

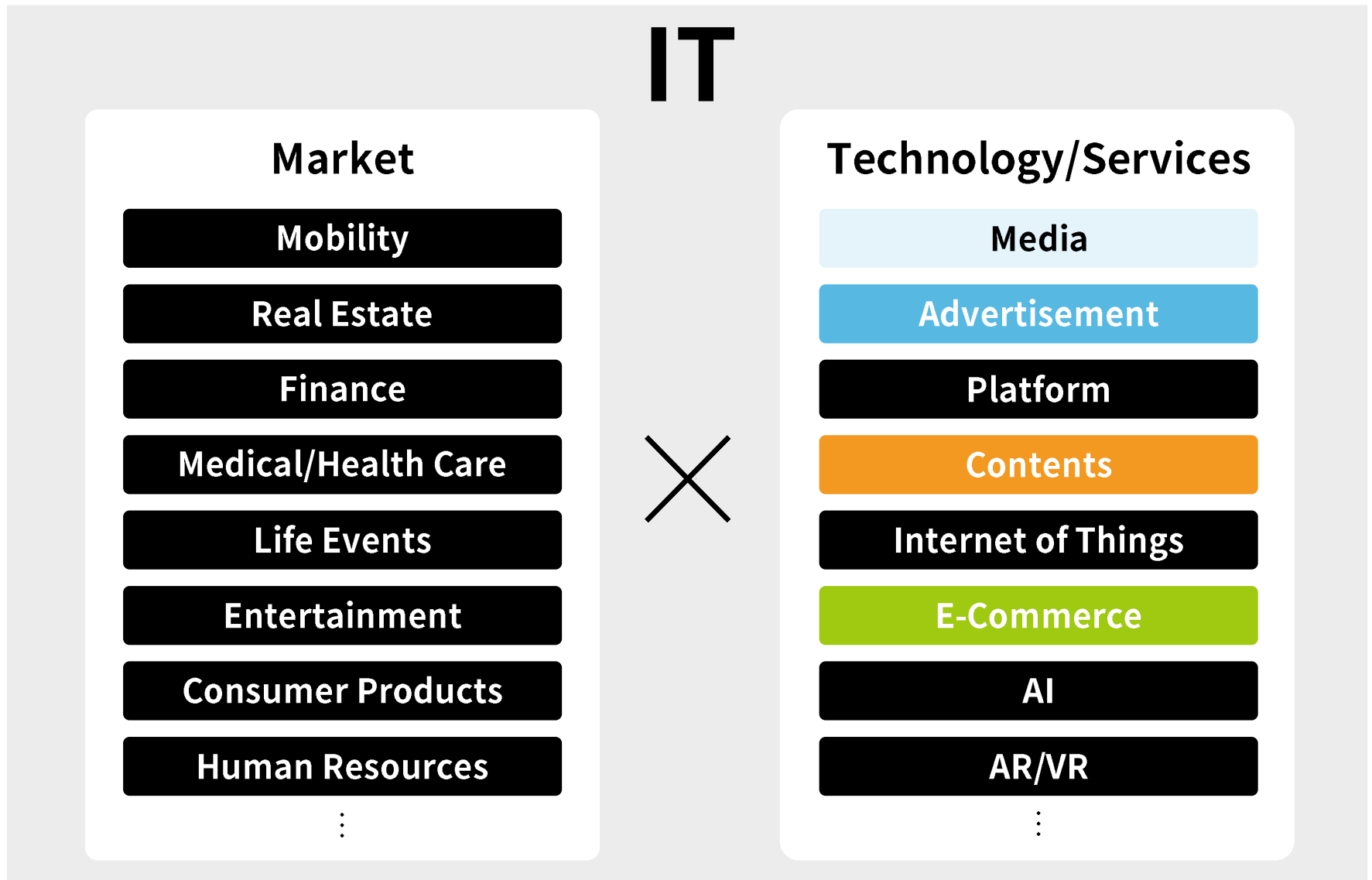
Ateam Inc.

Business Report FY2019 Q1

December 7, 2018



Ateam is an IT Company that Develops Business Around the Internet



Services Provided Through Ateam



Index

- 1. FY2019 Q1 Financial Results**
 - 2. FY2019 Q1 Business Details**
 - 3. FY2019 Q2 Progress**
 - 4. FY2019 Guidance**
 - 5. Medium- and Long-Term Outlook**
- APPENDIX A : Company Overview
 - APPENDIX B : Supplementary Financial Data

1. FY2019 Q1 Financial Results

2. FY2019 Q1 Business Details
3. FY2019 Q2 Progress
4. FY2019 Guidance
5. Medium- and Long-Term Outlook

FY2019 Q1 Financial Summary (Aug - Oct 2018)

Overall

Revenue Up Y/Y & Down Q/Q, Profit Down Both Y/Y & Q/Q

- Revenue: 8,927 million JPY (Y/Y 100.3%, Q/Q 95.6%)
- Operating income: 484 million JPY (Y/Y 50.3%, Q/Q 54.3%)
- Net income: 257 million JPY (Y/Y 37.9%, Q/Q 39.3%)

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

Lifestyle Support

Revenue Up Y/Y & Q/Q, Profit Up Y/Y & Down Q/Q

- Revenue: 5,173 million JPY (Y/Y 130.8%, Q/Q 101.3%)
- Profit: 642 million JPY (Y/Y 116.6%, Q/Q 84.3%)

All Sub-Segments Grew Y/Y, Profit Down Q/Q Due to Upfront Investment

% of Revenue

58.0%

Ent.

Revenue and Profit Down Both Y/Y & Q/Q

- Revenue: 3,243 million JPY (Y/Y 75.2%, Q/Q 88.7%)
- Profit: 274 million JPY (Y/Y 31.8%, Q/Q 43.1%)

New Release on to a Good Start but Unable to Cover for Existing Decline

% of Revenue

36.3%

EC

Revenue Down Both Y/Y & Q/Q

- Revenue: 510 million JPY (Y/Y 80.5%, Q/Q 89.4%)
- Segment: -63 million JPY (Y/Y —, Q/Q —)

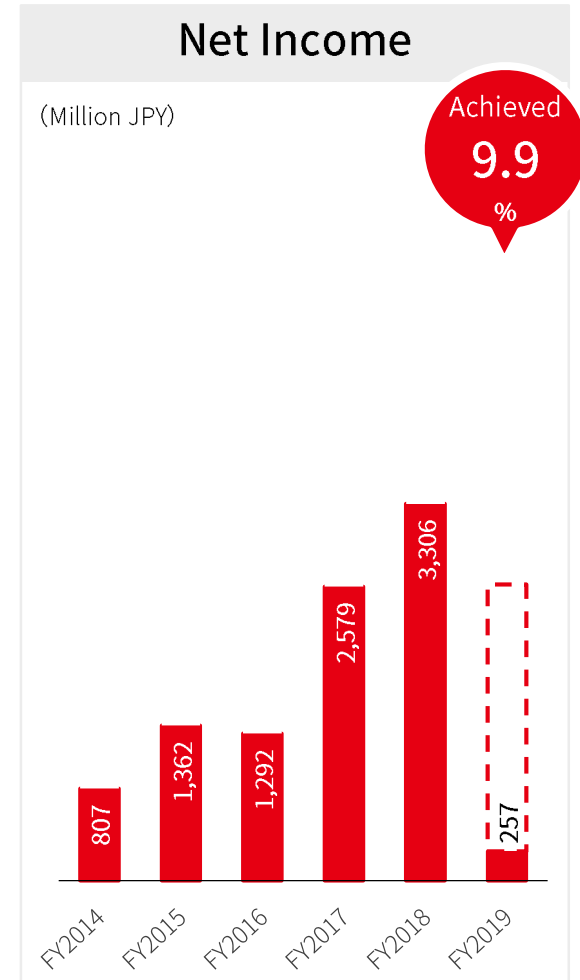
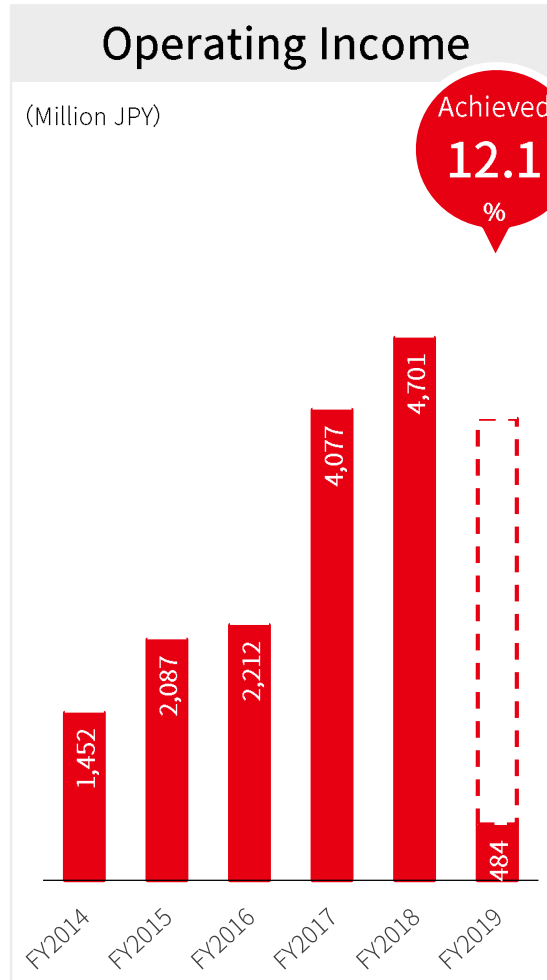
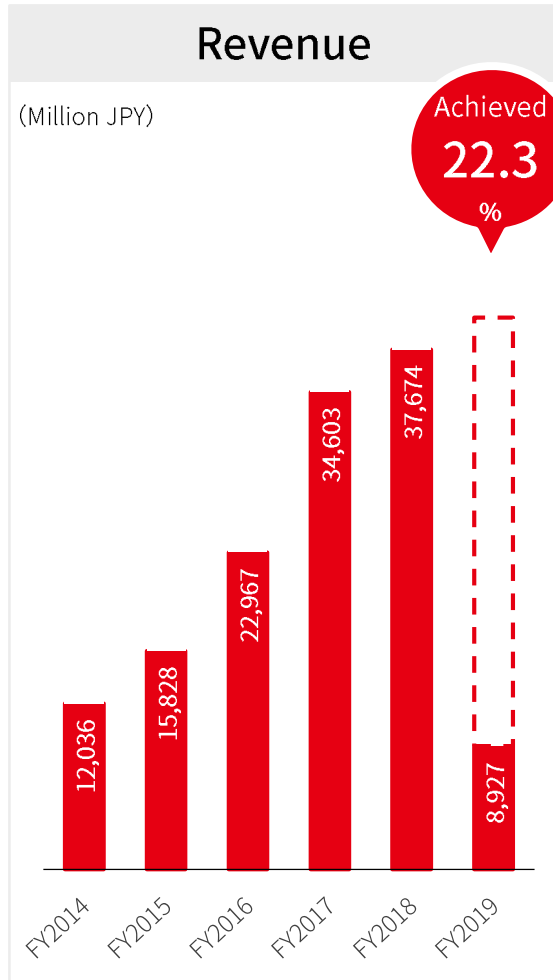
Cut Ads to Prioritize Optimizing Logistic Operation and Restructuring

% of Revenue

5.7%

FY2019 Q1 Financial Results vs. Forecasts

■ (Reference) Revenue: 40 billion JPY, Operating Income: 4.7 billion JPY, Net Income: 2.6 billion JPY



FY2019 Q1 Financial Results

(Million JPY)

