



Ateam Inc.

# Business Report FY2018 Q3

June 8, 2018

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# **1. FY2018 Q3 Financial Results**

- 2. FY2018 Q3 Business Details
- 3. FY2018 Q4 Progress
- 4. FY2018 Guidance
- 5. Medium- and Long-Term Outlook

# FY2018 Q3 Financial Summary (Feb – April 2018)

## Overall

### Revenue and Profit Up Y/Y & Q/Q, Quarterly Results Record High

- Revenue: 10,269 million JPY (Y/Y 103.7%, Q/Q 112.1%)
- Operating income: 1,752 million JPY (Y/Y 100.2%, Q/Q 160.3%)
- Net income: 1,217 million JPY (Y/Y 104.8%, Q/Q 161.4%)

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

## Ent.

### Revenue and Profit Down Y/Y, Profit Up Q/Q

- Revenue: 3,876 million JPY (Y/Y 74.5%, Q/Q 89.7%)
- Profit: 1,199 million JPY (Y/Y 83.3%, Q/Q 135.5%)

% of Revenue  
**37.8**  
%

**Revenue Downhill, Increase Profit Q/Q Due to Promotional Expense Cut**

## Lifestyle Support

### Revenue and Profit Up Y/Y and Q/Q, Record High Results

- Revenue: 5,580 million JPY (Y/Y 139.8%, Q/Q 129.4%)
- Profit: 1,077 million JPY (Y/Y 150.5%, Q/Q 157.0%)

% of Revenue  
**54.3**  
%

**All Sub-segments Trending Well in Addition to a Great Peak Season**

## EC

### Revenue Up Y/Y but Down Q/Q, Record High Quarterly Result

- Revenue: 812 million JPY (Y/Y 113.6%, Q/Q 152.7%)
- Profit: -77 million JPY (Y/Y -, Q/Q -%)

% of Revenue  
**7.9**  
%

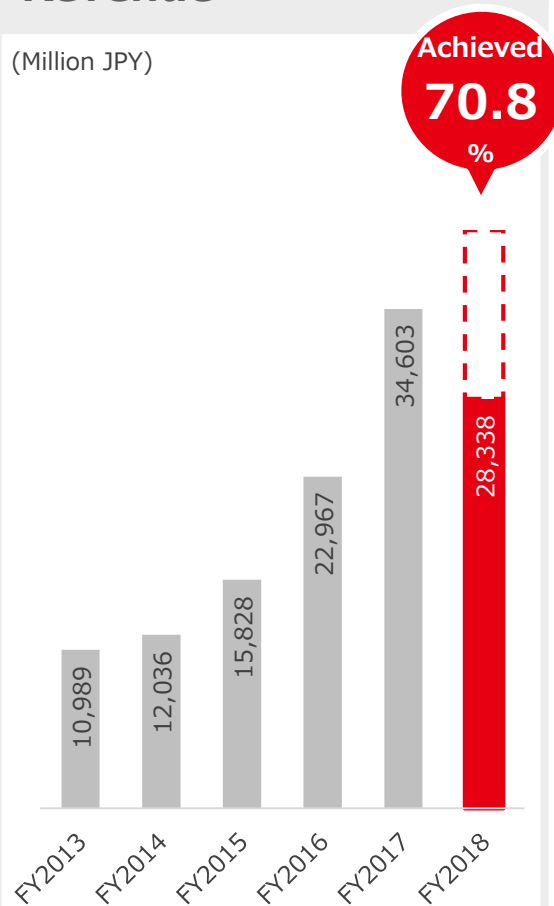
**Strong Performance Due to Peak Season**

# FY2018 Q3 Financial Results vs. Forecasts

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

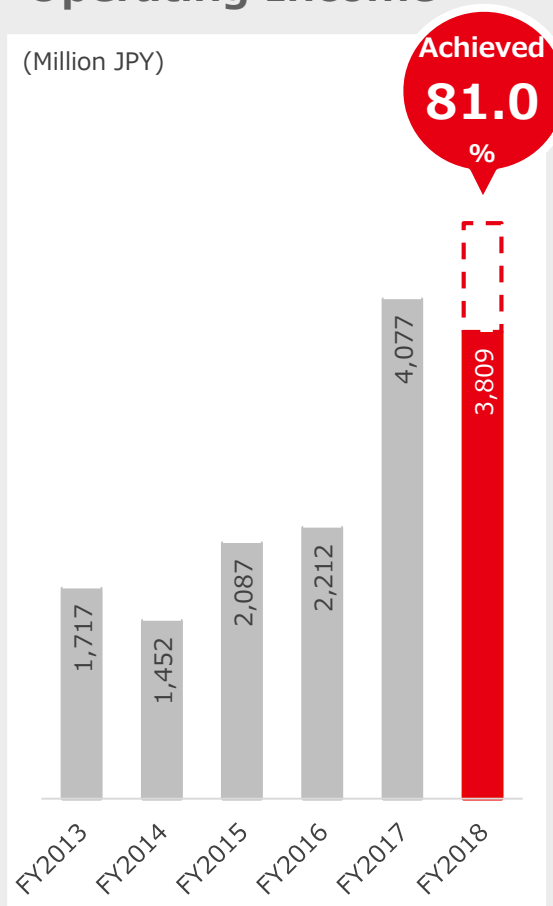
## Revenue

(Million JPY)



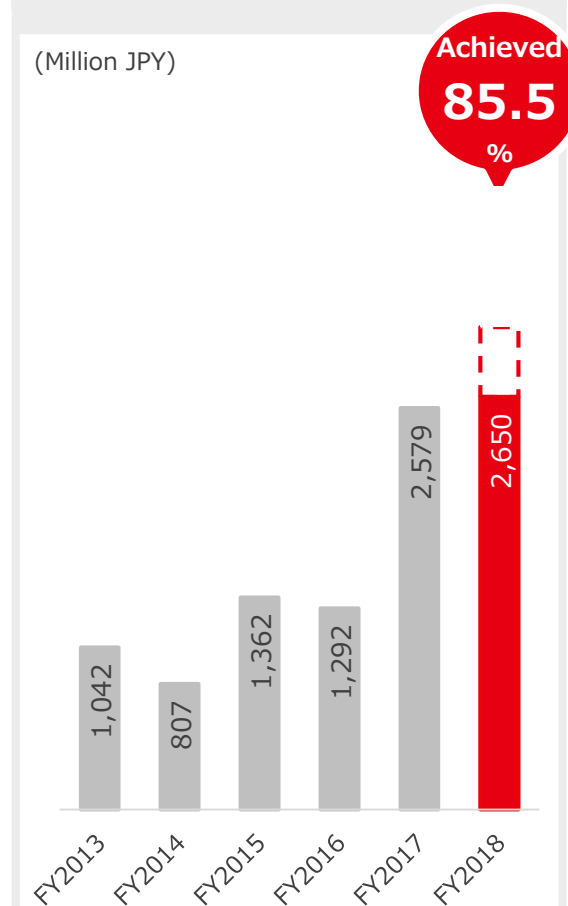
## Operating Income

(Million JPY)



## Net Income

(Million JPY)



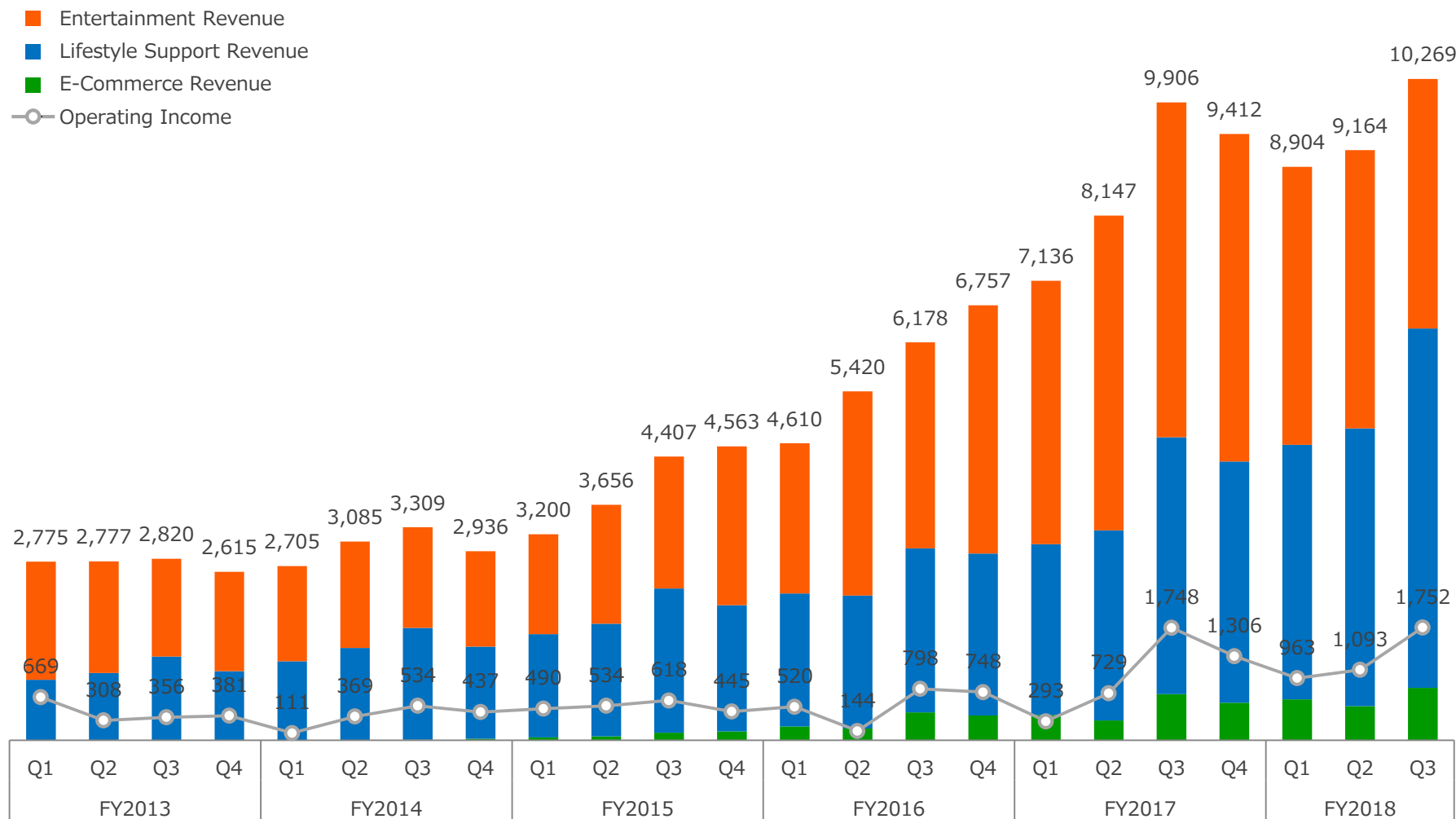
# FY2018 Q3 Nine-Month and Three-Month Results

