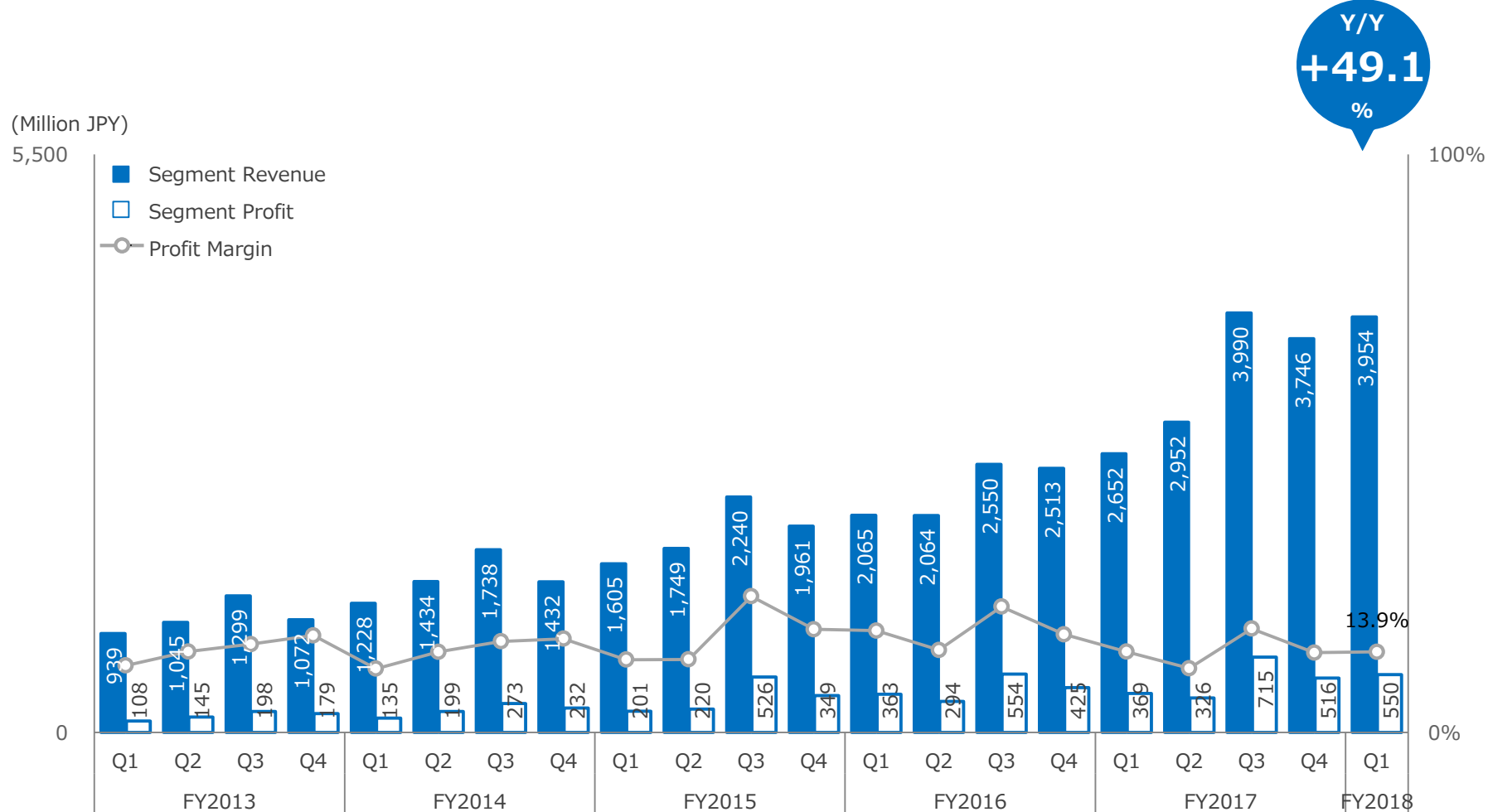
(Million JPY)