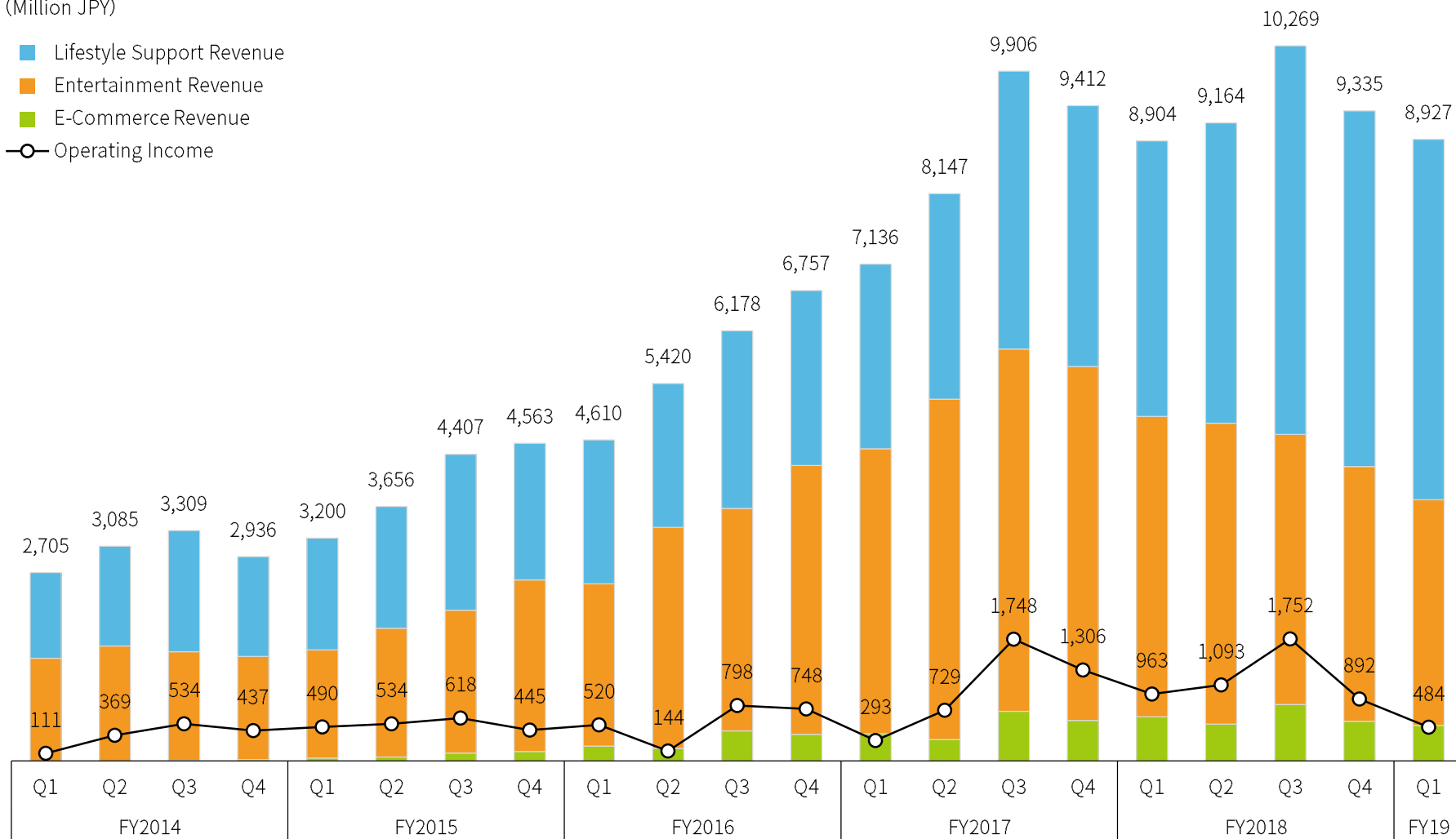
FY2019 Q1 Three-Month Results (Aug – Oct 2018)

	FY2019 Q1		FY2018 Q1		FY2018 Q4		FY2019 Full Year Forecast	
		%		Y/Y		Q/Q		Progress
Revenue	8,927	100.0%	8,904	100.3%	9,335	95.6%	40,000	22.3%
Operating Income	484	5.4%	963	50.3%	892	54.3%	4,000	12.1%
Ordinary Income	507	5.7%	980	51.7%	877	57.8%	4,000	12.7%
Net Income	257	2.9%	678	37.9%	655	39.3%	2,600	9.9%

Consolidated Quarterly Financial Trends

(Million JPY)

- Lifestyle Support Revenue
- Entertainment Revenue
- E-Commerce Revenue
- Operating Income



* Lifestyle Support revenue peaks in Q3 (Feb-Apr) each year due to seasonal factors

Quarterly Trend of Key Management Indicators

(Million JPY)

	FY2016				FY2017				FY2018				FY19
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	4,610	5,420	6,178	6,757	7,136	8,147	9,906	9,412	8,904	9,164	10,269	9,335	8,927
Operating income	520	144	798	748	293	729	1,748	1,306	963	1,093	1,752	892	484
Promotional expenses	1,817	2,326	2,433	2,758	3,432	3,551	3,623	3,410	3,600	3,866	3,730	3,609	3,931
Labor costs, recruitment expenses	745	805	814	884	872	935	931	1,066	1,025	1,089	1,195	1,443	1,435
Commission fees, etc.	841	1,171	1,177	1,401	1,468	1,779	2,051	2,108	1,588	1,572	1,561	1,395	1,304
Subcontractor expense, server fees	257	267	275	235	254	297	315	331	532	518	620	605	605
Office rental fees, utility expenses	138	235	177	177	178	218	238	243	249	251	288	291	292
Employees (people)	548	559	574	583	605	627	710	718	723	788	898	955	989

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

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

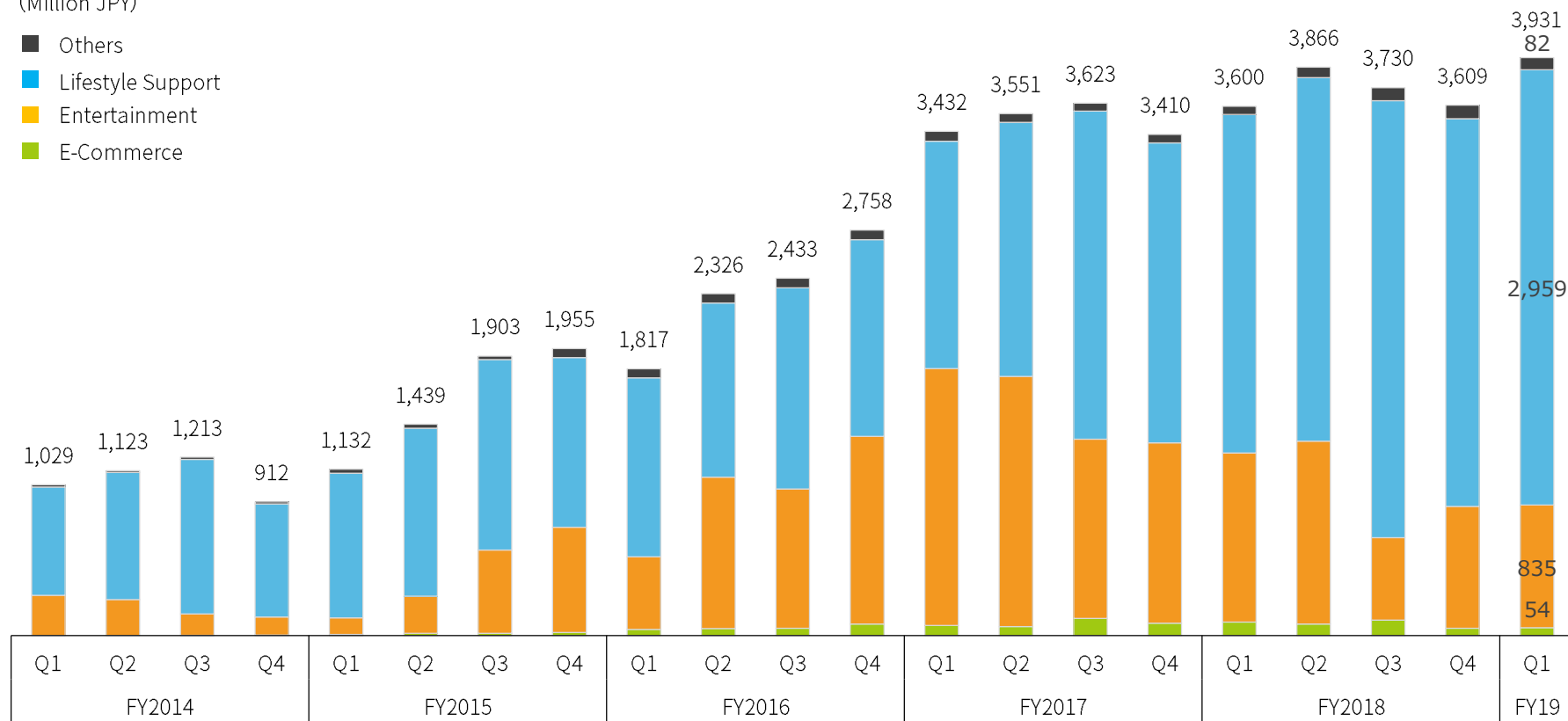
Quarterly Promotional Expense Trends

■ Part of Lifestyle Support Promotion Strengthened for Upcoming Busy Season

■ Entertainment Continues Incorporating Efficient Operation Based on KPI

(Million JPY)

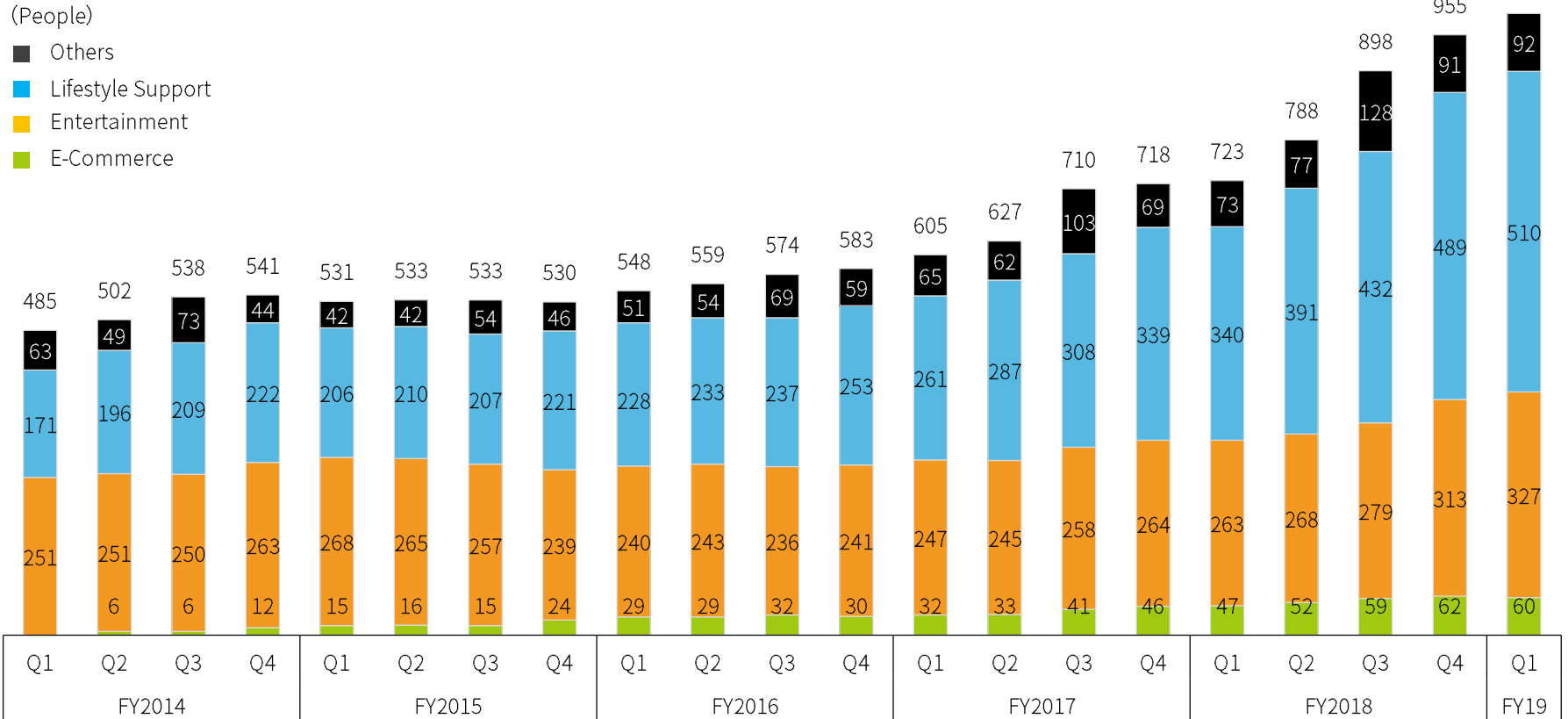
- Others
- Lifestyle Support
- Entertainment
- E-Commerce



* Breakdown of promotional expenses by segment is shown on page 50 of this business report

Number of Employees

Continue Active Recruitment for Future Growth



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

■ Goodwill Associated with the Acquisition of Increments was 1,076 as of Oct 31

(Million JPY)