(Million JPY)

FY2018 Q3 <u>Nine-Month</u> <u>Results</u> (Aug 2017 - April 2018)					FY2018 Q3 <u>Three-Month</u> Results (Feb - April 2018)					
	FY2018		FY2017	Y/Y	FY2018	%	FY2017	Y/Y	FY2018	Q/Q
	9-month	%	9-month						Q2	
Revenue	<b>28,338</b>	100.0%	25,190	<b>112.5%</b>	<b>10,269</b>	100.0%	9,906	<b>103.7%</b>	9,164	<b>112.1%</b>
Operating income	<b>3,809</b>	13.4%	2,770	<b>137.5%</b>	<b>1,752</b>	17.1%	1,748	<b>100.2%</b>	1,093	<b>160.3%</b>
Ordinary income	<b>3,852</b>	13.6%	2,809	<b>137.1%</b>	<b>1,775</b>	17.3%	1,738	<b>102.1%</b>	1,096	<b>162.0%</b>
Net income	<b>2,650</b>	9.4%	1,838	<b>144.2%</b>	<b>1,217</b>	11.9%	1,162	<b>104.8%</b>	754	<b>161.4%</b>

# 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				FY2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	4,407	4,563	4,610	5,420	6,178	6,757	7,136	8,147	9,906	9,412	8,904	9,164	<b>10,269</b>
Operating income	618	445	520	144	798	748	293	729	1,748	1,306	963	1,093	<b>1,752</b>
Promotional expenses	1,903	1,955	1,817	2,326	2,433	2,758	3,432	3,551	3,623	3,410	3,600	3,866	<b>3,730</b>
Labor costs, recruitment expenses	695	736	745	805	814	884	872	935	931	1,066	1,025	1,089	<b>1,195</b>
Commission fees, etc.	671	869	841	1,171	1,177	1,401	1,468	1,779	2,051	2,108	1,588	1,572	<b>1,561</b>
Subcontractor expenses, server fees	197	235	257	267	275	235	254	297	315	331	532	518	<b>620</b>
Office rental fees, utility expenses	105	111	138	235	177	177	178	218	238	243	249	251	<b>288</b>
Employees (people)	533	530	548	559	574	583	605	627	710	718	723	788	<b>898</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



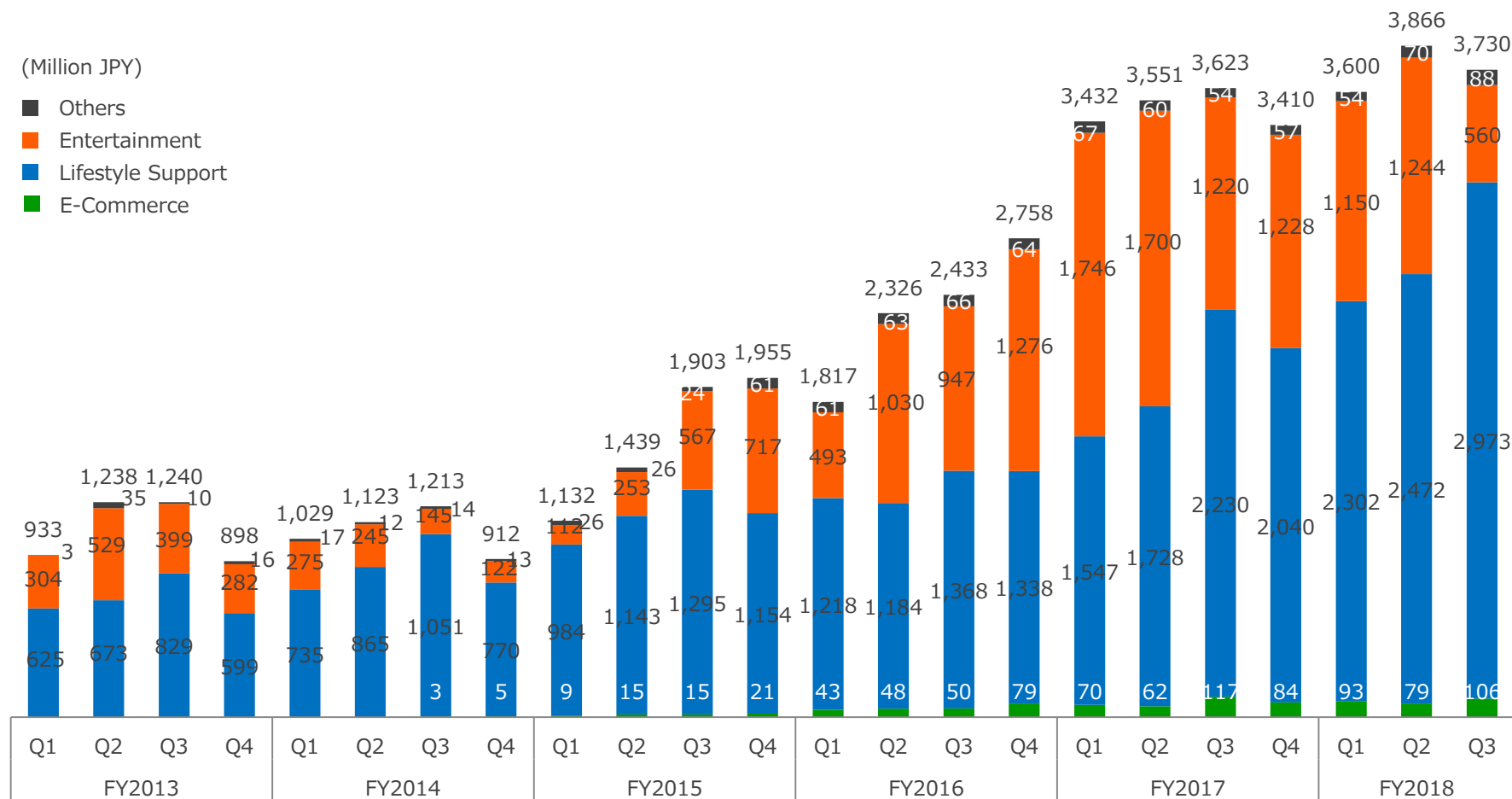
# Quarterly Promotional Expense Trends

Entertainment: Continued to Suppress Expenses for Existing Games

Lifestyle: Increase Due to Strengthened Promotion for Busy Season

(Million JPY)

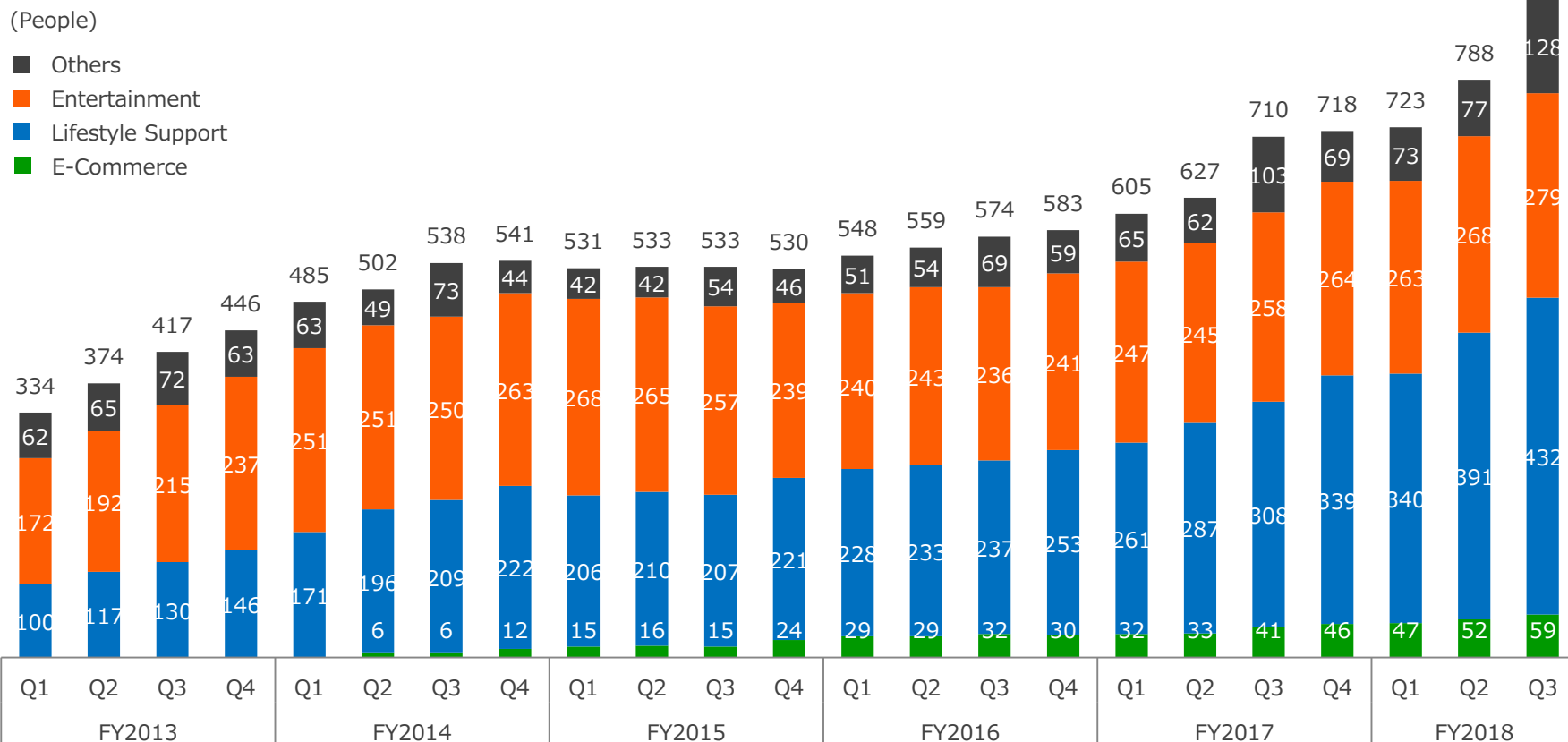
- Others
- Entertainment
- Lifestyle Support
- E-Commerce