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

# Lifestyle Support Business Performance Trends

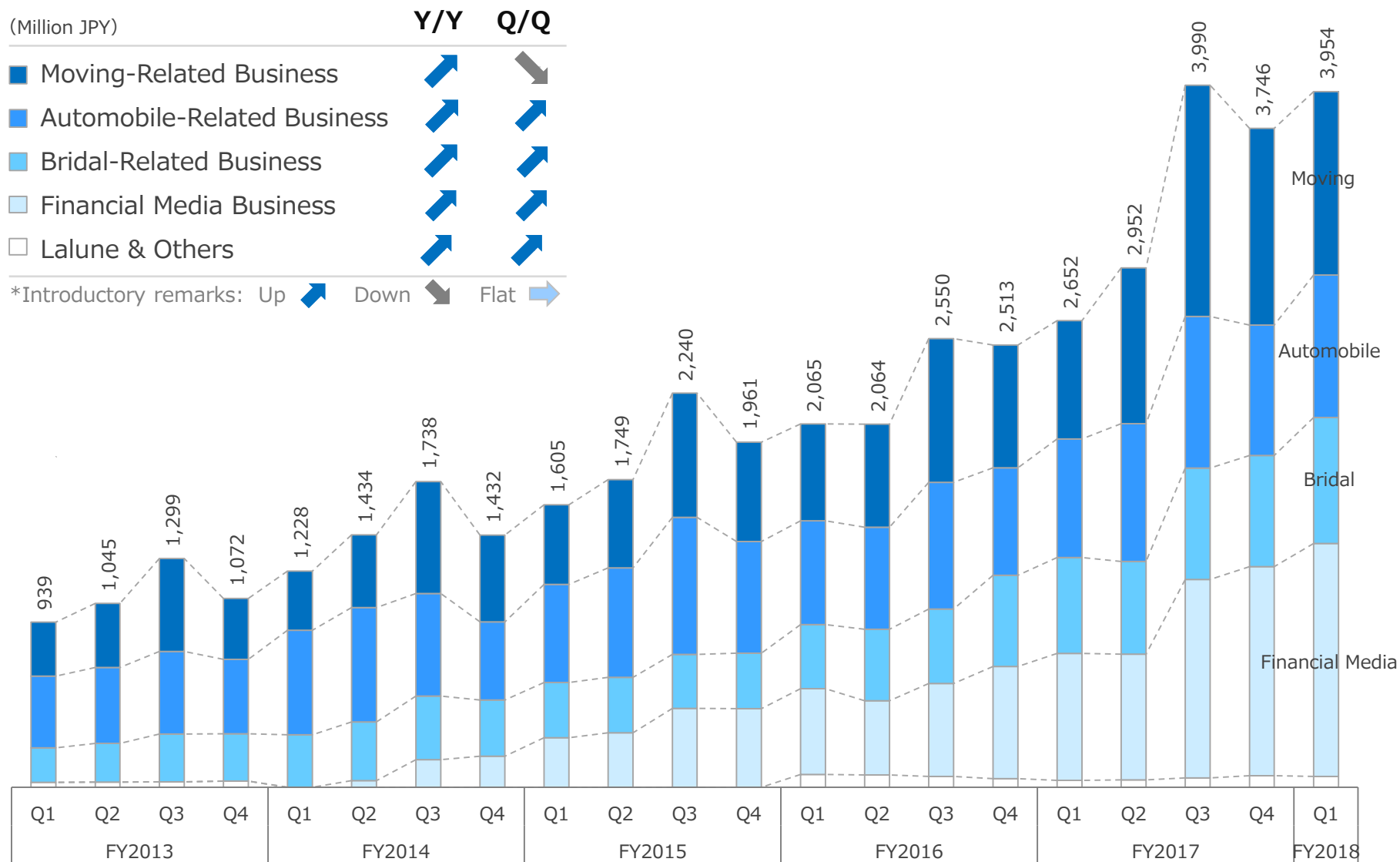
Significant Increase Y/Y, Minor Impact From Seasonal Factors Q/Q