	FY2019 Q1	FY2018 Q4
Current assets	11,372	11,488 [*]
Cash and cash equivalents	5,570	5,984
Accounts receivable	4,334	4,128
Non-current assets	5,279	5,214 [*]
Tangible assets	1,688	1,684
Intangible assets	2,154	2,070
Total assets	16,651	16,702

	FY2019 Q1	FY2018 Q4
Current liabilities	4,754	4,464
Non-current liabilities	575	583
Total liabilities	5,329	5,047
Short-term loans payable	178	186
Shareholder's equity	11,232	11,566
Total net assets	11,321	11,655
Liabilities and net assets	16,651	16,702

* From FY2019, applied "Partial Amendments to the Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, Feb 16, 2018) causing category change from "Deferred Tax Assets" to "Investments and Other Assets". Above values are based on new standards causing differences from previous published materials

2. FY2019 Q1 Business Details

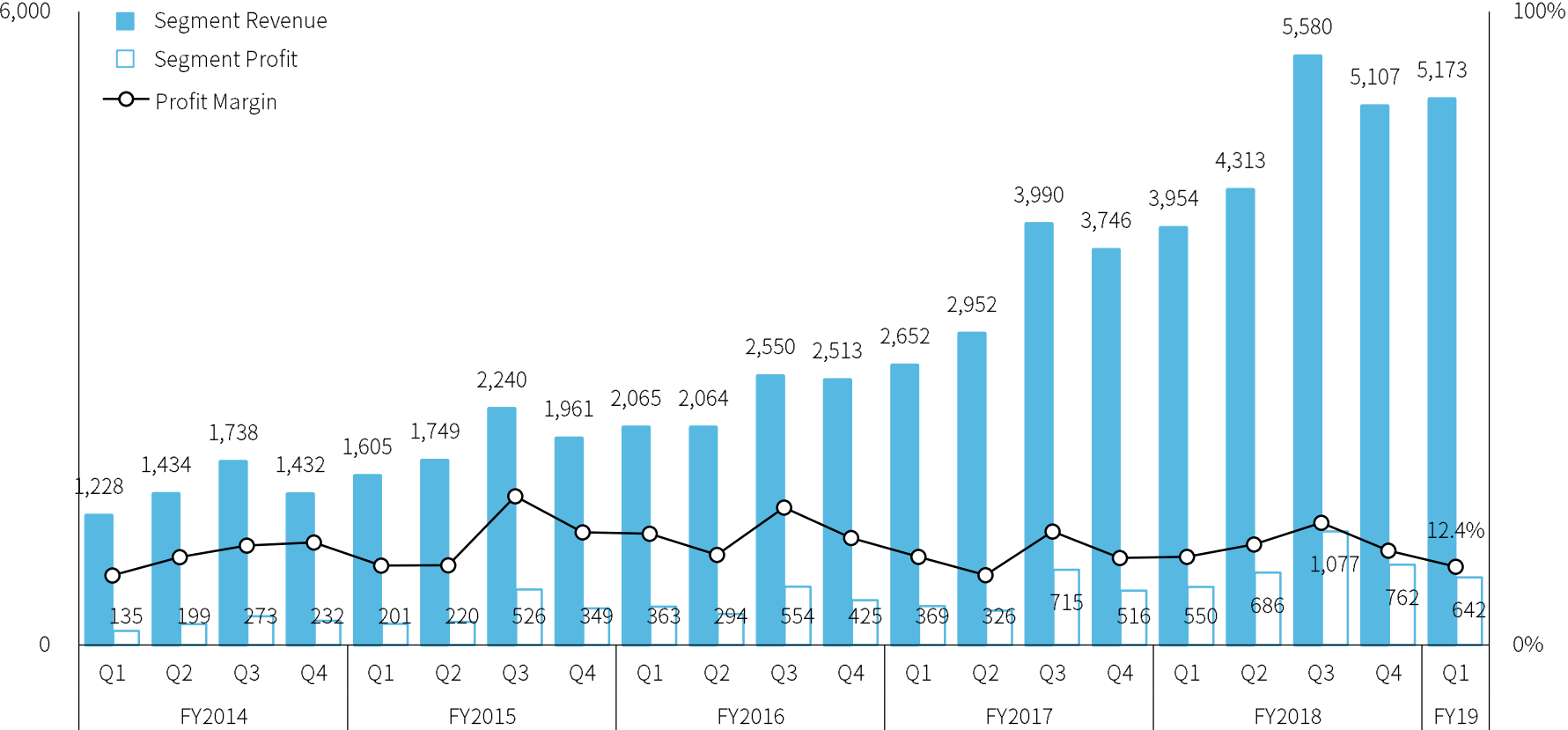
3. FY2019 Q2 Progress
4. FY2019 Guidance
5. Medium- and Long-Term Outlook

Lifestyle Support Business Performance Trends

- All Sub-Segments Continue to Trend Well with a Significant Increase Y/Y
- OP Margin Down Due to Upfront Investment in New Services

Y/Y
+30.8
%

(Million JPY)



Lifestyle Support Sub-Segment Business Trends

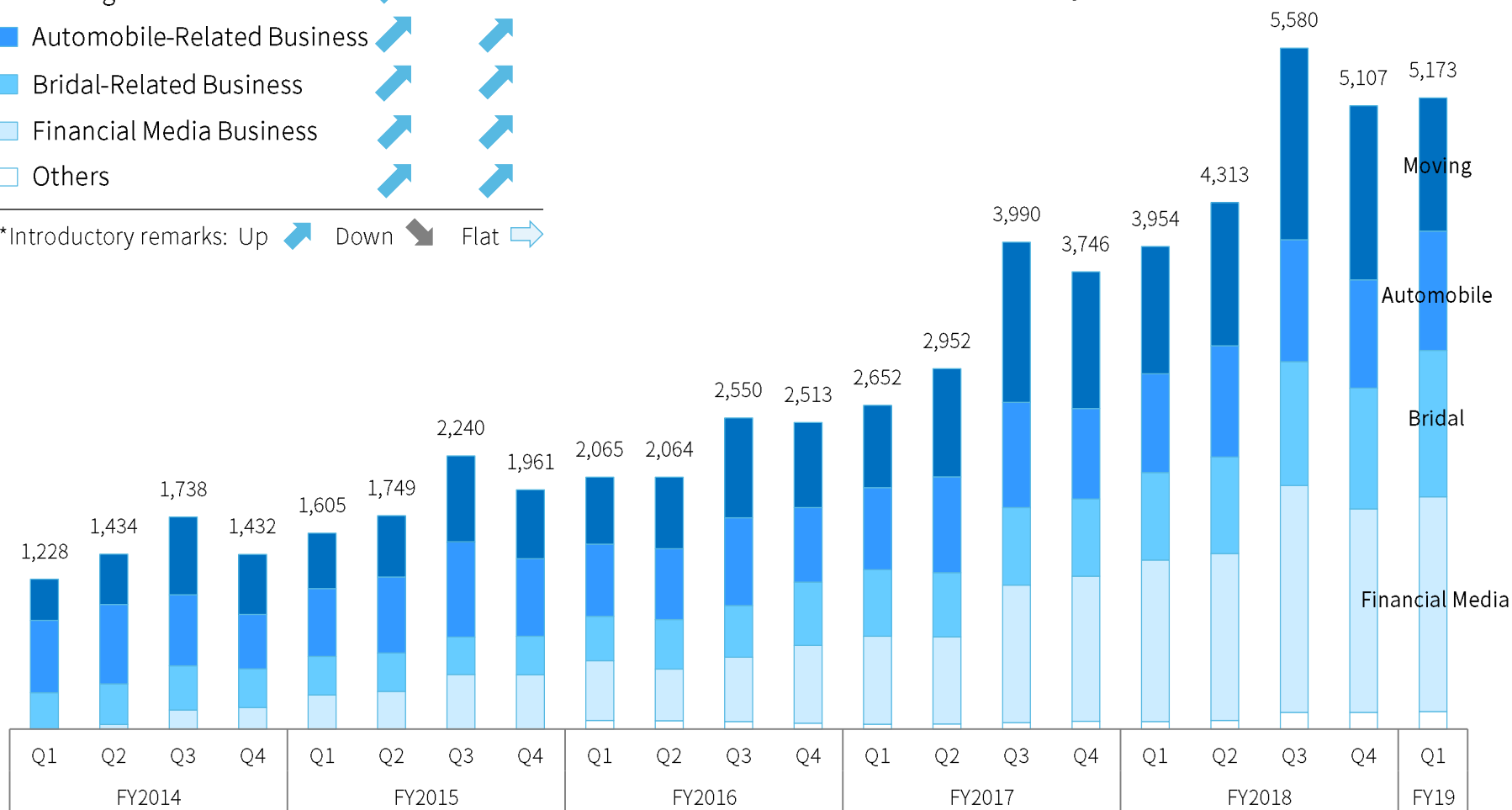
(Million JPY)

Y/Y Q/Q



*A/C Down Q/Q Due to Decline from Busy Season

*Introductory remarks: Up ↗ Down ↘ Flat ⇨

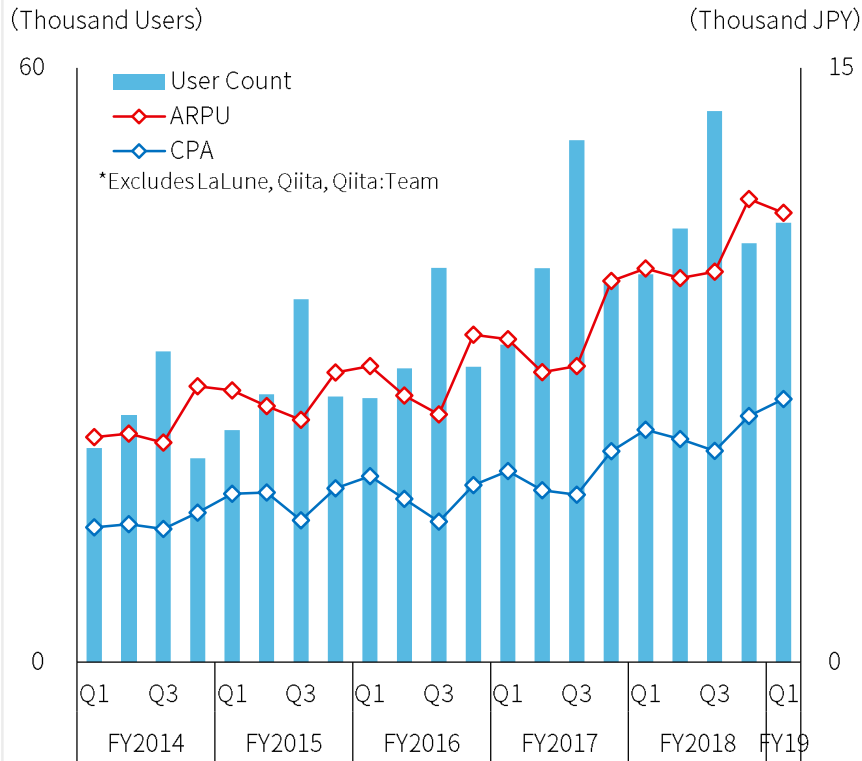


* From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita:Team) will be included in the "Others" sub-segment

Lifestyle Support Key Performance Indicator Trends

User Count, ARPU, CPA

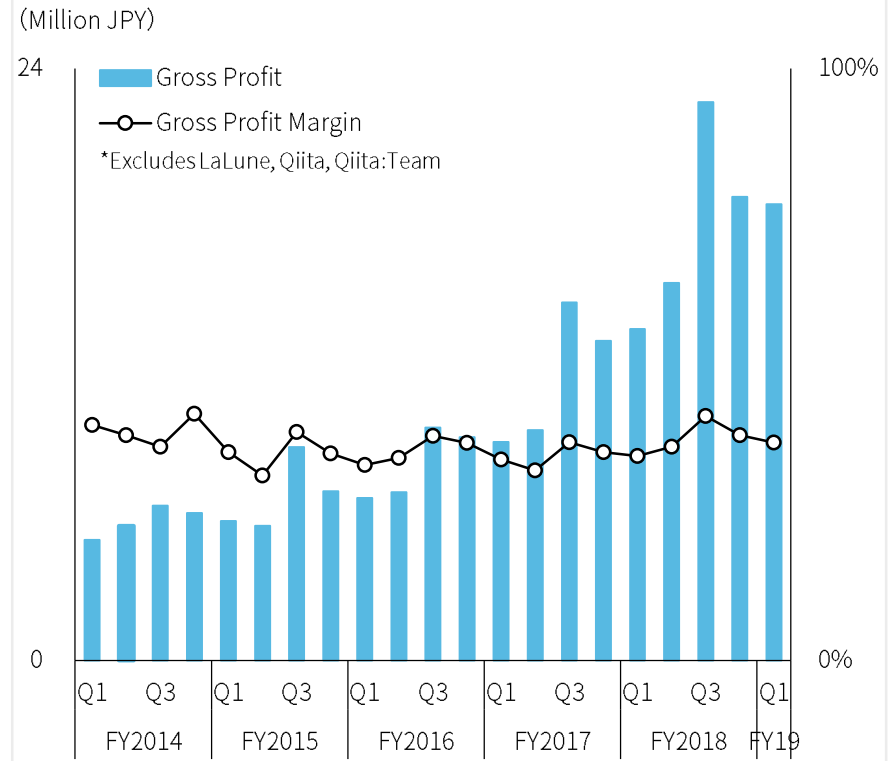
- User Count Up Y/Y
- ARPU Up Due to User Increase in High ARPU Services