# Number of Employees

## 46 New University Graduates Hired in April

- Will continue to strengthen human resources centering on Entertainment and Lifestyle, including mid-career recruitment



\*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)

\*Newly hired university graduates are included within "Others" as of the end of Q3

# Balance Sheet

(Million JPY)

	FY2018 Q3	FY2018 Q2
Current assets	<b>11,144</b>	9,854
Cash and cash equivalents	<b>4,722</b>	4,441
Accounts receivable	<b>4,620</b>	4,028
Non-current assets	<b>4,708</b>	4,609
Tangible assets	<b>1,619</b>	1,613
Intangible assets	<b>1,940</b>	1,892
Total assets	<b>15,853</b>	14,464

	FY2018 Q3	FY2018 Q2
Current liabilities	<b>4,310</b>	4,207
Non-current liabilities	<b>544</b>	482
Total liabilities	<b>4,855</b>	4,690
Short-term loans payable	<b>255</b>	390
Shareholder's equity	<b>10,911</b>	9,685
Total net assets	<b>10,997</b>	9,774
Liabilities and net assets	<b>15,853</b>	14,464

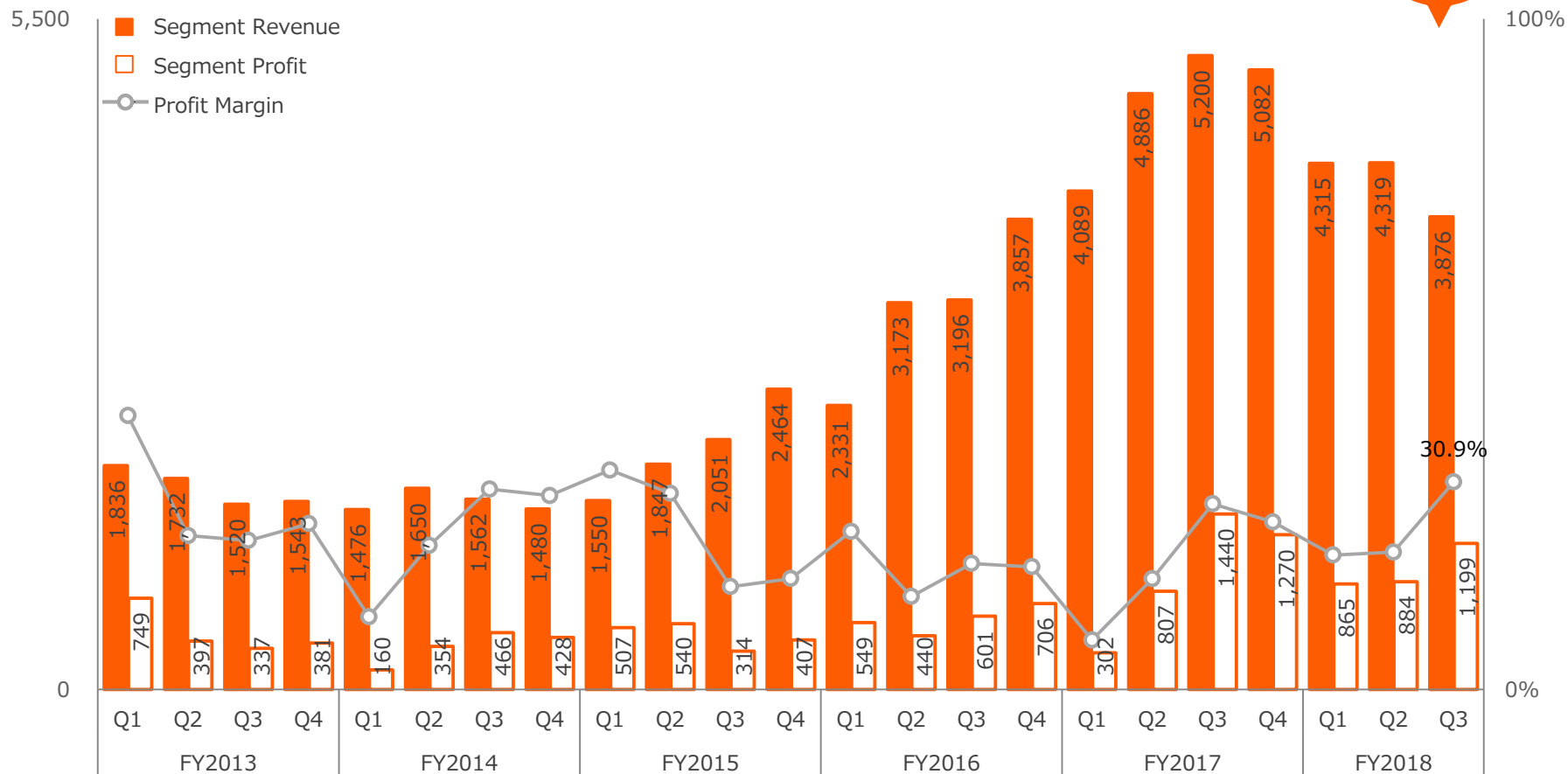
## **2. FY2018 Q3 Business Details**

- 3. FY2018 Q4 Progress
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# Entertainment Business Performance Trends

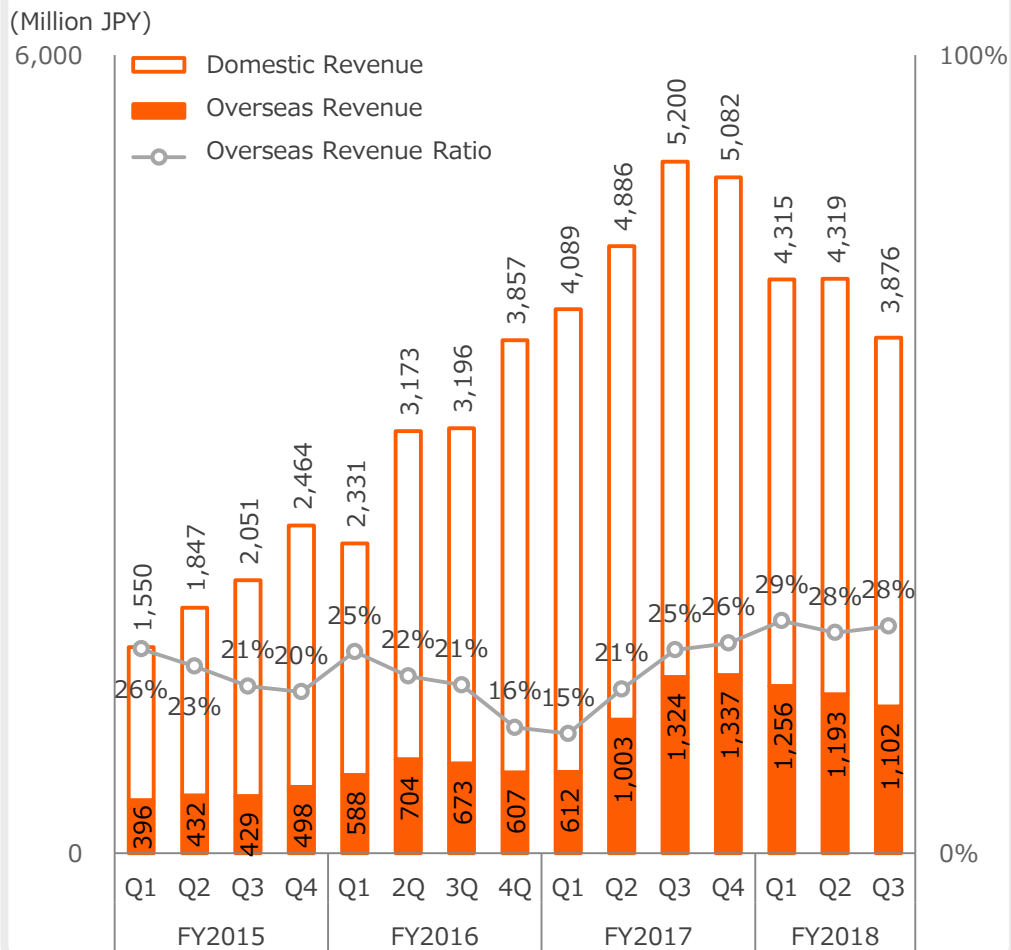
Decline in Revenue for Existing Game Apps, Along with Delay of New Game App Release