\*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



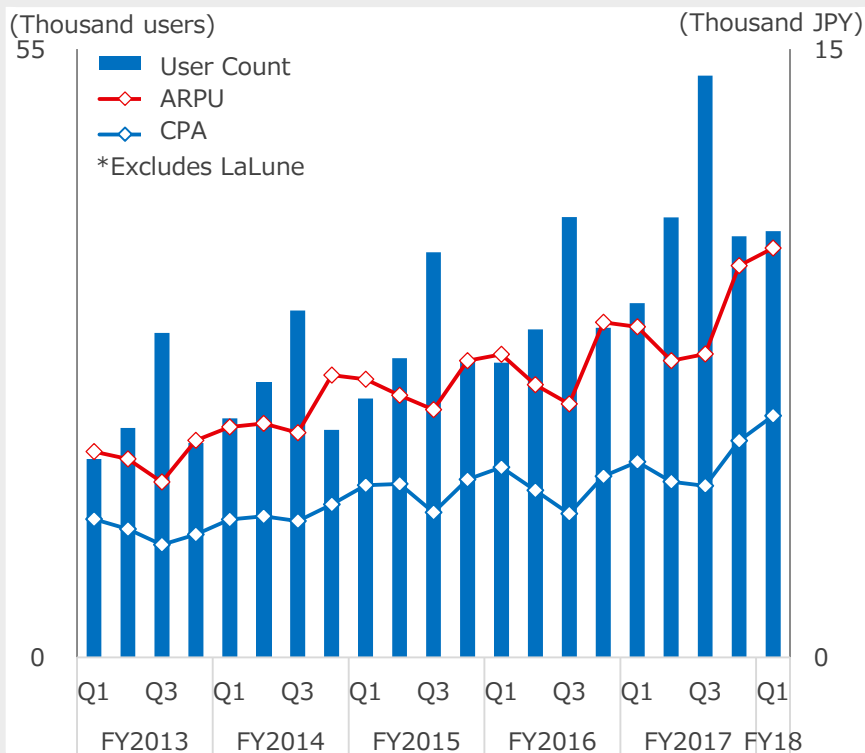


# Lifestyle Support Key Performance Indicator Trends

## User Count, ARPU, CPA

User Count Up Y/Y

ARPU & CPA Trended Similarly to Previous Years

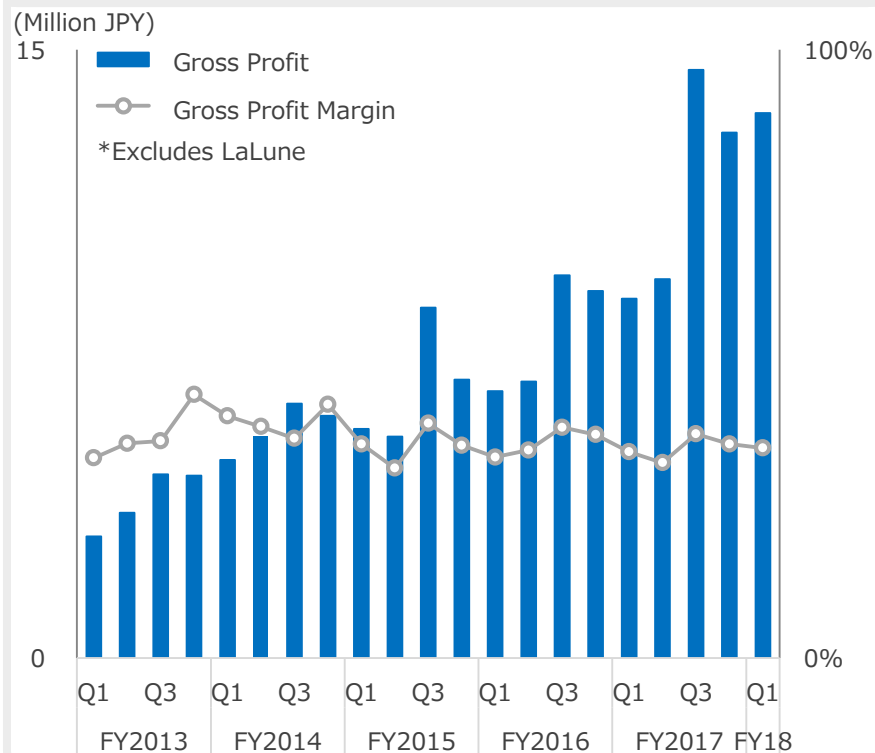


- [① User count]=total users from 4 main sub-segment businesses (users that generated segment revenue)
- [② ARPU: Revenue per user]=segment revenue÷[① User count]
- [③ CPA: Cost per user acquisition]=advertising cost÷[① User count]