- [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 Trending Stably at Around 40%

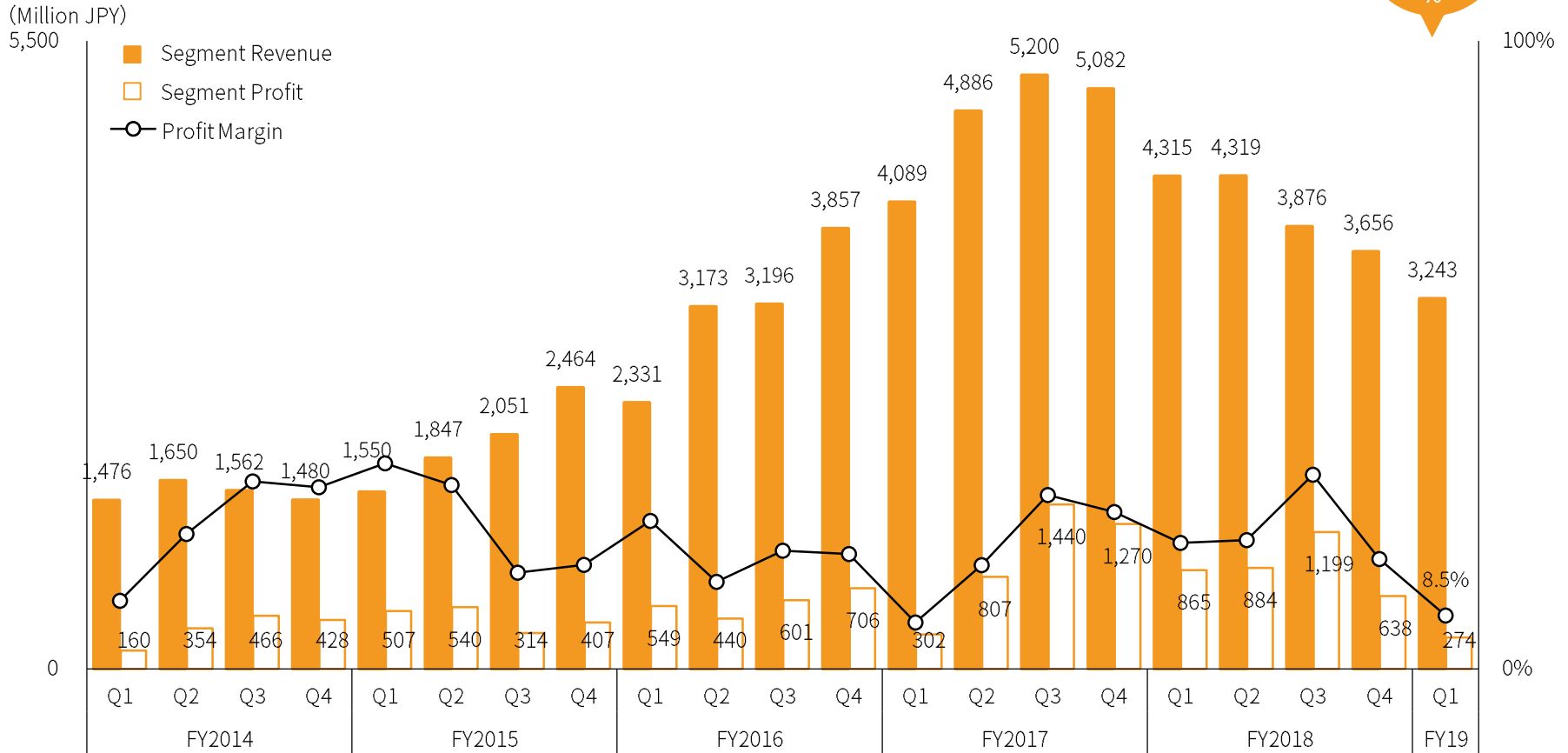


- [④ Gross profit] = segment revenue - (advertising + purchase costs)
 - [⑤ Gross profit margin] = [④ Gross profit] ÷ segment revenue
- * Purchase costs include A/C, product purchase costs, Hanayume photo purchase costs, A/C installation fees, and bridal deferred payment package costs

Entertainment Business Performance Trends

Existing Games Bottomed Out; New Title Contributed Starting Oct

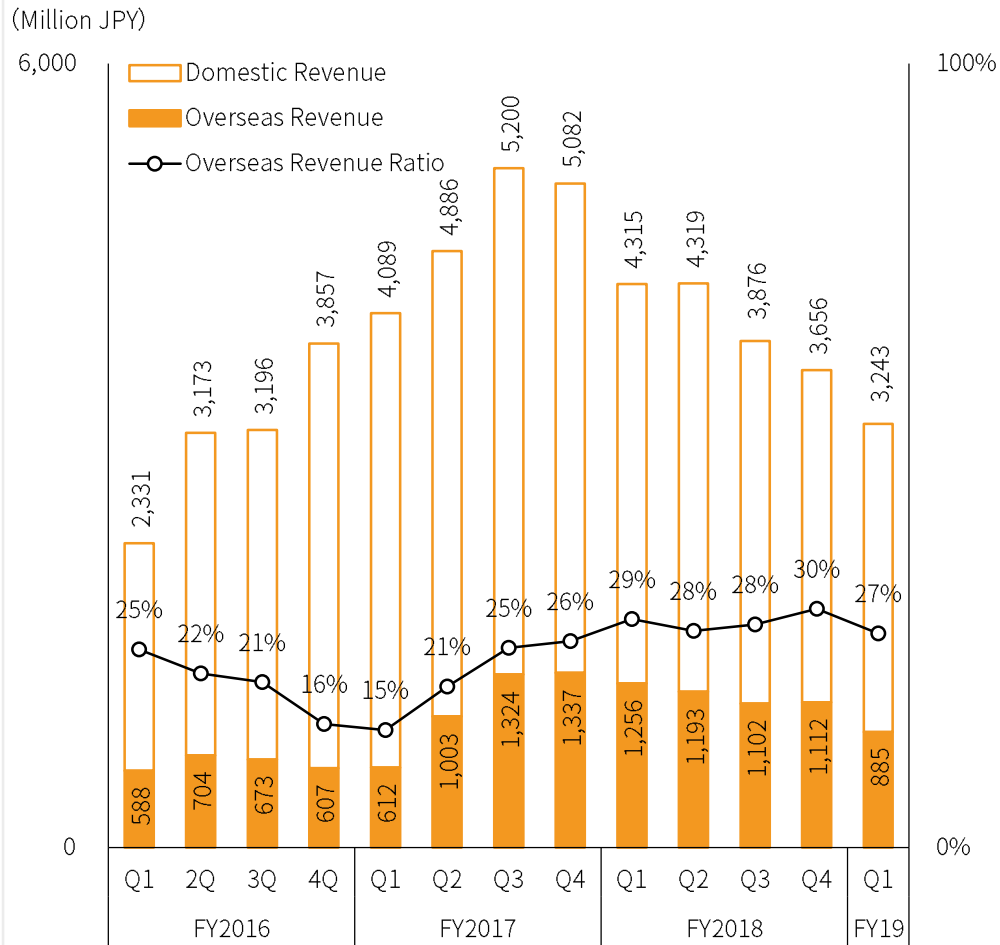
Q/Q
-11.3
%



- **Changes in Revenue Reporting within the Entertainment Business:** As of now all revenue is recorded at the time of in-app purchase charges; however, starting 2018 release game titles, modified so that revenue is posted upon consumption of in-app items

Entertainment Overseas Revenue Ratio Trends

Overseas Sales Trends



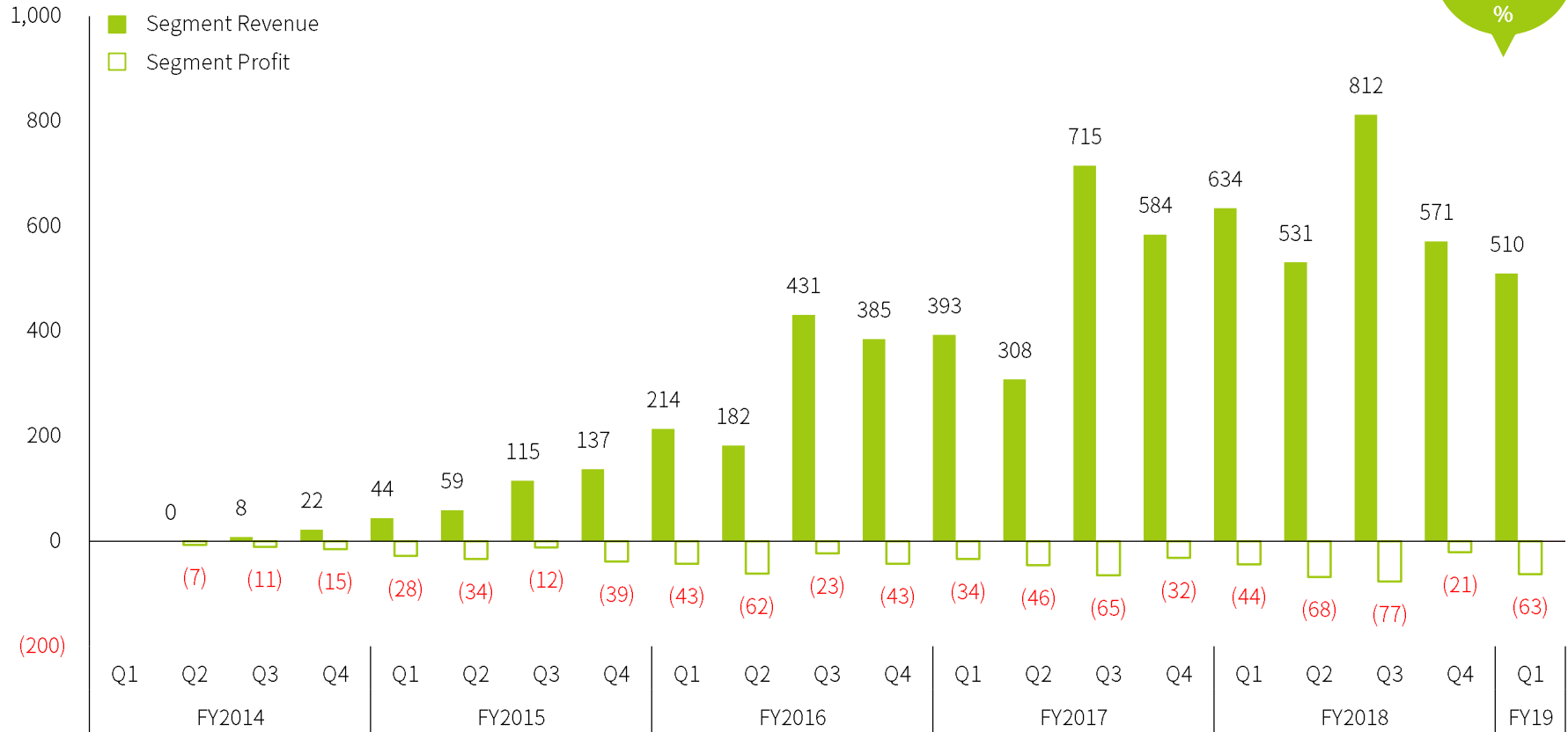
Region:	JP	US	EU	TW HK MO	KR	SE Asia	CN
Revue Starlight	●						
BASSA	●						
Valkyrie	●	●	●	●	●	●	●
Unison	●	●	●	●	●	●	●
Derby	●			●		●	
Smash!	●			●			
Legions	●	English Version					
Summoner	●	English Version					