(Million JPY)



# Entertainment Overseas Revenue Ratio Trends

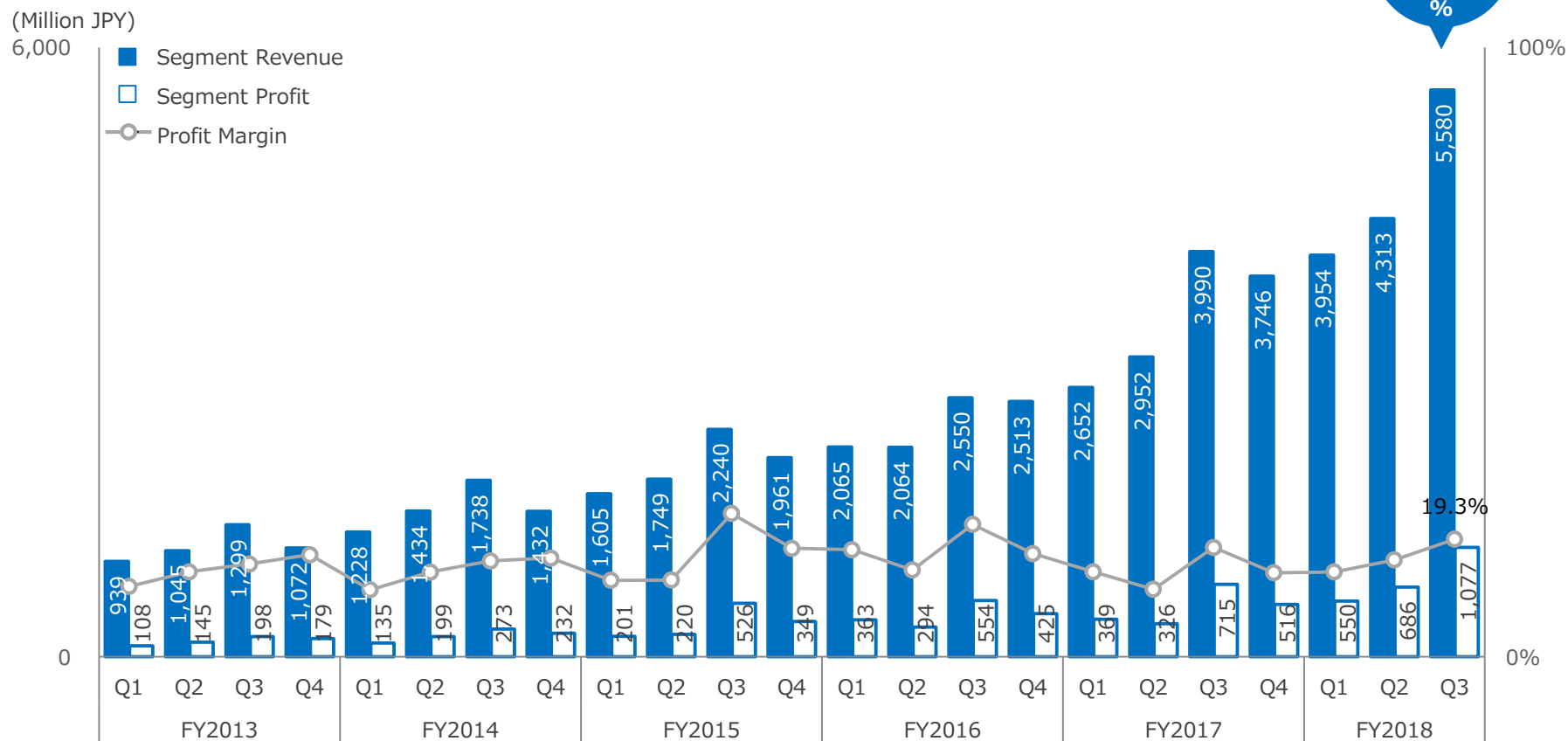
## Overseas Sales Trends



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

# Lifestyle Support Business Performance Trends

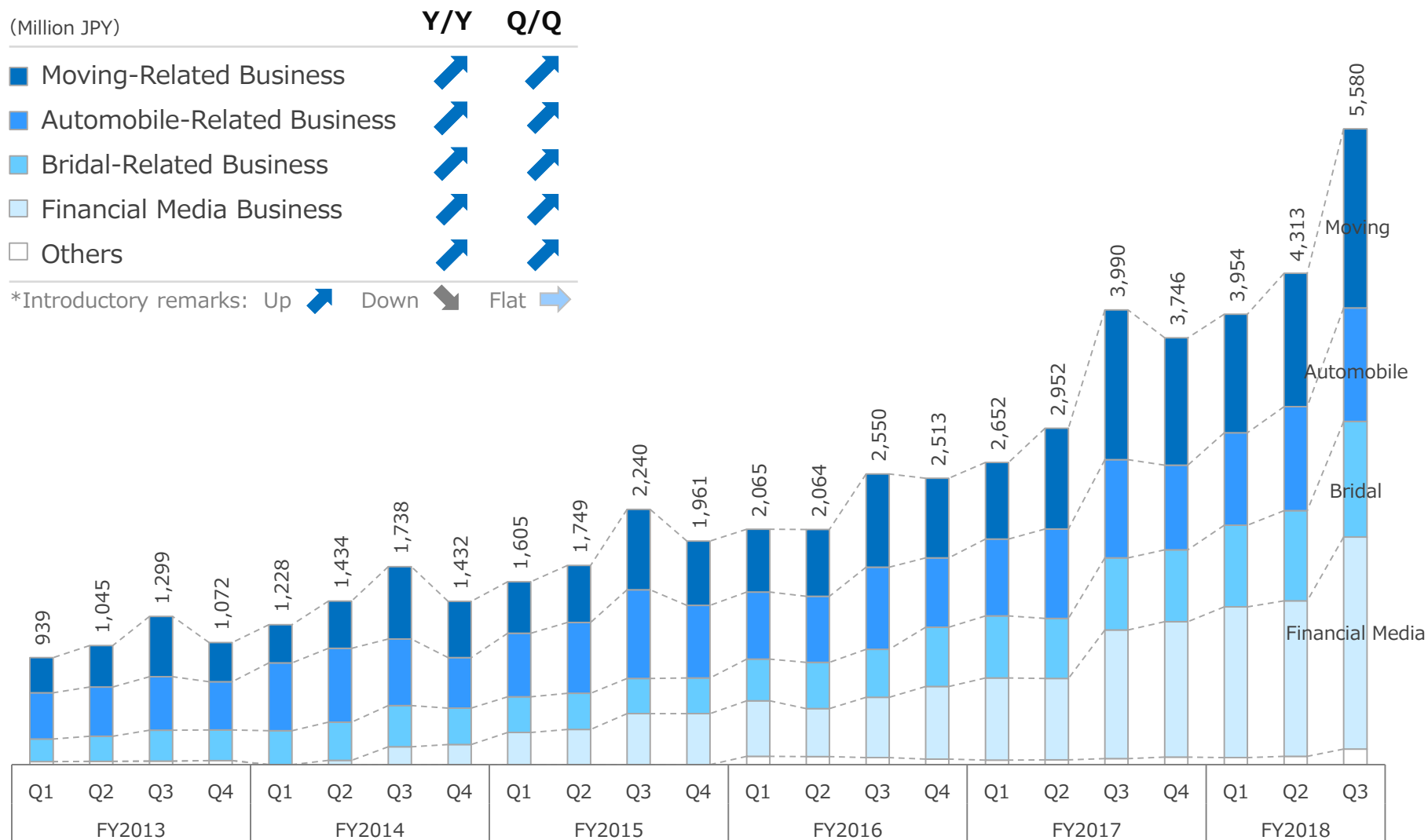
Continuing to Trend Well with a Significant Increase Y/Y;  
Record High for Both Segment Revenue and Profit



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

\*From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita: Team) will be included in the "Others" sub-segment

# Lifestyle Support Sub-Segment Business Trends



\*From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita: Team) will be included in the "Others" sub-segment