## Gross Profit, Gross Profit Margin

Gross Profit Up Significantly Y/Y

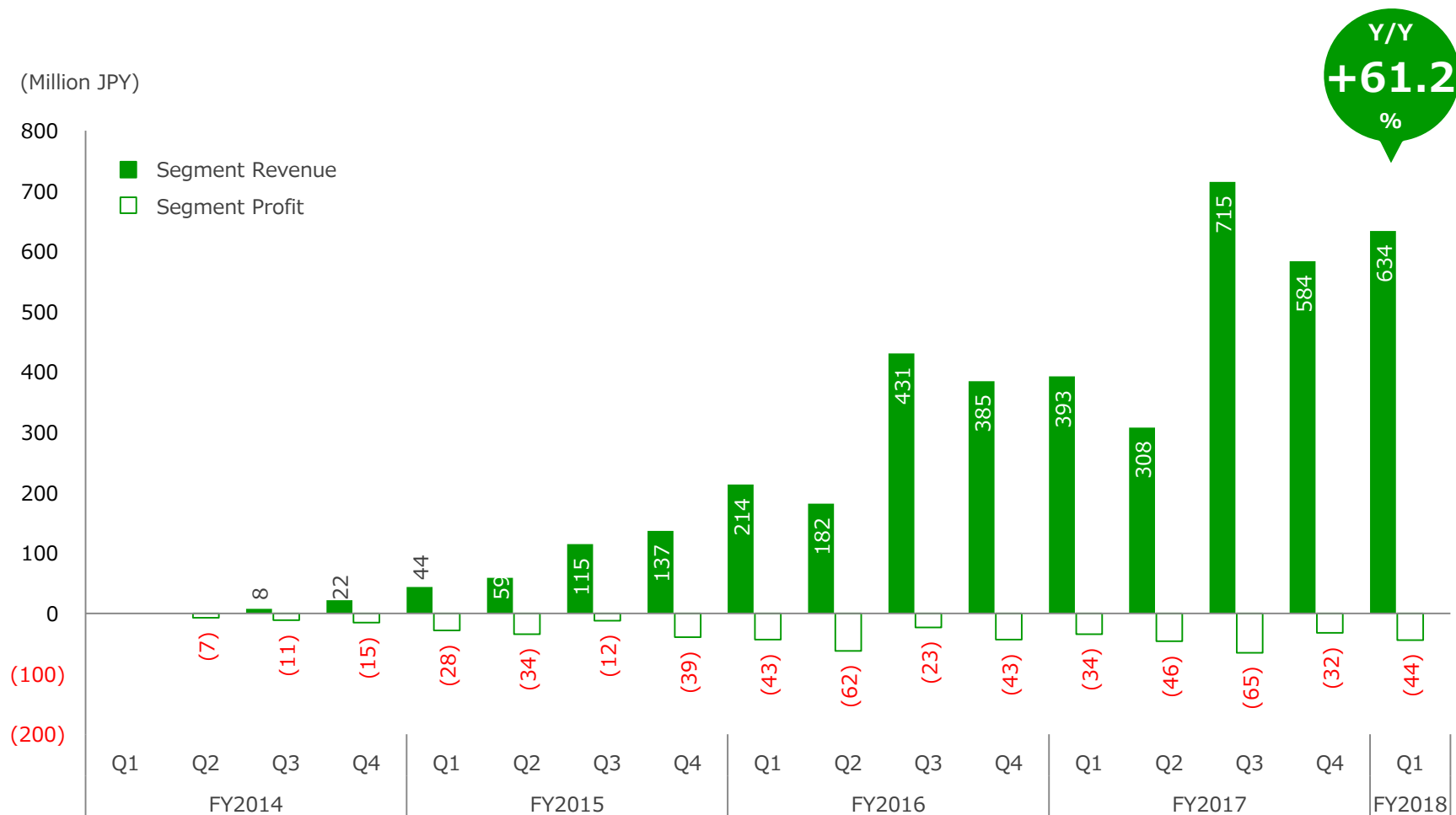
Gross Profit Margin Trended Stably at Around 30-40%



- [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

Business Taking Off; Revenue Continuing to Significantly Increase 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 Q2 Progress

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

# Segment Topics

## Overall


- Entering first phase of business development for “TOYOTA NEXT” collaboration 
- Opening of Fukuoka office delayed to February 2018

## Ent.

- Valkyrie Connect**
  - Preparing to release in China via publisher Shanda
  - Surpassed 11 million downloads on Nov 27
  - Collaboration with “Street Fighter” Game as of Nov 22
  - First National TV Commercial launched Oct 28
- Unison League**
  - 8.5 million downloads on Nov 8, 3<sup>rd</sup> Anniversary from Dec 4
- Three Kingdoms Smash!**
  - Collaboration with popular animation series from Nov 17



## Lifestyle Support

- Bridal-Related**
  - 1 year anniversary since brand name change to **Hanayume** 
  - Renewed Hanayume consultation desk in Shinjuku late Oct
- Moving-Related**
  - New commercial series released for “Hikkoshi Samurai”

## 4. FY2018 Guidance

5. Medium- and Long-Term Outlook

# FY2018 Consolidated Financial Forecasts (Duplicate)

(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	<b>18,500</b>	<b>40,000</b>	100.0%	<b>115.6%</b>
Entertainment	8,976	19,259	<b>9,500</b>	<b>19,500</b>	48.8%	<b>101.3%</b>
Lifestyle Support	5,605	13,342	<b>8,000</b>	<b>18,000</b>	45.0%	<b>134.9%</b>
E-Commerce	702	2,001	<b>1,000</b>	<b>2,500</b>	6.3%	<b>124.9%</b>
Operating income	1,022	4,077	<b>1,350</b>	<b>4,700</b>	11.8%	<b>115.3%</b>
Ordinary income	1,071	4,118	<b>1,350</b>	<b>4,700</b>	11.8%	<b>114.1%</b>
Net income	676	2,579	<b>900</b>	<b>3,100</b>	7.8%	<b>120.2%</b>

\*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 (Duplicate)

## Overall

Continue to Acquire and Nurture New Staff and Focus on Maintaining Work Environment