E-Commerce Business Performance Trends

❑ Prioritizing Optimization by Re-establishing Operation Systems to Achieve Full-Year Profit, Resulting in Revenue Decline Y/Y & Q/Q

Y/Y
-19.5
%

(Million JPY)



* Peak business period is Mar – April (Q3)

3. FY2019 Q2 Progress

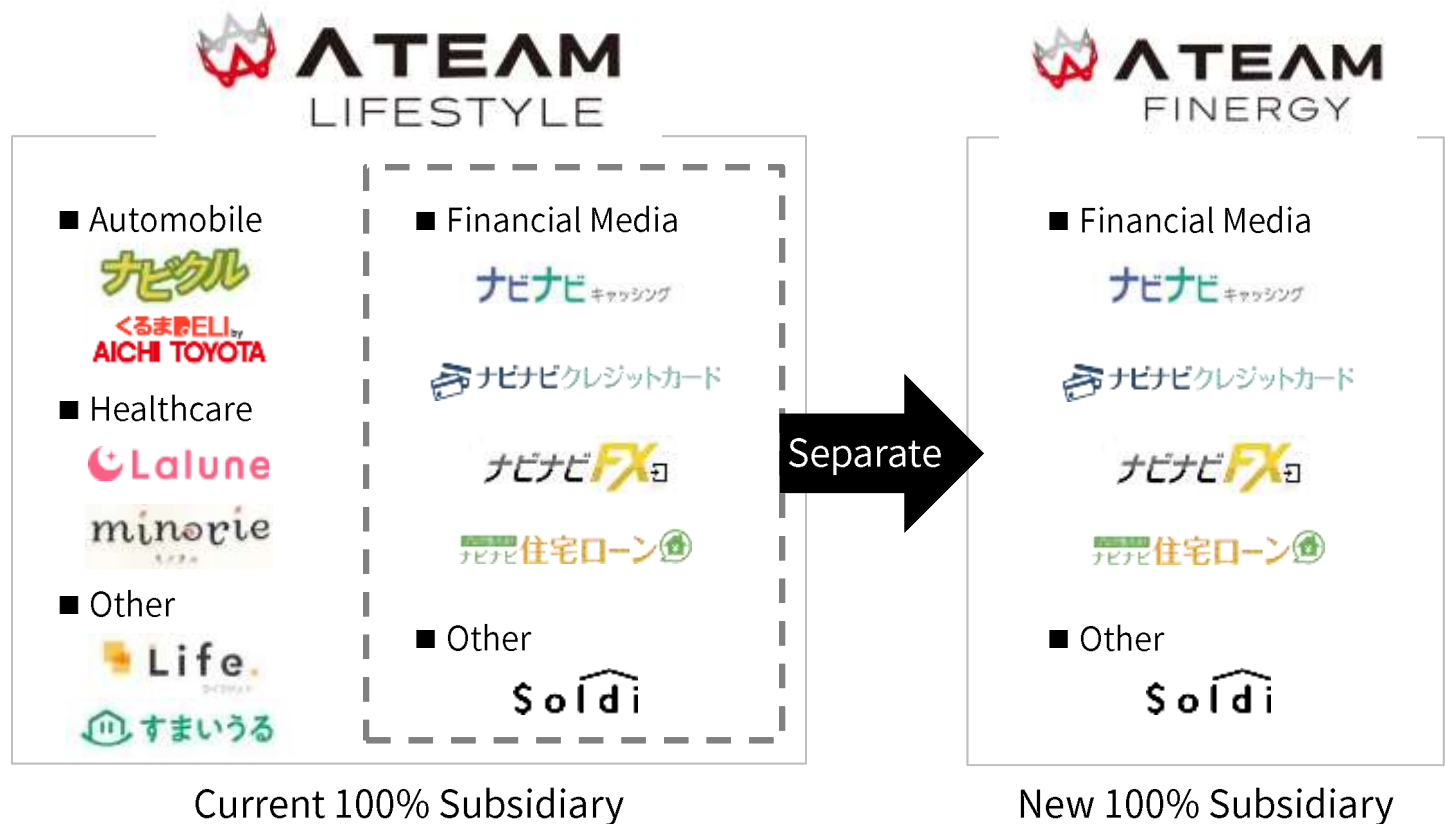
4. FY2019 Guidance
5. Medium- and Long-Term Outlook

Segment Topics

Overall

New Subsidiary “Ateam Finergy Inc.” Establishment in Progress

- Purpose: To make Financial Media independent for speedy decision making and enhance expertise
- Meaning Behind the Company Name: **Finance** + **Synergy** + **Technology** = “Finergy”



Segment Topics

Lifestyle Support

Bridal-Related

“Hanayume” Yokohama Desk Open

- Opened new Hanayume consultation desk in Yokohama on Oct 25



Automobile-Related

NEW

“Kuruma-DELI” Official Launch Prep

- Finished trial period, official service development in progress for winter launch



Other (Healthcare)

NEW

“Minorie Folic Acid” New Release

- Produced with the help of LaLune users for moms and moms-to-be, supplement “Minorie Folic Acid” releasing nationwide on Dec 10



Other

NEW

New “Qiita” Service Underway

- Preparing for winter launch of new “Re-employment support service for engineers by engineers”



Segment Topics

Ent.

Revue Starlight Re -LIVE-

- Summary: A new media-mix IP developed in collaboration with Bushiroad Inc. and TBS Holdings. Started as an original musical followed by an animation series broadcasted by TBS in July 2018, and on to a smartphone game application.
- Release Date: Google Play Oct 21, 2018 & App Store Oct 28, 2018



- Surpassed 100 million downloads as of Nov 5
- Featured by Google Play on Oct 22
- Ranked #1 for free download with Google Play & App Store
- Google Play Top Sales Ranking #9 on Oct 29
App Store Revenue Ranking #10 on Oct 30



Segment Topics

Ent.

Unison League

- Held a “Thank You” fan event for 4 year anniversary on Dec 2



Derby Impact

- New TV CM with comedian Dandy Sakano on air starting Dec 1



Three Kingdoms Smash!

- Collab event with popular anime series "KOHIME + PORTAL" from Nov 16-Dec 4



Valkyrie Connect

- Collab with Hatsune Miku's concert tour "HATSUNE MIKU EXPO 2018 EUROPE" from Oct 26-Nov 15



4. FY2019 Guidance

5. Medium- and Long-Term Outlook

FY2019 Consolidated Financial Forecast

■ No Change to Full-Year Consolidated Financial Forecast at This Time

(Million JPY)

	FY2018 Results		FY2019(Aug 2018-July 2019)					
	Q1	Full-Year	Q1 Results	Q1 Forecast	Q1 % Achieved	Full-Year Forecast	% of Revenue	Full-Year Y/Y
Revenue	8,904	37,674	8,927	9,000	99.2%	40,000	100.0%	106.2%
Lifestyle Support	3,954	18,955	5,173	-	-	22,000	55.0%	116.1%
Entertainment	4,315	16,168	3,243	-	-	15,000	37.5%	92.8%
E-Commerce	634	2,550	510	-	-	3,000	7.5%	117.6%
Operating Income	963	4,701	484	0	-	4,000	10.0%	85.1%
Lifestyle Support	550	3,076	642	-	-	3,200	-	104.0%
Entertainment	865	3,587	274	-	-	2,680	-	74.7%
E-Commerce	-44	-211	-63	-	-	0	-	-
Other	-407	-1,751	-368	-	-	-1,880	-	-
Ordinary Income	980	4,730	507	0	-	4,000	10.0%	84.6%
Net Income	678	3,306	257	0	-	2,600	6.5%	78.6%

Initiatives and Notes on FY2019 Guidance

Overall

An Investment Year Towards Medium- to Long-Term Growth

- Along with business investment, intend to strengthen business foundation while focusing on investing in recruitment and training

Lifestyle Support

Growth of Existing Services While Launching New Investments

- Although existing services expected to grow as usual on a profit basis, conservative revenue forecast based on business market and competitive risk; Scheduled to focus on upfront investment of several new services with medium- to long-term growth in mind
- Overall conservative revenue, with a slight increase in profit while profit margin expected to fall

Ent.

Focus on New Games While Maximizing Existing Main Titles

- Intend to maximize earnings for existing main game apps; Expected performance considered reasonable according to the latest KPI trends
- Focus on new media-mix IP game app development with Bushiroad Inc. and TBS Holdings; Expected performance based on internal anticipation which excludes revenue distribution

EC

Focus on Approach to Fulfill Balance in the Black

- Anticipate investment to optimize cost of revenue along with precise inventory allocation to reduce delivery cost, while continuing to strengthen fulfillment
- Expectations include strengthened sales of peripheral services based on past results

Initiatives and Notes on Lifestyle Support Guidance

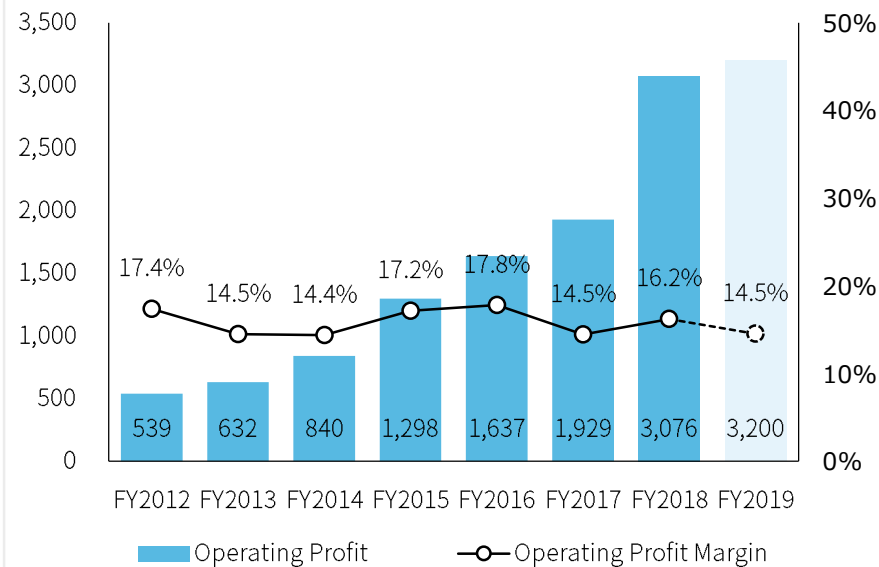
Lifestyle Support

While Existing Services Expect 2-Digit Profit Increase, Acceleration of New Investments, Resulting in Overall Flat Profit Year-on-Year

- Although anticipating usual 2-digit growth on an operating profit basis, plan to implement upfront investment of 8 new services, with medium- to long-term growth in mind
- Existing services based on KPI while new service forecasts incorporate ample investment funding

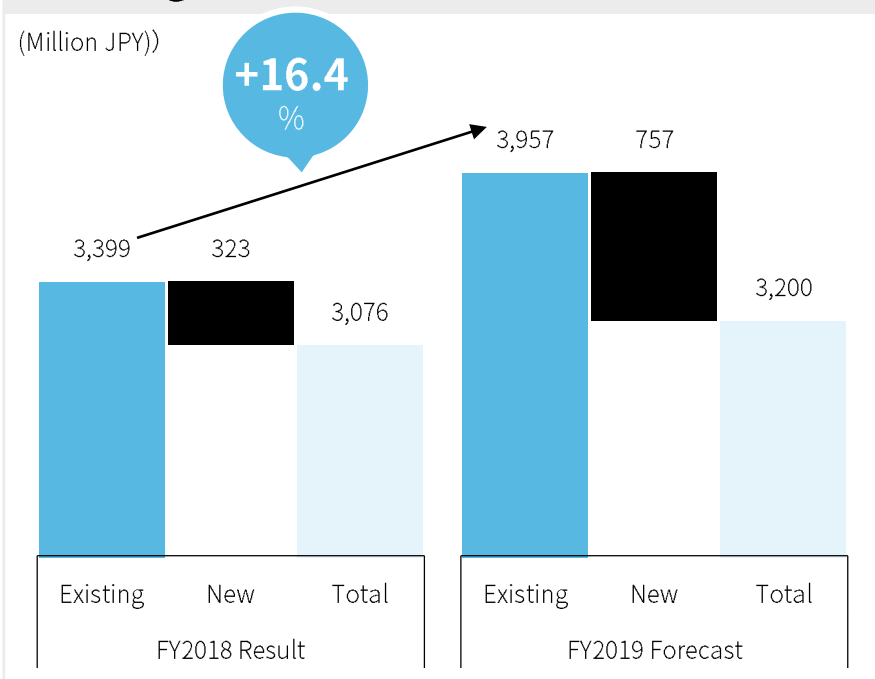
Trends of Operating Profit & Profit Margin