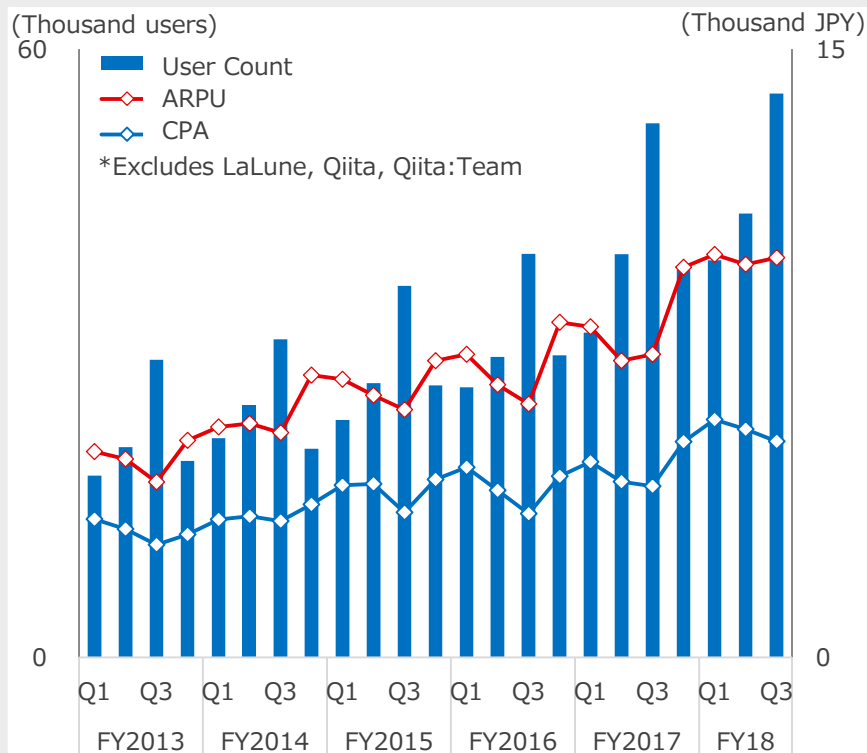


# Lifestyle Support Key Performance Indicator Trends

## User Count, ARPU, CPA

User Count Up Y/Y

ARPU & CPA Trended Similarly to Previous Years

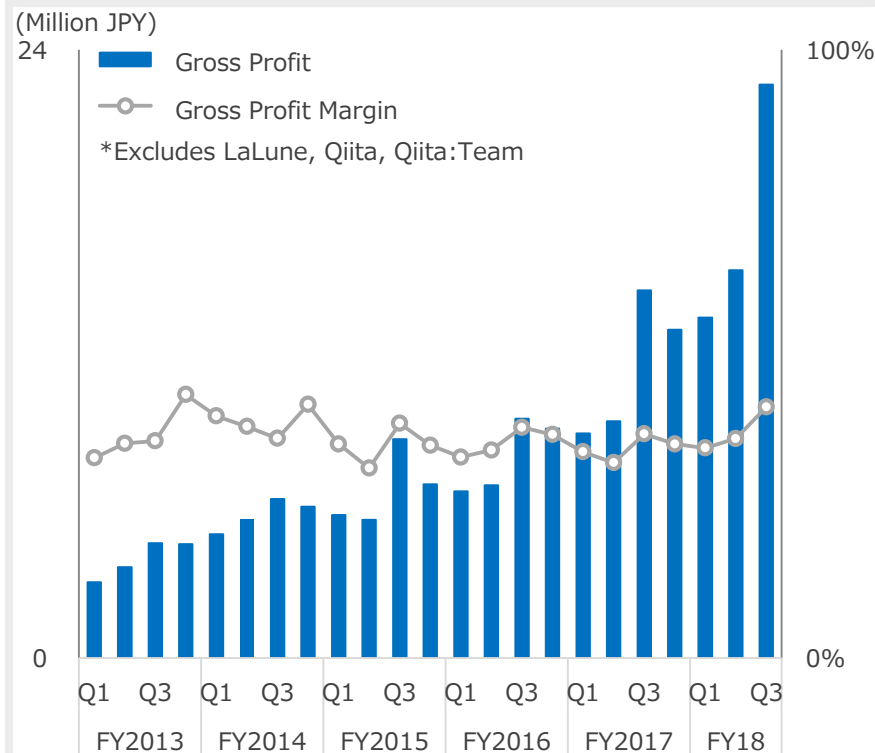


- [① User count]=total users from 4 main sub-segment businesses (users that generated segment revenue)
- [② ARPU: Revenue per user]=segment revenue÷[① User count]
- [③ CPA: Cost per user acquisition]=advertising cost÷[① User count]

## Gross Profit, Gross Profit Margin

Gross Profit Up Significantly Y/Y

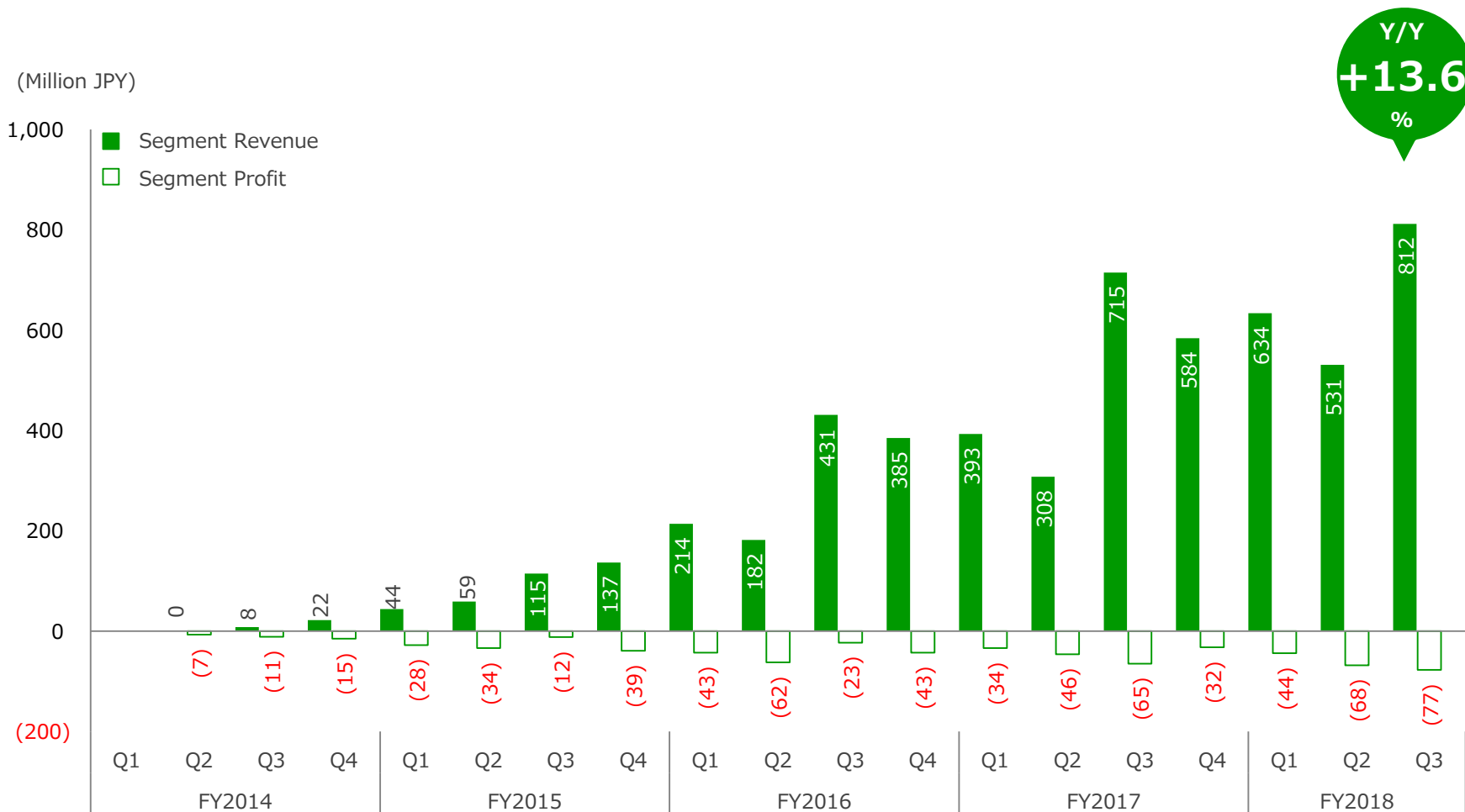
Gross Profit Margin Trended Stably at Around 40%



- [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 Continuing to Increase Y/Y; Record High Quarterly Revenue



\*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 Q4 Progress

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

# Segment Topics

Ent.

## BASSA WARRIORS

- ▶ JP release on May 21; In-app purchases as of May 25
- ▶ 2vs2 Real-time battle between users also prepared
- ▶ TVCM broadcasted as of May 31
- ▶ Scheduled for overseas launch starting with Asia

NEW



## New Pipeline Information

### New Project

- ▶ Development in progress, scheduled to release FY2019
- ▶ Collaboration project with partner company
- ▶ Ateam in charge of planning & operating of game app

# Segment Topics

Ent.

## Valkyrie Connect

- ▶ 2 year anniversary! Anniversary event held from June 8
- ▶ Surpassed 14 million downloads worldwide, initiating memorial campaign



## Unison League (Global Ver.)

- ▶ Collab event with popular anime series "The Seven Deadly Sins"



## Derby Impact

- ▶ 5 year anniversary campaign TVCM broadcasted



# Segment Topics

## Lifestyle Support

### Automobile-Related

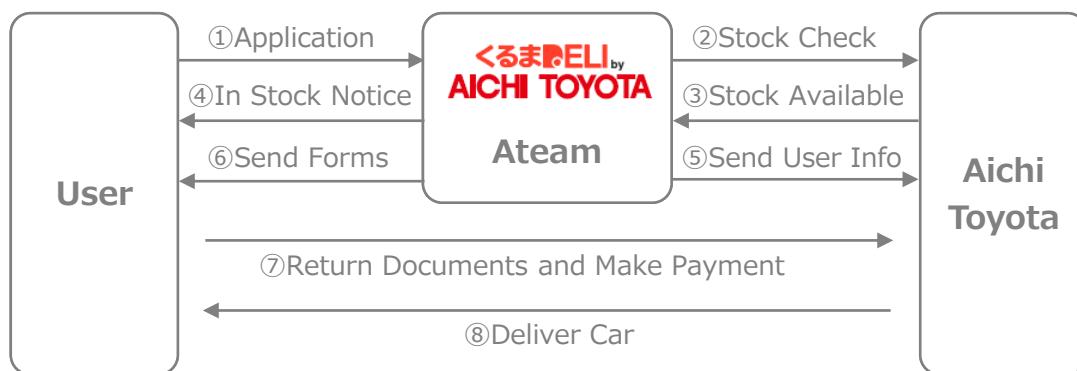
- ▶ Official launch of "TOYOTA NEXT" collaboration! Purchase used cars via your smartphone and delivered straight to your home. Trial currently underway