- | Expand recruitment with opening of Fukuoka office

## Ent.

**Existing Titles Forecasted to Flat Y/Y; Conservative Revenue Forecast for New Title Due to Initial Costs**

- | Focus on expanding sales overseas for Valkyrie Connect, Unison League, etc.
- | Based on recent KPI trends, other existing titles performance forecasted flat Y/Y
- | New titles for FY2018 (1 or 2) forecasted conservatively due to expected promotion costs

## 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

# FY2018 Year-End Dividend Forecasts (Duplicate)

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	<b>Jul 31</b>	<b>Jul 31</b>
Date of distribution	Apr 3	Oct 13	Apr 4	Oct 7	Apr 4	<b>Oct 6</b>	<b>Oct (Planned)</b>
Dividend per share	5.00	7.50	5.00	7.50	5.00	<b>22.00</b>	<b>32.50 (Planned)</b>
Total dividend amount	238 million JPY		239 million JPY		<b>517 million JPY</b>		-
Full-year pay out ratio	17.7%		18.2%		<b>19.8%</b>		<b>20% (Planned)</b>

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



# Notes on Remaining FY2018

## Overall

**First Half Revenue in Line; Profit May Exceed Forecast  
Full-Year Performance Subject to Change with New Game**

- | Opening of Fukuoka Office delayed to February 2018, limited influence to overall performance

## Ent.

**New Game Release Delayed to 2nd Half; 1st Half Profit May Exceed Forecast**

- | New title launch delayed from 1st half of FY, expense may also reflect into 2nd half
- | Q2 Promotional expense predicted to increase Q/Q due to Valkyrie Connect's Television Advertisement and Unison League's 3<sup>rd</sup> Anniversary Campaign

## Lifestyle Support

**Q1 Results Exceeded Expectation; Predicted Ongoing Performance Trend;  
New Business Investments to Continue**

- | All segments did well for Q1, Q2 predicted to continue with performance trend
- | In addition to new services within the Financial Media Business, launched new service "Soldi"; new services under consideration in addition to existing five sub-segments

## EC

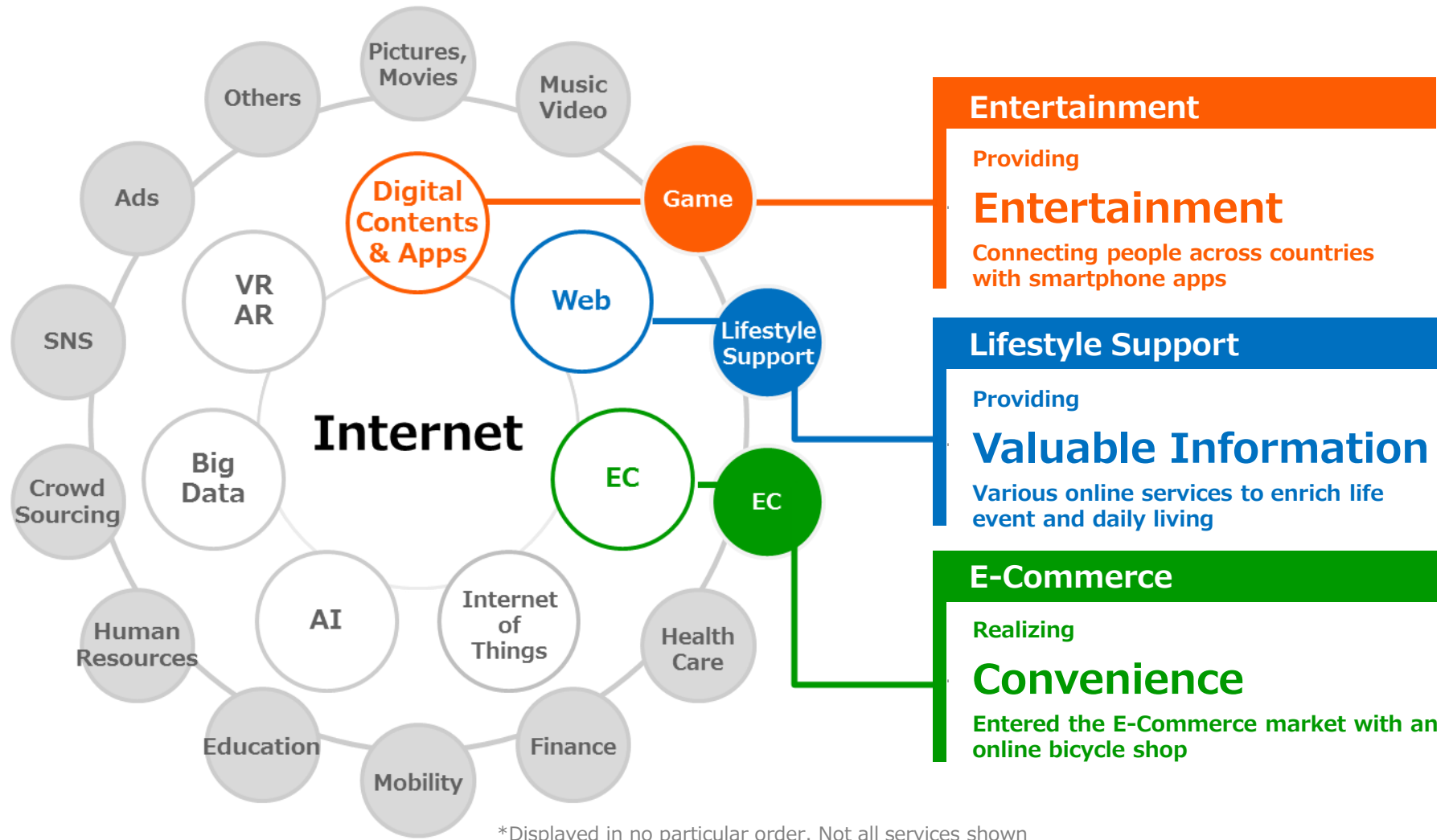
**Q1 Results Exceeded Expectation; Q2 Revenue to Decline Due to Off-Season**