(Million JPY)



Existing & New Service Profit Breakdown

(Million JPY)



※ Details of the 8 new services indicated in the “Existing & New Service Profit Breakdown” graph is shown on page 30

Lifestyle Support 8 New Services

New Services

Automobile-Related

Kuruma-DELI

Purchase second-hand cars on the internet



Other (Life-Ending)

Life. (LifeDot)

Life-ending related information search site



Financial Media

NaviNavi FX

FX trade support app for beginners



Financial Media

NaviNavi Mortgage

Mortgage information site shared by the pros



Other (Real Estate)

Sumai-uru

Real estate information search site



Other (Daily Living)

Find Pro

Booking engine for home services and extermination



Other (Budget)

Soldi

Household budgeting information website



Other (Healthcare)

minorie

Prenatal supplements produced with LaLune users



FY2019 Year-End Dividend Forecast

■ Aim to Provide Continuous and Stable Shareholder Returns

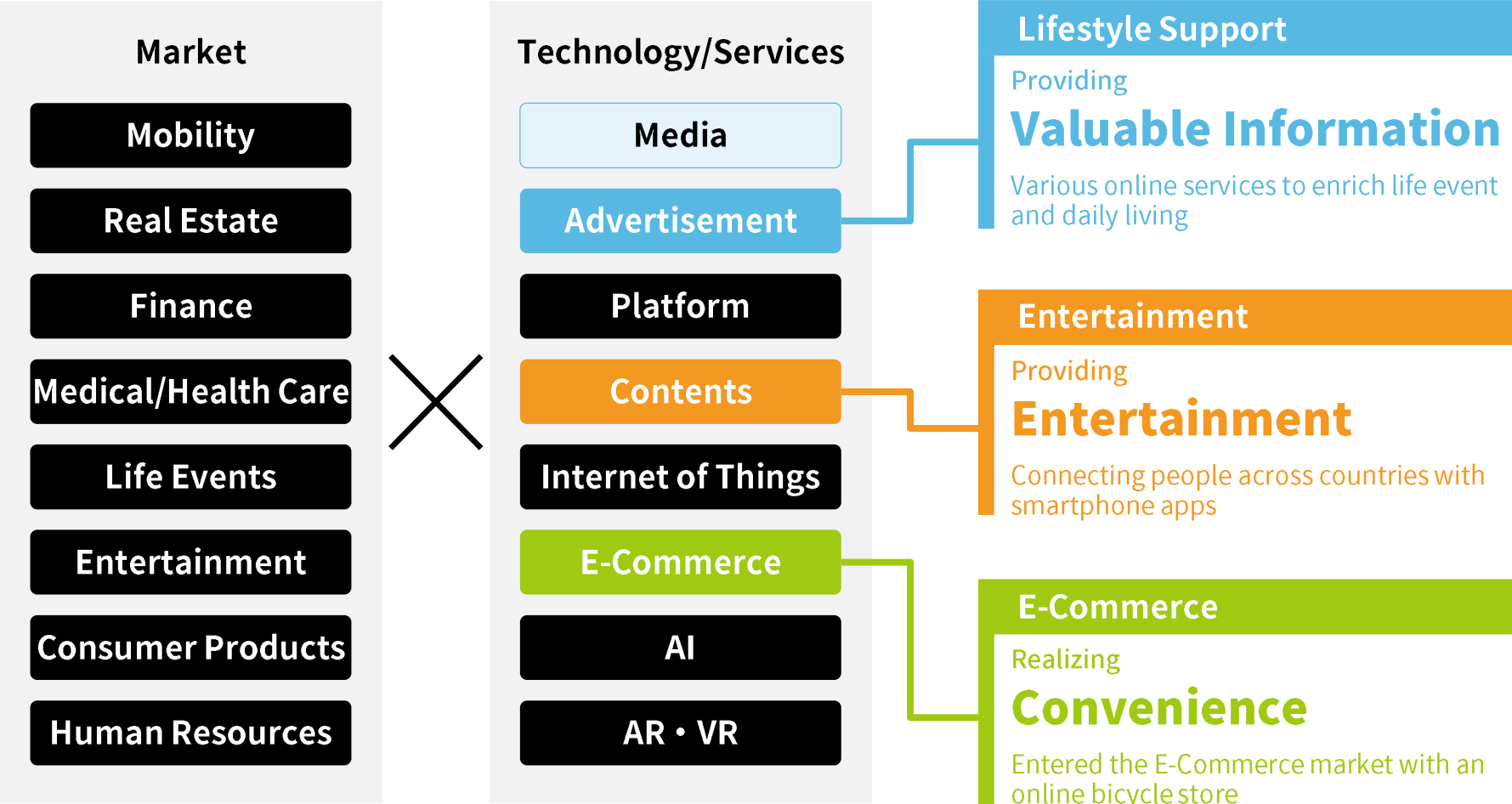
	FY2015 Result		FY2016 Result		FY2017 Result		FY2018 Result	FY2019 Forecast
	Interim	Year-End	Interim	Year-End	Interim	Year-End	Year-End	Year-End
Date of allotment	01/31	07/31	01/31	07/31	01/31	07/31	07/31	07/31
Date of distribution	04/03	10/13	04/04	10/07	04/04	10/06	10/05	Oct
Dividend per share	5.0 JPY	7.5 JPY	5.0 JPY	7.5 JPY	5.0 JPY	22.0 JPY	32.50 JPY	32.50 JPY
Total dividend amount	238 million JPY		239 million JPY		517 million JPY		640 million JPY	-
Full-year pay out ratio	17.7%		18.2%		19.8%		19.1%	-

*As of FY2018, full-year performance based dividend will be paid once annually due to the nature of business and profit biased in the second half of the fiscal year

5. Medium- and Long-Term Outlook

Our Vision of the Future

Ateam Will Continue to Challenge Varied Businesses that Utilize the Internet



* Displayed in no particular order. Not all services shown

Medium- and Long-Term Business Outlook

Overall

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

Lifestyle Support

Connect the Dots of Life Events from Cradle to Grave

- Provide valuable information through services to make life more convenient by combining “On-line” & “Off-line” user contact; hope to take one step closer to our users needs

Aim for Revenue Scale of 30 billion JPY by FY2020

Ent.

Plan, Develop & Operate from JP, Provide Global Entertainment

- In addition to in-house projects, collaborate with influential partners to create a highly scalable global title in the smartphone game market

Create Several Game Titles with 1b JPY+ Monthly Revenue

- Aim to increase overseas revenue ratio above 50%
-

EC

Involvement in Bicycle-Related Services, Not Just Bicycle Sales

Aim to be the Number One Bicycle Online Store

- Target a 3% domestic bicycle EC market share in the medium- to long-term
-

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

- Lifestyle Support: (e.g.) Companies or medias that would increase our market share or synergize well with our existing businesses
- Entertainment: (e.g.) Medias that can acquire more users globally
- 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 Know-how

APPENDIX

Company Overview

Company Profile as of October 31, 2018

Company name	Ateam Inc.
Security code	3662:JP, TSE Section 1
Incorporated on	February 29, 2000
Headquarters	Nagoya, Japan
President	Takao Hayashi
Industry	Information & Communication
Sector	Internet, Mobile Game
Account settled in	July
Group companies (Fully owned subsidiaries)	6 (includes 1 overseas subsidiary)
Number of employees	913 (excludes directors & part-time employees)
Shares per unit	100 shares



Dai Nagoya Building



Umeda Hankyu Building



Shinagawa
East One Tower



Kamiyo Hakata Chuo
Building

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

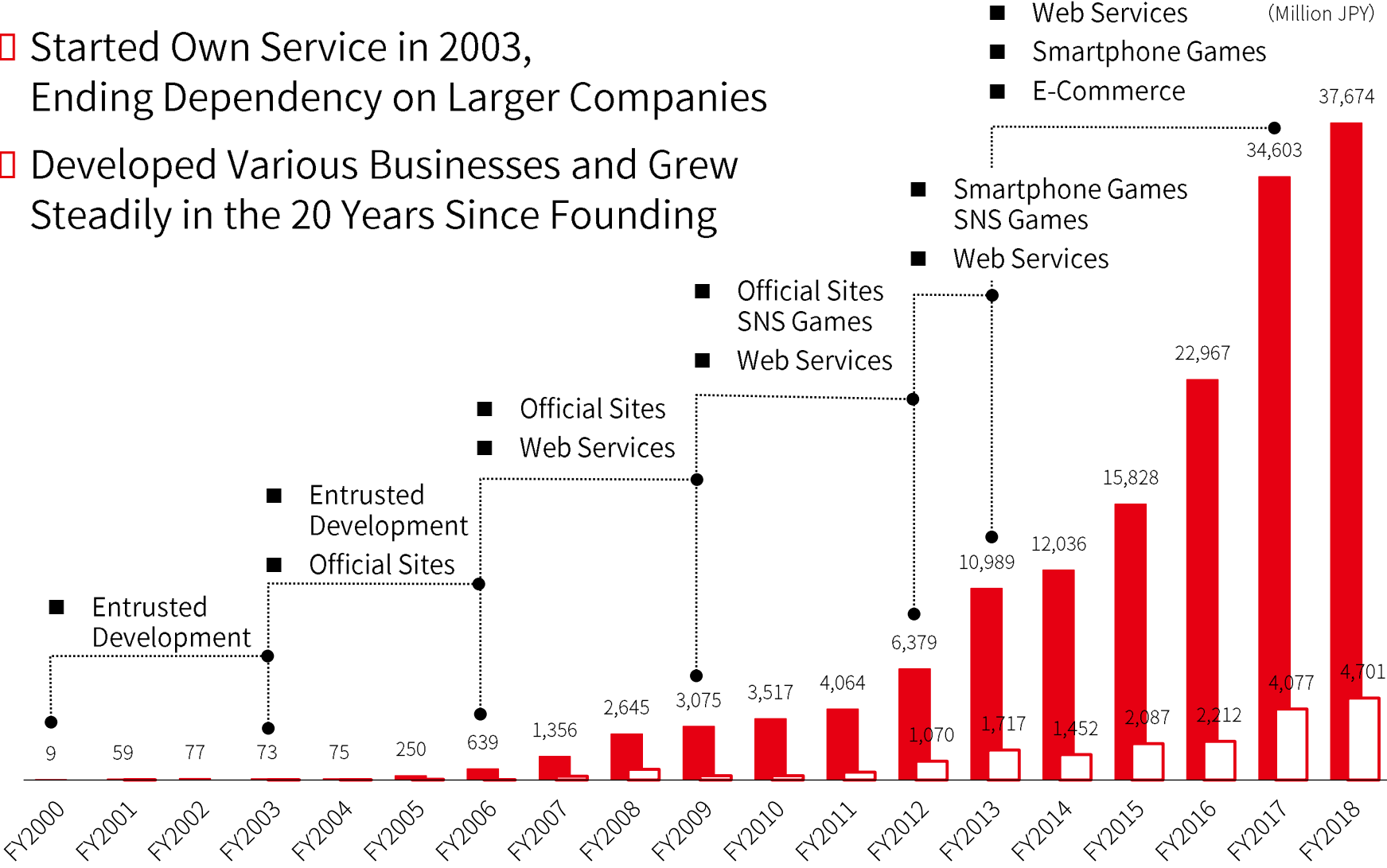
Established Ateam Ltd.

2004.11.01

Organizational Change to Ateam Inc.