- **Service Name:** KurumaDELI by AICHI TOYOTA
- **Trial Start Date:** April 24, 2018 (Tuesday)
- **Target Users:** within Aichi prefecture
- **URL:** <https://remobii.jp>



### Service Overview



### 3 Features of KurumaDELI

- Selection to delivery all in one site
- Only good quality second-hand cars
- Free return/exchange within 10 days

### Steps to Using KurumaDELI

- STEP 01** Pick the car you like
- STEP 02** Choose payment method
- STEP 03** Apply online

## 4. FY2018 Guidance

5. Medium- and Long-Term Outlook



# FY2018 Consolidated Financial Forecasts

There Are No Revisions to Full-Year Forecasts at This Time

(Million JPY)

	FY2017 Result		FY2018 (Aug 2017 – Jul 2018)				
	Interim Result	Full-Year Result	Interim Results	9-month Results	Full-Year forecasts	% of Revenue	% to Full-year forecast
Revenue	15,283	34,603	18,069	<b>28,338</b>	<b>40,000</b>	100.0%	<b>70.8%</b>
Entertainment	8,976	19,259	8,635	<b>12,511</b>	<b>19,500</b>	48.8%	<b>64.2%</b>
Lifestyle Support	5,605	13,342	8,267	<b>13,848</b>	<b>18,000</b>	45.0%	<b>76.9%</b>
E-Commerce	702	2,001	1,166	<b>1,978</b>	<b>2,500</b>	6.3%	<b>79.1%</b>
Operating income	1,022	4,077	2,056	<b>3,809</b>	<b>4,700</b>	11.8%	<b>81.0%</b>
Ordinary income	1,071	4,118	2,076	<b>3,852</b>	<b>4,700</b>	11.8%	<b>82.0%</b>
Net income	676	2,579	1,433	<b>2,650</b>	<b>3,100</b>	7.8%	<b>85.5%</b>

\*From FY2017 (Aug 1, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and EC.



# Notes Concerning Progress of FY2018 Forecast

## Overall

### Initial Full-year Forecast to Remain Unchanged

- | Entertainment's unattained amount will be difficult to cover with Lifestyle's surplus; depending on contribution from new game app, expected to accomplish original forecasts

## Ent.

### Revenue somewhat below initial forecast; income depends on scale of investment for new game app

- | Existing games in overall downward trend, expected to fall short of initial forecast
- | Segment profit forecast achievement depends on new game "BASSA WARRIORS" released in Q4; although delayed from initial plan, hope for income contribution during June – July 2018

## Lifestyle Support

### Both Revenue and Income Predicted to Exceed Initial Forecast

- | All sub-segment businesses trending well
- | Financial Media segment entering peak season in Q4, other sub-segment businesses expected to trend as usual

## EC

### Revenue to Generally Meet Initial Forecast, Will Suppress Investment in Q4

- | Progression as originally anticipated
- | As the scale of handled products is expanding, will focus on strengthening fulfillment while suppressing promotional expense in Q4

# FY2018 Year-End Dividend Forecasts (Duplicate)

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

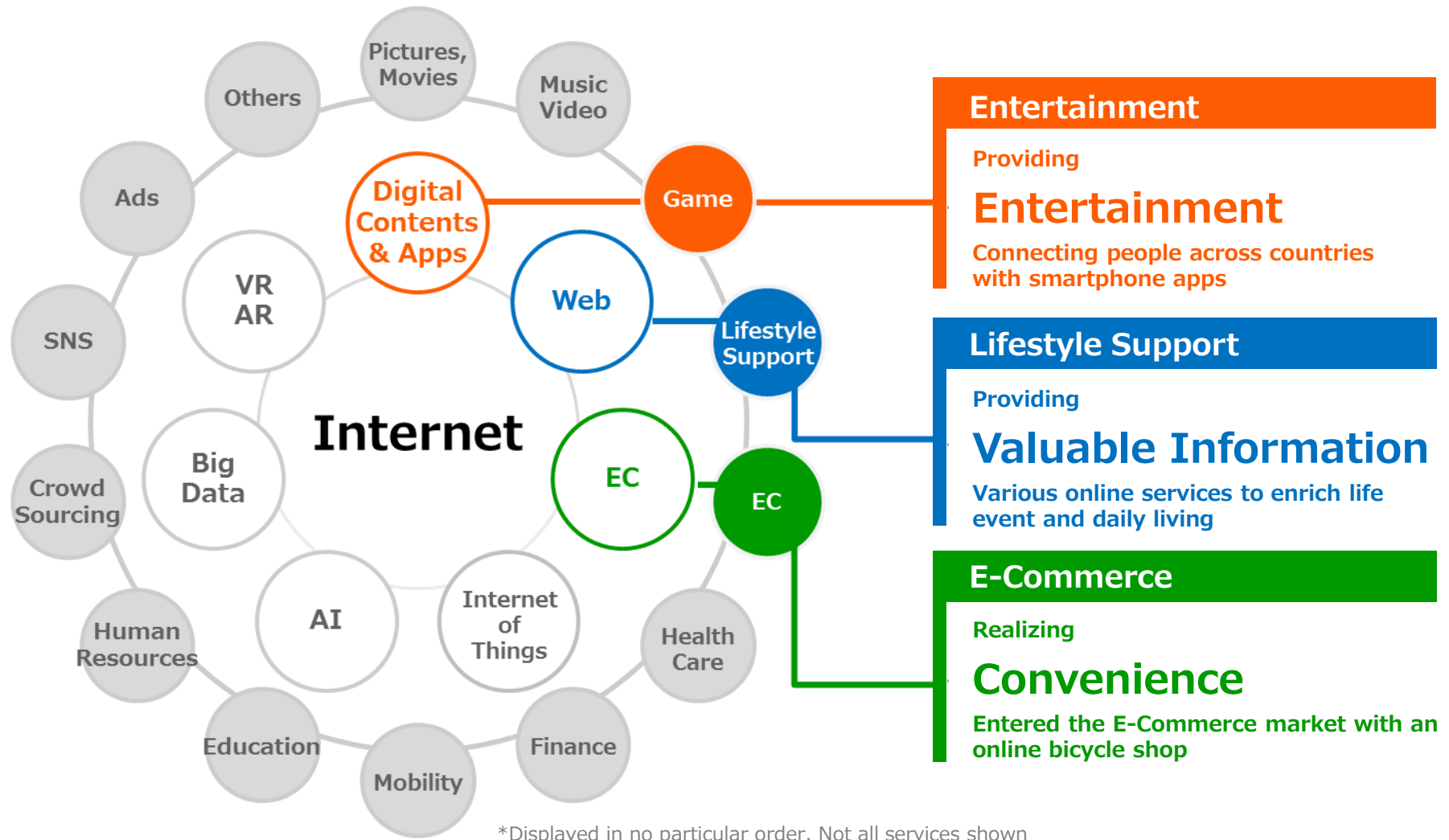
	FY2015 Result		FY2016 Result		FY2017 Result		FY2018 Forecast
	Interim	Year-End	Interim	Year-End	Interim	Year-End	Year-End
Date of right allotment	Jan 31	Jul 31	Jan 31	Jul 31	Jan 31	<b>Jul 31</b>	<b>Jul 31</b>
Date of distribution	Apr 3	Oct 13	Apr 4	Oct 7	Apr 4	<b>Oct 6</b>	<b>Oct (Planned)</b>
Dividend 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

# **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 Asia and European 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

| 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 April 30, 2018

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)	6 (includes 1 overseas subsidiary)
Number of employees	841 (excludes directors & 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