- | Similar to previous trends, Q2 revenue predicted to decline due to seasonal factors
- | Continue to strengthen management structure, branding expense predicted to increase for peak season in Q3

# **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 November 30, 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	681 (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.**



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



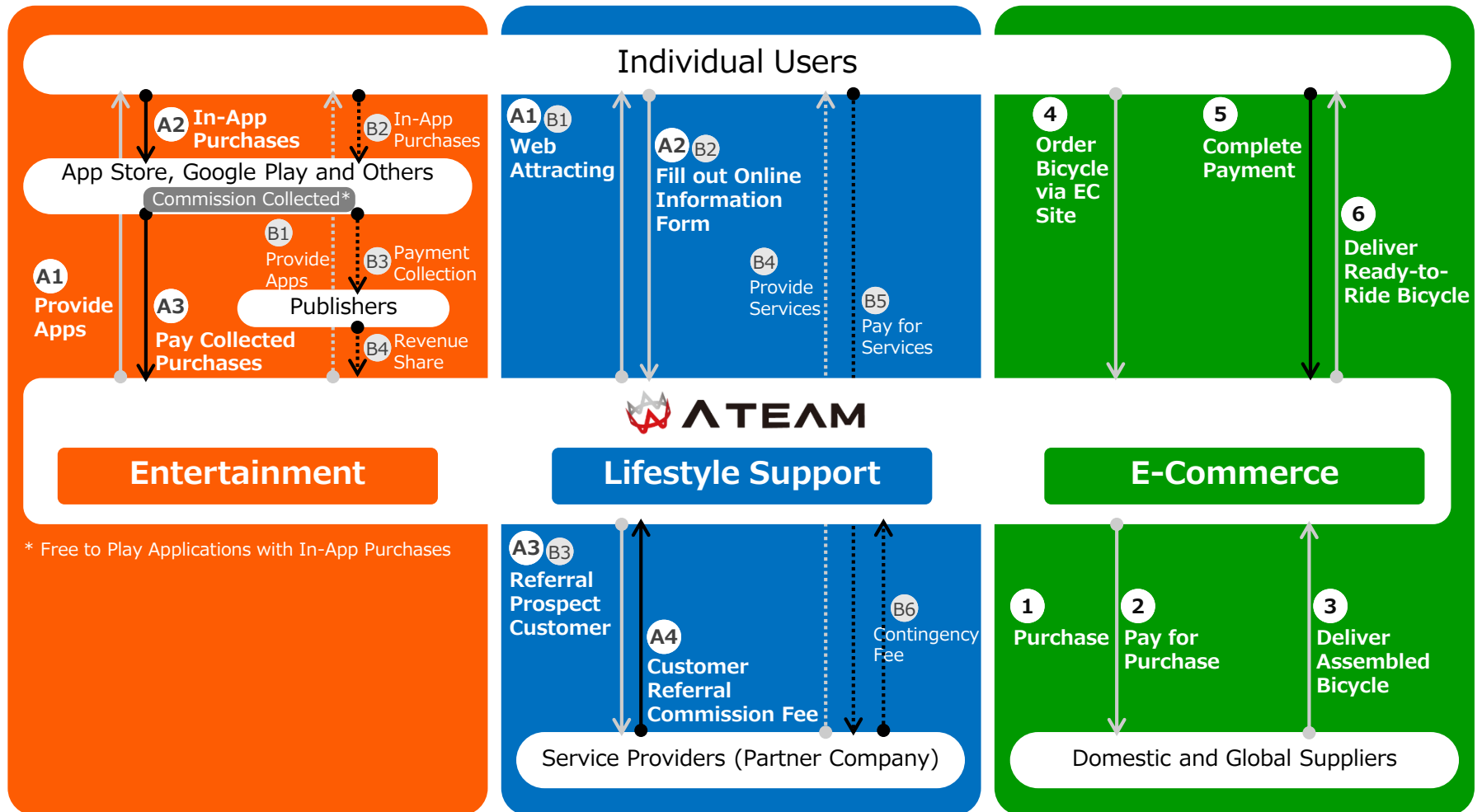
# Our Businesses

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

FY2016



Valkyrie Connect

FY2015



Unison League

FY2014



War of Legions

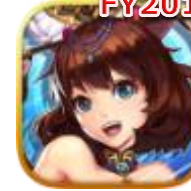
FY2012



Dark Summoner

### Action

FY2015

Three Kingdoms  
Smash!

### Simulation

FY2013



Derby Impact

### 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 AlarmQuick Calorie  
ControlEye Training  
3D3 minute  
Workoutfast  