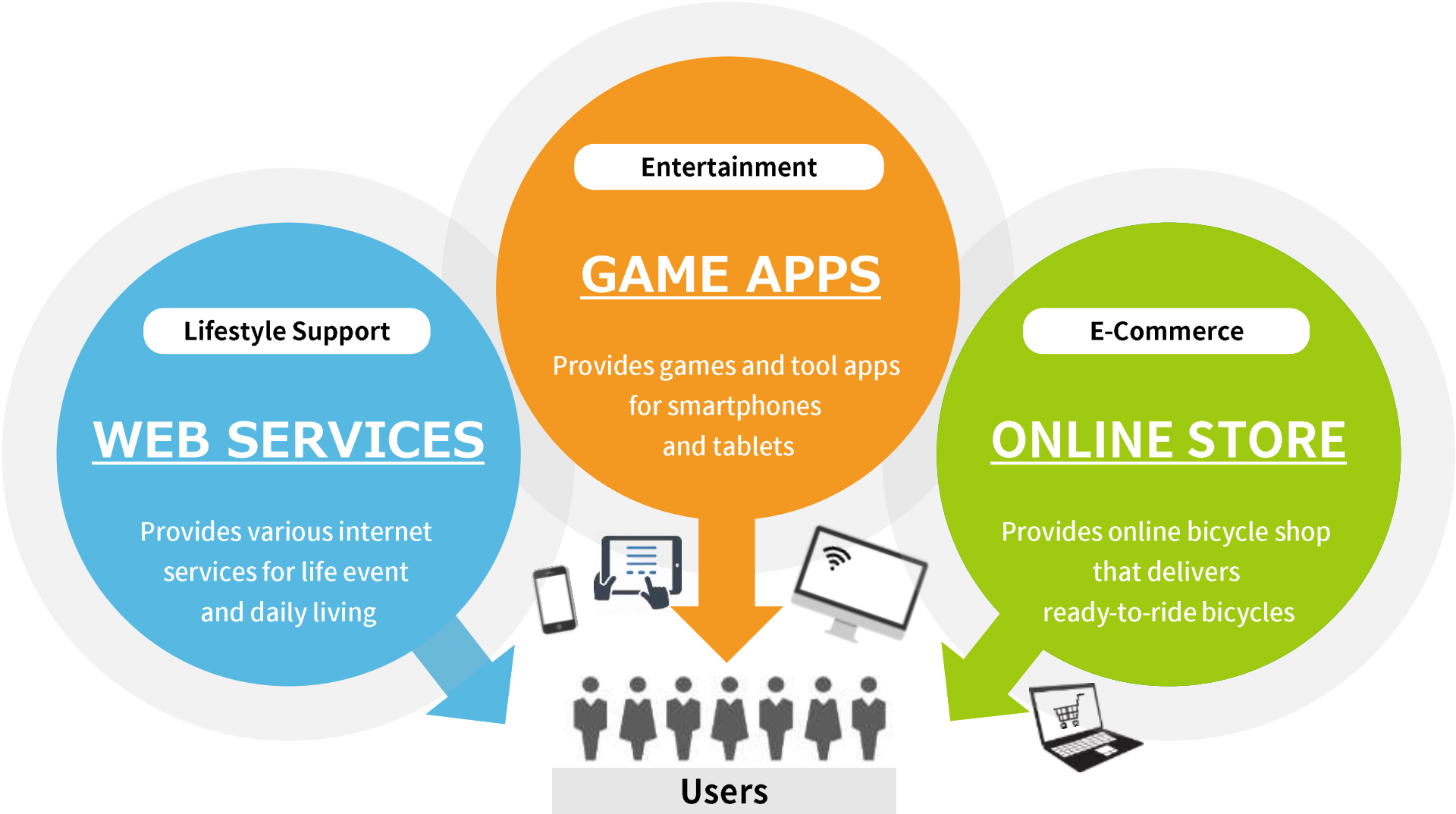
Company History

- Founded in 1997 as 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



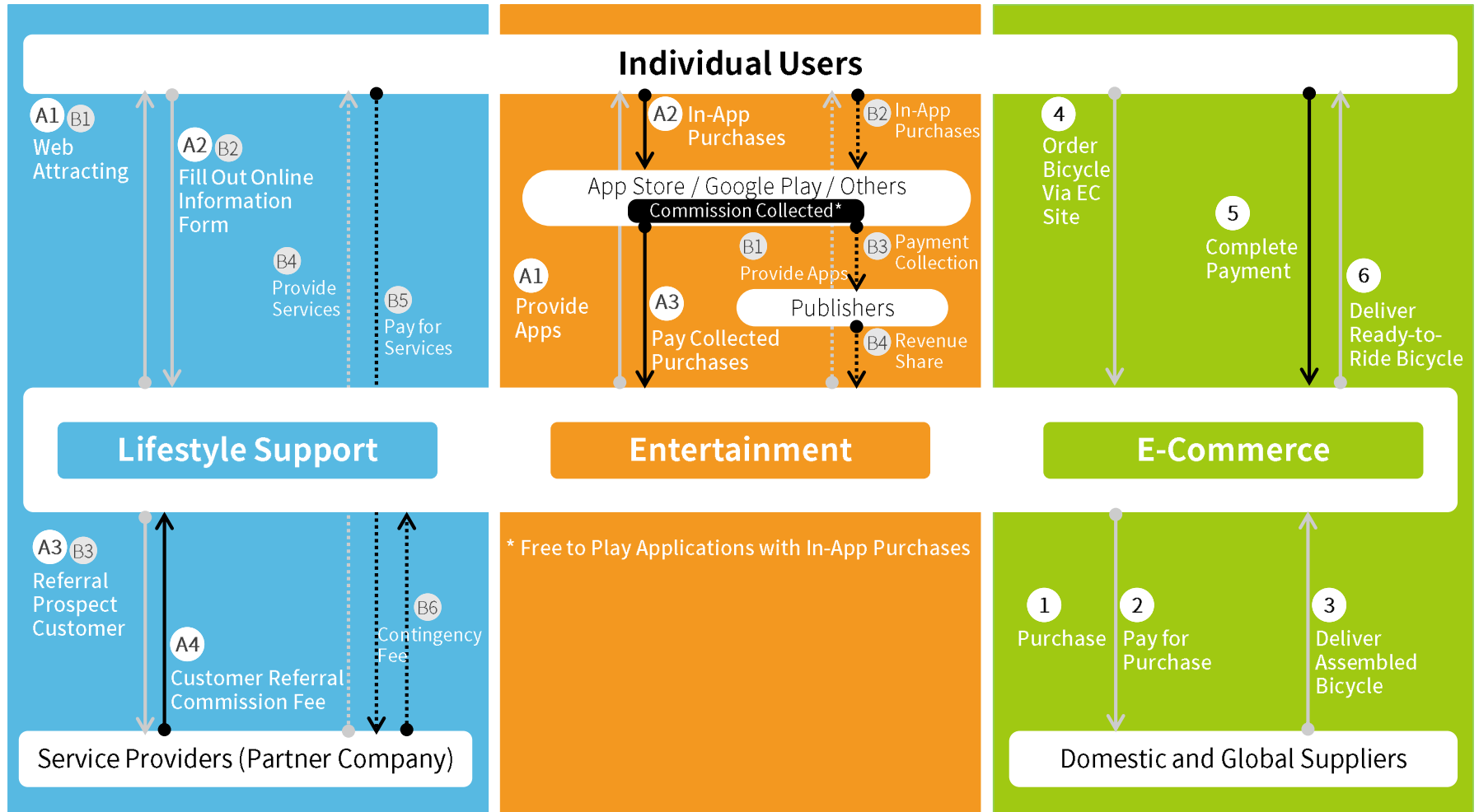
Our Businesses

Ateam Provides Various Services 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 platforms such as App Store & Google Play

Lifestyle Support Main Service Line-Up

Moving-Related Business	 <p>Hikkoshi Samurai</p>	<ul style="list-style-type: none">▪ Users can receive quotations from up to 10 moving companies by filling out an online form detailing their moving needs▪ Partnerships with more than 270 moving companies nationwide▪ Maintaining a top market share
Automobile-Related Business	 <p>Navikuru</p>	<ul style="list-style-type: none">▪ 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	 <p>Hanayume</p>	<ul style="list-style-type: none">▪ Website and consultation desks provide referrals to 600+ wedding halls▪ Professional advisors located throughout our 12 free consultation desks▪ Included new services “Hanayume Set-Price Wedding Packages” and “Hanayume Photo”
Financial Media Business	 <p>NaviNavi Cashing</p>	<ul style="list-style-type: none">▪ Thorough comparisons of select top banks and consumer credit services▪ Launched new services “NaviNavi Credit Card”, “NaviNavi Mortgage” and “NaviNavi FX”
Other Businesses		<ul style="list-style-type: none">▪ Women’s health consultation application▪ Technological information distribution service

Lifestyle Support New Service Line-Up

<p>Automobile-Related</p>		<ul style="list-style-type: none"> ▪ Purchase used cars via your smartphone and delivered straight to your home ▪ Car selection to delivery all in one site ▪ Only good quality second-hand cars , free return/exchange within 10 days
<p>Financial Media</p>		<ul style="list-style-type: none"> ▪ FX trade support application for beginners Trial demonstration available, support users through actual transactions ▪ Mortgage information site shared by professionals Overall house loan information including tips on reducing monthly mortgage
<p>Other (Life-Ending)</p>		<ul style="list-style-type: none"> ▪ Life-ending related information search website ▪ Tombstones and cemetery search by prefecture and cemetery types ▪ Provide information on funerals, altars, Buddhist priests, inheritances, and life ending preparation
<p>Other (Real Estate)</p>		<ul style="list-style-type: none"> ▪ Real estate information search website ▪ A collective assessment site for real estate purchases
<p>Other (Daily Living) (Budget) (Healthcare)</p>		<ul style="list-style-type: none"> ▪ Internet booking engine for termite & bee extermination and other services ▪ Household budgeting information website; Provide information to compare low cost SIM, smartphones, internet providers and mobile Wi-Fi ▪ EC service for prenatal supplements, produced with the help of LaLune users

Acquisition of Increments Inc. as of Dec 2017



Increments⁺

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 cannot 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.



A knowledge sharing platform for programmers

Established in 2011, ad based income



A privatized community-driven sharing platform

Released in 2013, user based income



Markdown



Edit Request



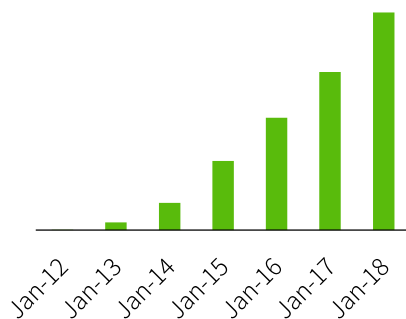
Stock



Contribution

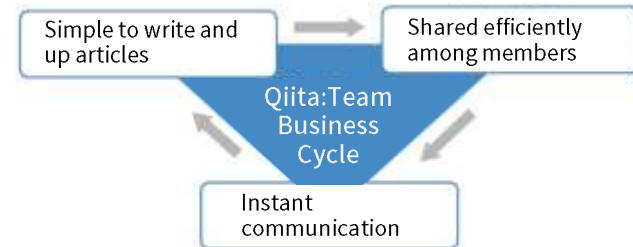
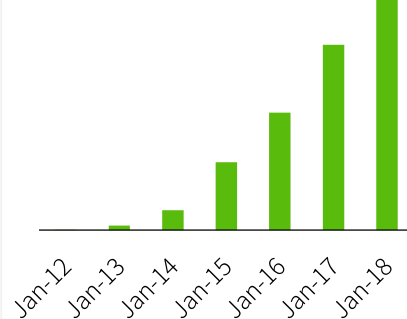
Monthly UU Growth

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 (Qiiita, Qiiita: Team) will be included in the "Others" sub-segment

Entertainment Product Line-Up

Game Apps

Mid-Core Role Playing Games



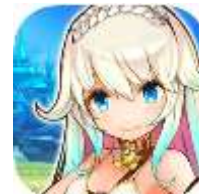
Revue Starlight
-ReLIVE-



BASSA WARRIORS



Valkyrie Connect



Unison League



War of Legions



Dark Summoner

Action



Three Kingdoms
Smash!