1971.12.18

Born in Toki City, Gifu Prefecture, Japan

1982.12

Started computer programming

1987.03

Graduated from Tajimi Junior High School

1987.04 ~

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

1997.06

Founded Ateam as an unincorporated enterprise

2000.02.29

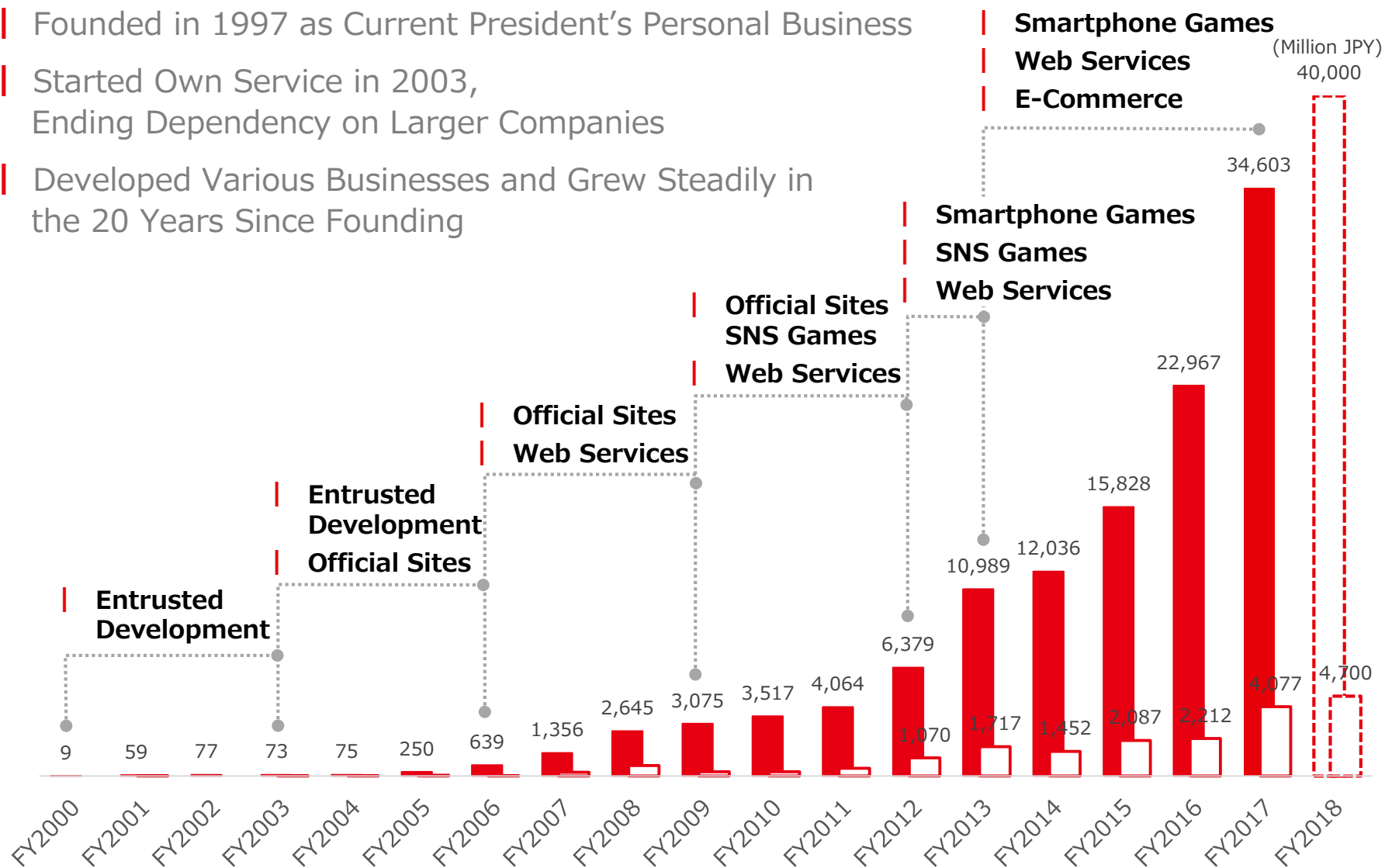
**Established Ateam Ltd.**

2004.11.01

**Organizational change to Ateam Inc.**

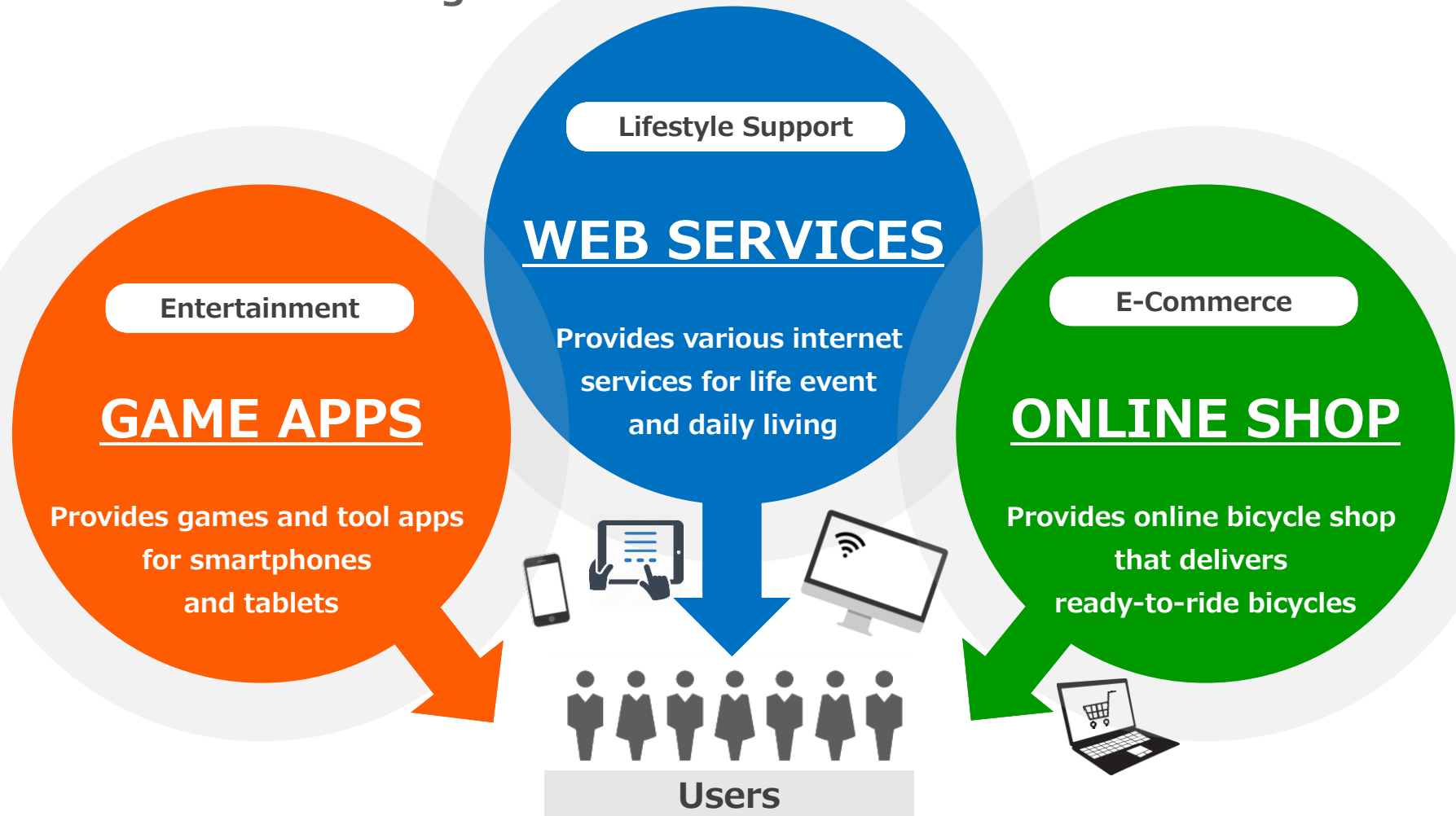
# Company History

- 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



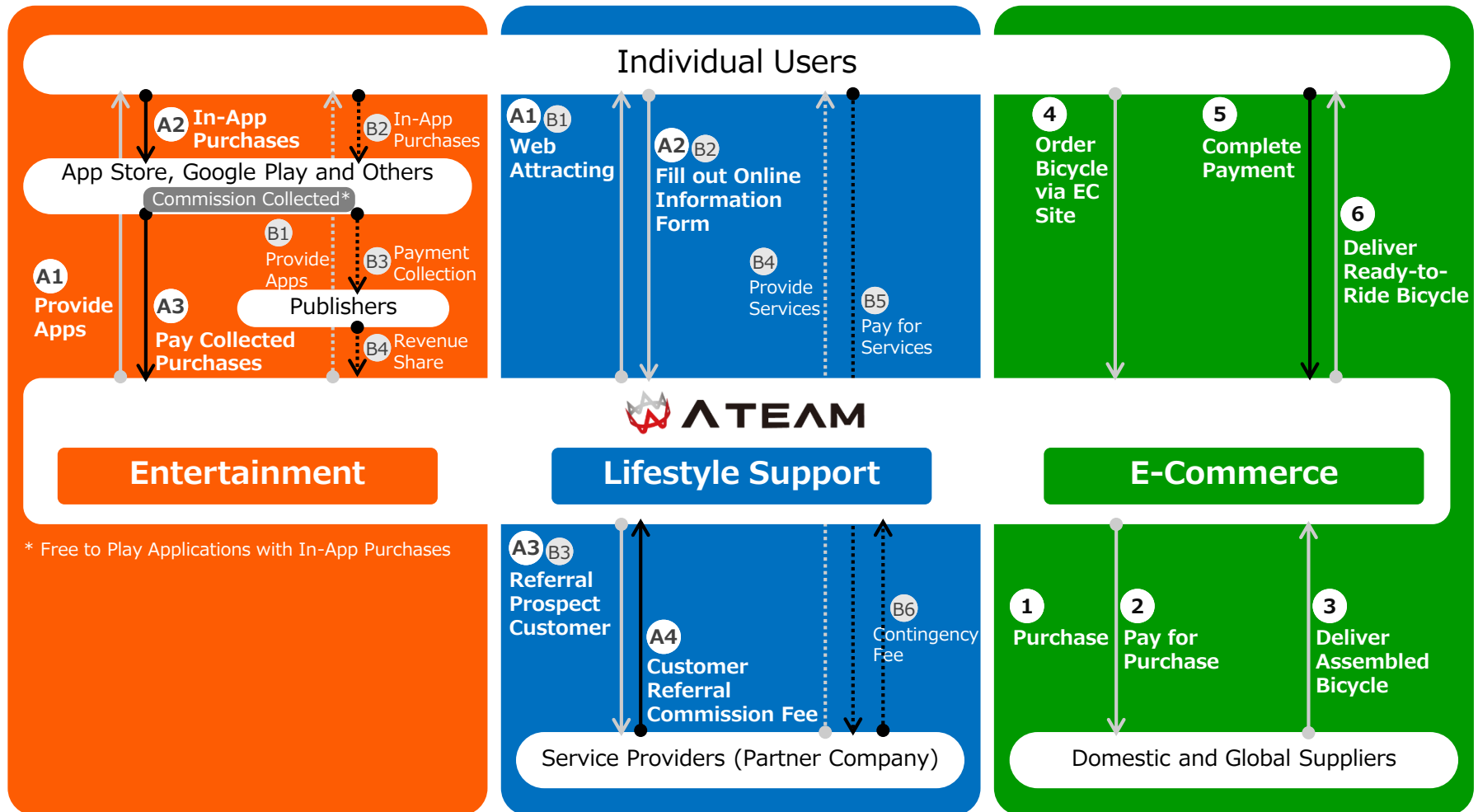
# Our Businesses

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



NEW

BASSA WARRIORS



FY2016

Valkyrie Connect



FY2015

Unison League



FY2014

War of Legions



FY2012

Dark Summoner



FY2015

Three Kingdoms  
Smash!