flashcardsCustomizable  
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
- Partnerships 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
- Partnerships 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
- Professional advisors located throughout our 12 consultation desks
- Included new services "Hanayume Set-Price Wedding Packages" and "Hanayume Photo"

## Financial Media Business



Navi Navi Cashing

- Thorough comparisons of select top banks and consumer credit services
- Launched new services "NaviNavi Credit Card", "NaviNavi Mortgage" and "NaviNavi FX"

## 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

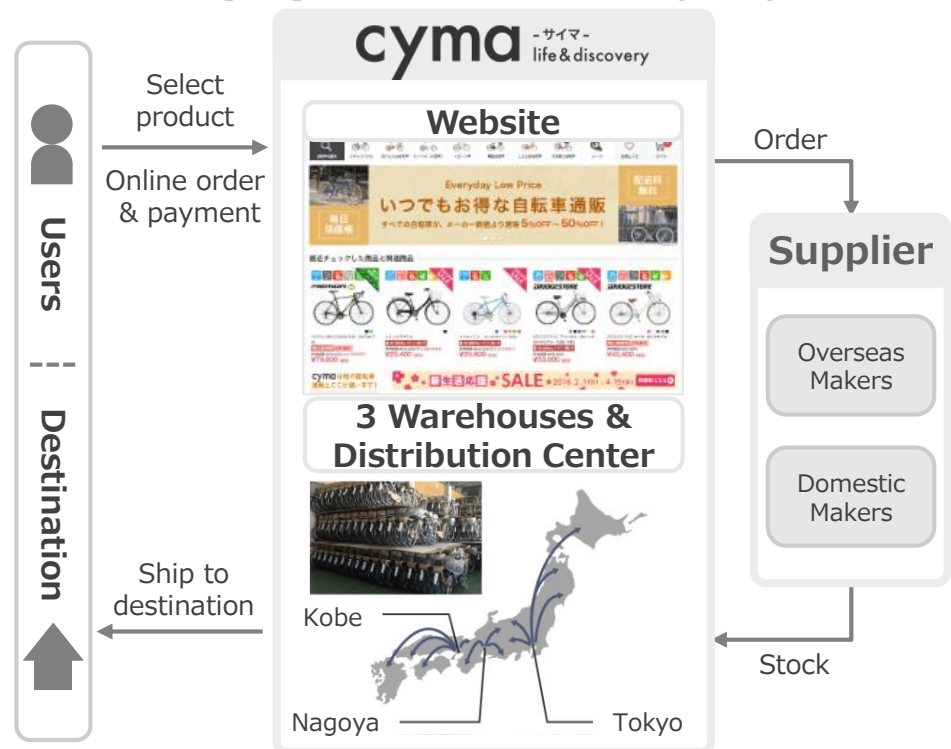
- Selection of over 200 bicycle models
- Bicycles assembled and prepared by specialists, shipped ready-to-ride
- Nation`s largest online bicycle retail store



**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 (FY2016 Q1 - FY2018 Q1)

(Million JPY)