Simulation



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 Alarm



Quick Calorie
Control



Eye Training
3D



3 Minute
Workout



Fast
Flashcards

EC Service Introduction

E-Commerce

cyma -サイマ-
life & discovery

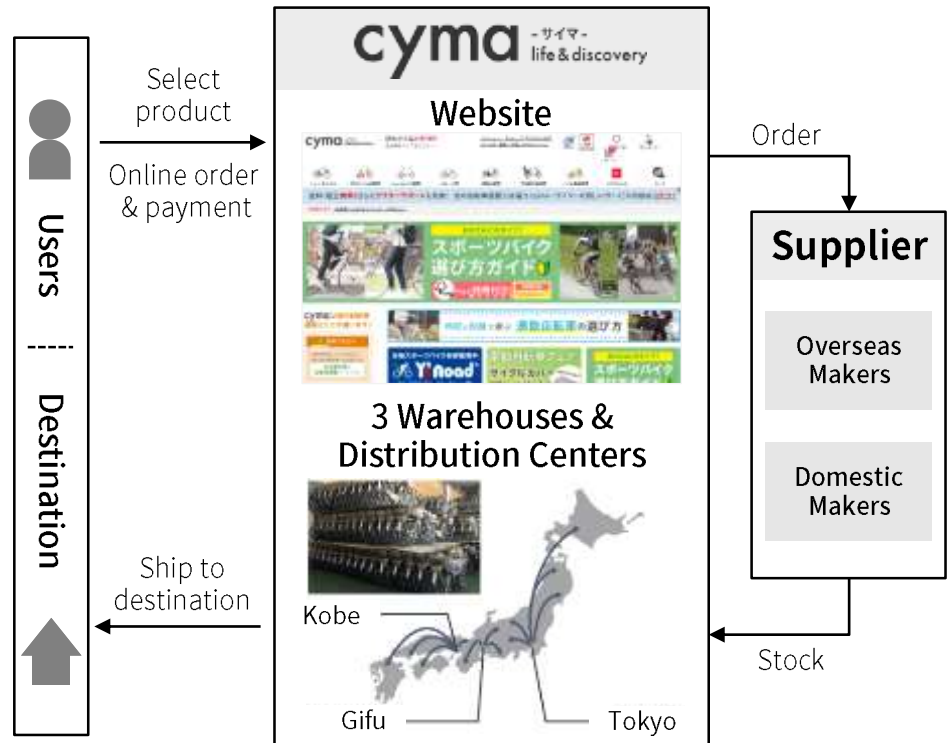
- Selection of over 200 bicycle models
- Bicycles assembled by specialists, shipped ready to ride
- Nation's largest online bicycle retail store



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.

APPENDIX

Supplementary Financial Data

P/L (FY2017 Q1 - FY2019 Q1)

(Million JPY)

	FY2017				FY2018				FY2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	7,136	8,147	9,906	9,412	8,904	9,164	10,269	9,335	8,927
Q/Q (%)	+5.6	+14.2	+21.6	-5.0	-5.4	+2.9	+12.1	-9.1	-4.4
Lifestyle Support	2,652	2,952	3,990	3,746	3,954	4,313	5,580	5,107	5,173
Entertainment	4,089	4,886	5,200	5,082	4,315	4,319	3,876	3,656	3,243
E-Commerce	393	308	715	584	634	531	812	571	510
Cost of revenues	1,105	1,221	1,671	1,671	1,476	1,649	1,959	1,875	1,765
Cost rate (%)	15.5	15.0	17.0	17.8	16.6	18.0	19.1	20.1	19.8
Selling, G&A expenses	5,737	6,196	6,486	6,434	6,464	6,421	6,558	6,567	6,677
Selling, G&A expenses ratio (%)	80.4	76.1	65.3	68.4	72.6	70.1	63.9	70.4	74.8
Total cost and G&A expenses	6,843	7,417	8,158	8,105	7,940	8,071	8,517	8,443	8,442
Labor costs & recruitment expenses	872	935	931	1,066	1,025	1,089	1,195	1,443	1,435
Promotional expenses	3,432	3,551	3,623	3,410	3,600	3,866	3,730	3,609	3,931
Promotional expenses ratio (%)	48.1	43.6	36.6	36.2	40.4	42.2	36.3	38.7	44.0
Lifestyle Support	1,547	1,728	2,230	2,040	2,302	2,472	2,973	2,637	2,959
Entertainment	1,746	1,700	1,220	1,228	1,150	1,244	560	829	835
E-Commerce	70	62	117	84	93	79	106	50	54
Commissions, etc.	1,468	1,779	2,051	2,018	1,588	1,572	1,561	1,395	1,304
Subcontractor expenses, server fees	254	297	315	331	532	518	620	605	605
Office rental fees, utility expenses	178	218	238	243	249	251	288	291	292
Other expenses	636	634	997	1,034	945	773	1,121	1,096	873
Operating income	293	729	1,748	1,306	963	1,093	1,752	892	484
Q/Q (%)	-60.8	+148.5	+139.7	-25.3	-26.3	+13.4	+60.3	-49.1	-45.7
Lifestyle Support	369	326	715	516	550	686	1,077	762	642
Entertainment	302	807	1,440	1,270	865	884	1,199	638	274
E-Commerce	-34	-46	-65	-32	-44	-68	-77	-21	-63
Others	-343	-358	-342	-447	-407	-483	-446	-487	-368
Operating income margin (%)	4.1	9.0	17.6	13.9	10.8	11.9	17.1	9.6	5.4
Ordinary income	292	778	1,738	1,308	980	1,096	1,775	877	507
Net income	138	537	1,162	741	678	754	1,217	655	257

P/L (FY2013 - FY2018)

(Million JPY)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Y/Y(%)
Revenue	10,989	12,036	15,828	22,967	34,603	37,674	+8.9
Y/Y (%)	72.3	9.5	31.5	45.1	50.7	8.9	—
Lifestyle Support	4,357	5,834	7,557	9,193	13,342	18,955	+42.1
Entertainment	6,632	6,169	7,914	12,559	19,259	16,168	-16.0
E-Commerce	0	32	356	1,214	2,001	2,550	+27.4
Cost of revenues	1,392	2,132	2,389	3,615	5,669	6,960	+22.8
Cost rate (%)	12.7	17.7	15.1	15.7	16.4	18.5	+2.1
Selling, G&A expenses	7,880	8,451	11,351	17,139	24,855	26,012	+4.7
Selling, G&A expense ratio (%)	71.7	70.2	71.7	74.6	71.8	69.0	-2.8
Total cost and G&A expenses	9,272	10,583	13,740	20,755	30,525	32,973	+8.0
Labor costs & recruitment expenses	2,083	2,638	2,798	3,250	3,807	4,754	+24.9
Promotional expenses	4,310	4,279	6,430	9,335	14,018	14,805	+5.6
Promotional expenses ratio (%)	39.2	35.6	40.6	40.6	40.5	39.3	-1.2
Lifestyle Support	2,673	3,422	4,578	5,109	7,547	10,385	+37.6
Entertainment	1,571	789	1,651	3,748	5,895	3,785	-35.8
E-Commerce	0	8	61	221	335	330	-1.5
Commissions, etc.	1,600	1,737	2,586	4,592	7,318	6,117	-16.4
Subcontractor expenses, server fees	528	826	785	1,035	1,198	2,277	+90.0
Office rental fees, utility expenses	337	420	433	728	879	1,080	+22.9
Other expenses	411	682	706	3,340	3,303	3,937	+23.8
Operating income	1,717	1,452	2,087	2,212	4,077	4,701	+15.3
Y/Y (%)	60.4	-15.4	43.8	6.0	84.3	15.3	—
Lifestyle Support	632	840	1,298	1,637	1,929	3,076	+59.5
Entertainment	1,866	1,409	1,770	2,297	3,820	3,587	-6.1
E-Commerce	0	-34	-115	-172	-178	-211	+18.7
Others	-781	-762	-865	-1,549	-1,493	-1,751	+17.3
Operating income margin	15.6	12.1	13.2	9.6	11.8	12.5	+0.7
Ordinary income	1,718	1,470	2,164	2,094	4,118	4,730	+14.9
Pre-tax income	1,688	1,364	2,091	1,858	3,854	4,732	+22.8
Net income	1,042	807	1,362	1,292	2,579	3,306	+28.2

B/S (FY2013 - FY2018)

(Million JPY)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Assets						
Current assets*	3,698	3,973	6,257	6,827	9,613	11,488
Cash and cash equivalents	1,944	2,217	3,097	3,505	5,004	5,984
Non-current assets*	942	1,531	1,399	2,759	3,527	5,214
Tangible assets	102	120	125	1,321	1,666	1,684
Intangible assets	410	355	460	622	507	2,070
Investments and other assets*	429	1,055	814	815	1,353	1,459
Total assets	4,641	5,504	7,656	9,586	13,140	16,702
Liabilities						
Current liabilities	1,136	1,305	3,648	4,127	5,202	4,464
Non-current liabilities	0	0	0	387	481	583
Total liabilities	1,136	1,305	3,648	4,514	5,683	5,047
Interest-bearing liabilities	0	0	1,700	1,166	632	186
Net assets						
Shareholder's equity	3,500	4,130	3,900	4,971	7,361	11,566
Treasury stock	0	0	-1,403	-1,222	-1,177	-481
Stock option	5	67	108	100	96	85
Total net assets	3,505	4,198	4,008	5,072	7,456	11,655
Total liabilities and net assets	4,641	5,504	7,656	9,586	13,140	16,702

* From FY2019, applied "Partial Amendments to the Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, Feb 16, 2018) causing category change from "Deferred Tax Assets" to "Investments and Other Assets". Above values are based on new standards causing differences from previous published materials

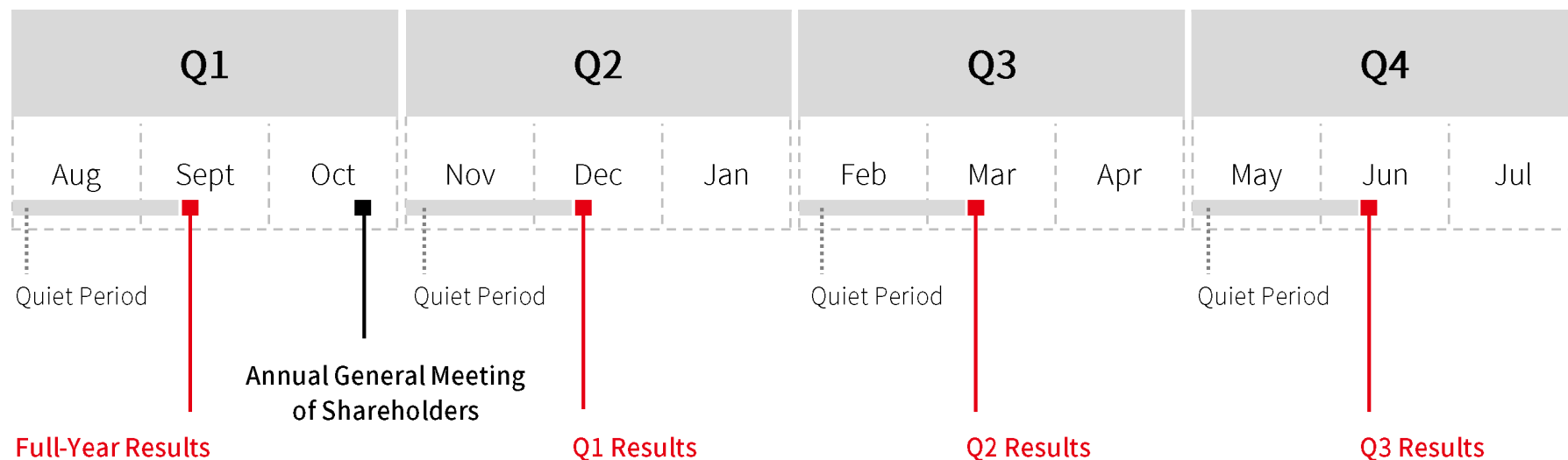
Others (FY2013- FY2018)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Number of shares issued (year-end)	19,195,000	19,349,200	19,405,600	19,450,000	19,469,800	19,738,200
Treasury stock (shares)	0	0	580,020	302,562	302,562	35,562
Average number of shares during the FY	18,933,262	19,255,641	19,310,191	18,846,317	18,904,872	19,401,921
EPS (JPY)	55.04	41.96	70.54	68.58	136.45	170.40
EPS Y/Y (%)	57.3	-23.8	45.6	-2.8	+99.0	+24.9
ROA (Ordinary income on total assets, %)	44.1	29.0	32.9	24.3	36.2	31.7
Net assets per share (JPY)	182.4	213.5	207.2	263.4	389.0	592.2
Dividend per share (JPY)	10.61	10.00	12.50	12.50	27.00	32.50
Interim dividend (JPY)	5.00	5.00	5.00	5.00	5.00	0.00
Total dividend amount (JPY)	203	192	238	239	517	640
Payout ratio (%)	19.3	23.8	17.7	18.2	19.8	19.1
Shareholder's equity ratio (%)	75.4	75.0	50.9	51.9	56.0	69.2
Equity ratio (%)	75.4	75.1	50.9	51.9	56.0	69.3
ROE (%)	37.9	21.2	33.9	29.1	41.8	34.9
ROIC (=① ÷ ②, %)	30.3	20.8	21.0	25.1	34.1	27.9
① Net operating income after taxes	1,059	859	1,178	1,539	2,729	3,284
② Invested capital (=③+④)	3,500	4,130	5,600	6,137	7,993	11,755
③ Shareholder's equity	3,500	4,130	3,900	4,971	7,361	11,566
④ Short-term loans payable	0	0	1,700	1,166	632	186

* 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

IR Schedule & Contact Information

Yearly Schedule



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



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