### Simulation



FY2013

Derby Impact

### Puzzle



Pongo Combo

### Mahjong



Mahjong - Rising -

### Feature Phone Games



Eternal Zone



Million Versus

## Tool Apps

### Memory

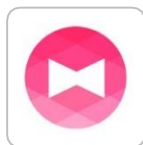
Game Boost  
Master

### SNS



Jam

### Custom



[+]HOME

### ZeroApp Series (Free-Use Tool Applications)

Good Nights  
Sleep AlarmQuick Calorie  
ControlEye Training  
3D3 Minute  
WorkoutFast  
Flashcards

# 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"

## Other Businesses



- Women's health consultation application
- Technological information distribution service

# Acquisition of Increments Inc. as of Dec 2017



## Increments<sup>+</sup>

### Motive of M & A

- | To realize Ateam's "Vision"
- | Utilizing capital to realize growth while improving corporate value

- | To improve service recognition
- | Struggling to monetize, seeking partnerships to strengthen management capabilities

### Reason for Selection

- | Ease of post merger integration
- | Qiita brand business potential
- | Improve engineer recognition

- | Similar mindset towards technology and engineers
- | Know-how and achievements in diversified business
- | Associated mission statement

### Future Outlook

- | Contribution by growth of new business areas that can not be easily entered into
- | Awareness within engineers and added recruitment ability

- | Strengthening of management
- | Business development and growth centering on the Qiita brand

\*From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita: Team) will be included in the "Others" sub-segment

# Businesses of Increments Inc.

Qiita

A knowledge sharing platform for programmers

Established in 2011, ad based income



Markdown



Edit Request



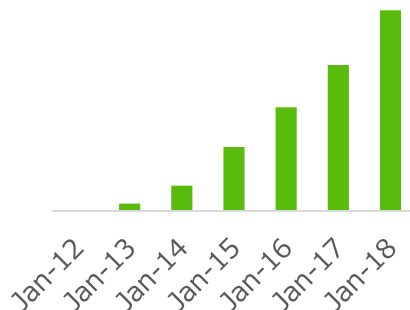
Stock



Contribution

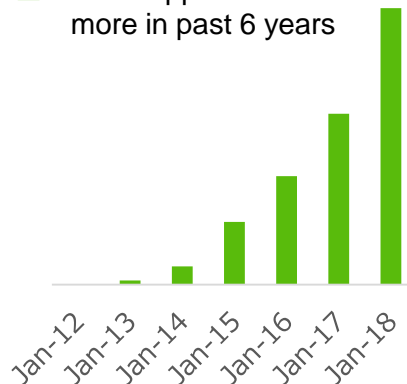
## Monthly UU Growth

Grew approx. 30 times more in past 6 years



## Monthly PV Growth

Grew approx. 70 times more in past 6 years

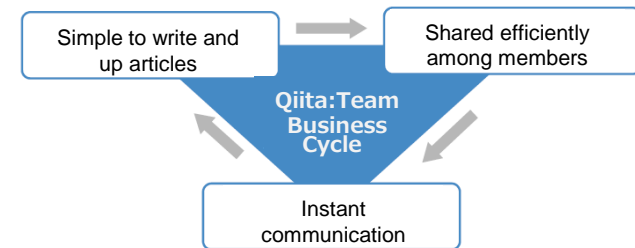


\*From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita: Team) will be included in the "Others" sub-segment

Qiita:Team

A privatized community-driven sharing platform

Released in 2013, user based income





# EC Service Introduction

## Bicycle EC

**cyma** -サイマ-  
life & discovery  
cyma

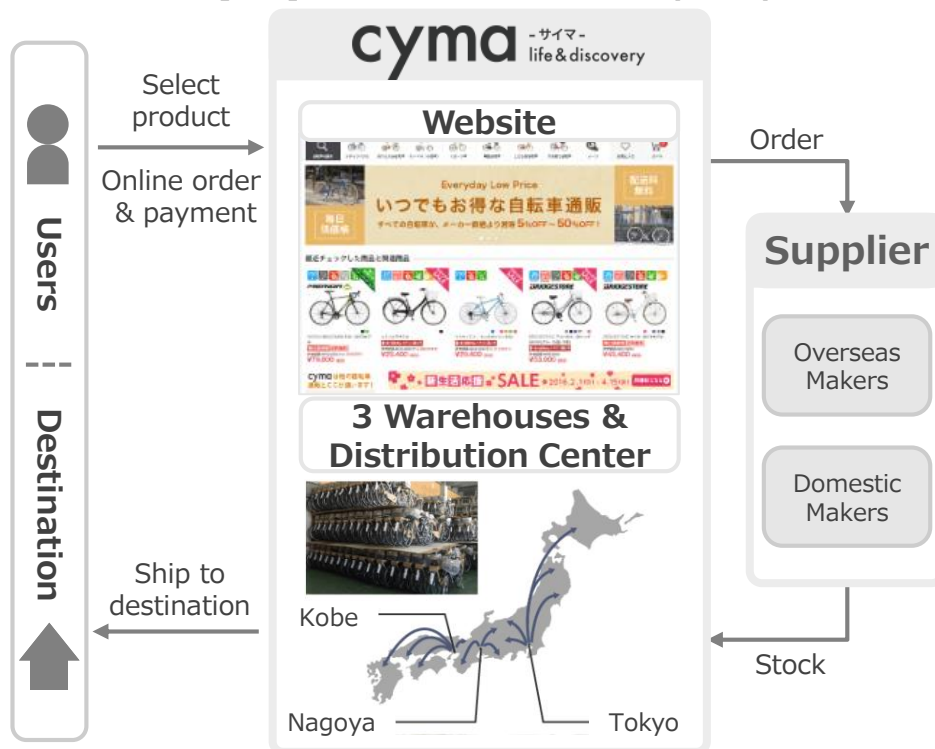
- Selection of over 200 bicycle models
- Bicycles assembled and prepared by specialists, shipped ready-to-ride
- Nation`s largest online bicycle retail store



**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



**Hiroshige Umino**

Increments Inc.  
Director

## APPENDIX B

# **Supplementary Financial Data**

# P/L (FY2016 Q3 - FY2018 Q3)

(Million JPY)

	FY2016		FY2017				FY2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	<b>6,178</b>	<b>6,757</b>	<b>7,136</b>	<b>8,147</b>	<b>9,906</b>	<b>9,412</b>	<b>8,904</b>	<b>9,164</b>	<b>10,269</b>
Q/Q (%)	+14.0	+9.4	+5.6	+14.2	+21.6	-5.0	-5.4	+2.9	+12.1
Entertainment	3,196	3,857	4,089	4,886	5,200	5,082	4,315	4,319	3,876
Lifestyle Support	2,550	2,513	2,652	2,952	3,990	3,746	3,954	4,313	5,580
E-Commerce	431	385	393	308	715	584	634	531	812
Cost of revenues	987	1,038	1,105	1,221	1,671	1,671	1,476	1,649	1,959
Cost rate (%)	16.0	15.4	15.5	15.0	17.0	17.8	16.6	18.0	19.1
Selling, G&A expenses	4,392	4,969	5,737	6,196	6,486	6,434	6,464	6,421	6,558
Selling, G&A expenses ratio (%)	71.1	73.6	80.4	76.1	65.3	68.4	72.6	70.1	63.9
Total cost and G&A expenses	5,380	6,008	6,843	7,417	8,158	8,105	7,940	8,071	8,517
Labor costs & recruitment expenses	814	884	872	935	931	1,066	1,025	1,089	1,195
Promotional expenses	2,433	2,758	3,432	3,551	3,623	3,410	3,600	3,866	3,730
Promotional expenses ratio (%)	39.4	40.8	48.1	43.6	36.6	36.2	40.4	42.2	36.3
Entertainment	947	1,276	1,746	1,700	1,220	1,228	1,150	1,244	560
Lifestyle Support	1,368	1,338	1,547	1,728	2,230	2,040	2,302	2,472	2,973
E-Commerce	50	79	70	62	117	84	93	79	106
Commissions, etc.	1,177	1,401	1,468	1,779	2,051	2,018	1,588	1,572	1,561
Subcontractor expenses, server fees	275	235	254	297	315	331	532	518	620
Office rental fees, utility expenses	177	177	178	218	238	243	249	251	288
Other expenses	501	551	636	634	997	1,034	945	773	1,121
Operating income	<b>798</b>	<b>748</b>	<b>293</b>	<b>729</b>	<b>1,748</b>	<b>1,306</b>	<b>963</b>	<b>1,093</b>	<b>1,752</b>
Q/Q (%)	+452.0	-6.3	-60.8	+148.5	+139.7	-25.3	-26.3	+13.4	+60.3
Entertainment	601	706	302	807	1,440	1,270	865	884	1,199
Lifestyle Support	554	425	369	326	715	516	550	686	1,077
E-Commerce	-23	-43	-34	-46	-65	-32	-44	-68	-77
Operating income margin	12.9	11.1	4.1	9.0	17.6	13.9	10.8	11.9	17.1
Ordinary income	751	736	292	778	1,738	1,308	980	1,096	1,775
Net income	<b>479</b>	<b>504</b>	<b>138</b>	<b>537</b>	<b>1,162</b>	<b>741</b>	<b>678</b>	<b>754</b>	<b>1,217</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.

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