	FY2016				FY2017				FY2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	4,610	5,420	6,178	6,757	7,136	8,147	9,906	9,412	8,904
Revenue	+1.0	+17.6	+14.0	+9.4	+5.6	+14.2	+21.6	-5.0	-5.4
Q/Q (%)	2,331	3,173	3,196	3,857	4,089	4,886	5,200	5,082	4,315
Entertainment	2,065	2,064	2,550	2,513	2,652	2,952	3,990	3,746	3,954
Lifestyle Support	214	182	431	385	393	308	715	584	634
E-Commerce	763	825	987	1,038	1,105	1,221	1,671	1,671	1,476
Cost of revenues	16.6	15.2	16.0	15.4	15.5	15.0	17.0	17.8	16.6
Cost rate (%)	3,326	4,450	4,392	4,969	5,737	6,196	6,486	6,434	6,464
Selling, G&A expenses	72.1	82.1	71.1	73.6	80.4	76.1	65.3	68.4	72.6
Selling, G&A expenses ratio (%)	4,089	5,276	5,380	6,008	6,843	7,417	8,158	8,105	7,940
Total cost and G&A expenses	745	805	814	884	872	935	931	1,066	1,025
Labor costs & recruitment expenses	1,817	2,326	2,433	2,758	3,432	3,551	3,623	3,410	3,600
Promotional expenses	39.4	42.9	39.4	40.8	48.1	43.6	36.6	36.2	40.4
Entertainment	493	1,030	947	1,276	1,746	1,700	1,220	1,228	1,150
Lifestyle Support	1,218	1,184	1,368	1,338	1,547	1,728	2,230	2,040	2,302
E-Commerce	43	48	50	79	70	62	117	84	93
Commissions, etc.	841	1,171	1,177	1,401	1,468	1,779	2,051	2,018	1,588
Subcontractor expenses, server fees	257	267	275	235	254	297	315	331	532
Office rental fees, utility expenses	138	235	177	177	178	218	238	243	249
Other expenses	289	470	501	551	636	634	997	1,034	945
Operating income	<b>520</b>	<b>144</b>	<b>798</b>	<b>748</b>	<b>293</b>	<b>729</b>	<b>1,748</b>	<b>1,306</b>	<b>963</b>
Q/Q (%)	+17.0	-72.2	+452.0	-6.3	-60.8	+148.5	+139.7	-25.3	-26.3
Entertainment	549	440	601	706	302	807	1,440	1,270	865
Lifestyle Support	363	294	554	425	369	326	715	516	550
E-Commerce	-43	-62	-23	-43	-34	-46	-65	-32	-44
Operating income margin	11.3	2.7	12.9	11.1	4.1	9.0	17.6	13.9	10.8
Ordinary income	493	112	751	736	292	778	1,738	1,308	980
Net income	<b>291</b>	<b>17</b>	<b>479</b>	<b>504</b>	<b>138</b>	<b>537</b>	<b>1,162</b>	<b>741</b>	<b>678</b>

# P/L (FY2012 - FY2017)

(Million JPY)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Y/Y (%)
Revenue	<b>6,379</b>	<b>10,989</b>	<b>12,036</b>	<b>15,828</b>	<b>22,967</b>	<b>34,603</b>	<b>+50.7</b>
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	<b>1,070</b>	<b>1,717</b>	<b>1,452</b>	<b>2,087</b>	<b>2,212</b>	<b>4,077</b>	<b>+84.3</b>
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	<b>590</b>	<b>1,042</b>	<b>807</b>	<b>1,362</b>	<b>1,292</b>	<b>2,579</b>	<b>+99.6</b>

# B/S (FY2012 - FY2017)

(Million JPY)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Assets</b>						
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
<b>Total assets</b>	<b>3,153</b>	<b>4,641</b>	<b>5,504</b>	<b>7,656</b>	<b>9,586</b>	<b>13,140</b>
<b>Liabilities</b>						
Current liabilities	1,153	1,136	1,305	3,648	4,127	5,202
Non-current liabilities	0	0	0	0	387	481
<b>Total liabilities</b>	<b>1,153</b>	<b>1,136</b>	<b>1,305</b>	<b>3,648</b>	<b>4,514</b>	<b>5,683</b>
Interest-bearing liabilities	100	0	0	1,700	1,166	632
<b>Net assets</b>						
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
<b>Total net assets</b>	<b>1,999</b>	<b>3,505</b>	<b>4,198</b>	<b>4,008</b>	<b>5,072</b>	<b>7,456</b>
<b>Total liabilities and net assets</b>	<b>3,153</b>	<b>4,641</b>	<b>5,504</b>	<b>7,656</b>	<b>9,586</b>	<b>13,140</b>

# 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)	<b>34.99</b>	<b>55.04</b>	<b>41.96</b>	<b>70.54</b>	<b>68.58</b>	<b>136.45</b>
EPS Y/Y (%)	117.5	57.3	-23.8	45.6	-2.8	+99.0
ROA (Ordinary income on total assets, %)	<b>42.3</b>	<b>44.1</b>	<b>29.0</b>	<b>32.9</b>	<b>24.3</b>	<b>36.2</b>
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 (%)	<b>0</b>	<b>19.3</b>	<b>23.8</b>	<b>17.7</b>	<b>18.2</b>	<b>19.8</b>
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 (%)	<b>38.9</b>	<b>37.9</b>	<b>21.2</b>	<b>33.9</b>	<b>29.1</b>	<b>41.8</b>
ROIC (=①÷②, %)	<b>29.9</b>	<b>30.3</b>	<b>20.8</b>	<b>21.0</b>	<b>25.1</b>	<b>34.1</b>
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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