Financial Results Briefing Materials for the Fiscal Year Ended September 30, 2015

Aucfan Co., Ltd.<3674>
November 25, 2015

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1 Introduction

Introduction

■ The New Paradigm 2017, a new medium-term management plan beginning in the fiscal year ended September 30, 2015, made progress in terms of both strategies and financial results as planned. Net sales also reached a new high.

■ Extraordinary income was recorded due to the sales of shares in subsidiaries, etc.
Net income doubled the plan.

■ In data, steady results were also seen in investments, and systems that will lead to business in the current fiscal year were successfully built.

Recording of Extraordinary Income

■ ”Notice Concerning the Recording of Extraordinary Income Following Stock Transfer of Consolidated Subsidiary” on March 31, 2015

Grand Design Co., Ltd. provides the “Gotcha!mall” shopping mall app, which uses a capsule toy as a gimmick in combination with users’ smartphones to encourage them to come to the store, purchase goods, and then come to the store again. To attract more new customers in cooperation with the various channels (stores, products, Web sites, EC, etc.) of participating companies, Grand Design & Company Co., Ltd., a subsidiary of Aucfan, transferred shares in Grand Design to accelerate the expansion of participating companies for Grand Design services by asking outside business companies to become involved in capital participation.

<Reference>

■ ”Notice Concerning Changes (Stock Transfer) of a Consolidated Subsidiary and the Generation of Extraordinary Income” on November 9, 2015

We transferred Grand Design’s shares to transcosmos inc. to further accelerate the growth of Grand Design, making full use of the global EC one-stop service platform of transcosmos in 36 countries as an important partner for our future strategies in Asia.

As a result of the stock transfer, Grand Design has changed from a consolidated subsidiary of Aucfan to an equity-method affiliate.

2 Financial Highlights of the Fiscal Year Ended September 30, 2015

Financial Highlights for the Fiscal Year Ended September 30, 2015 (1)

■ Net income doubled our initial forecast.

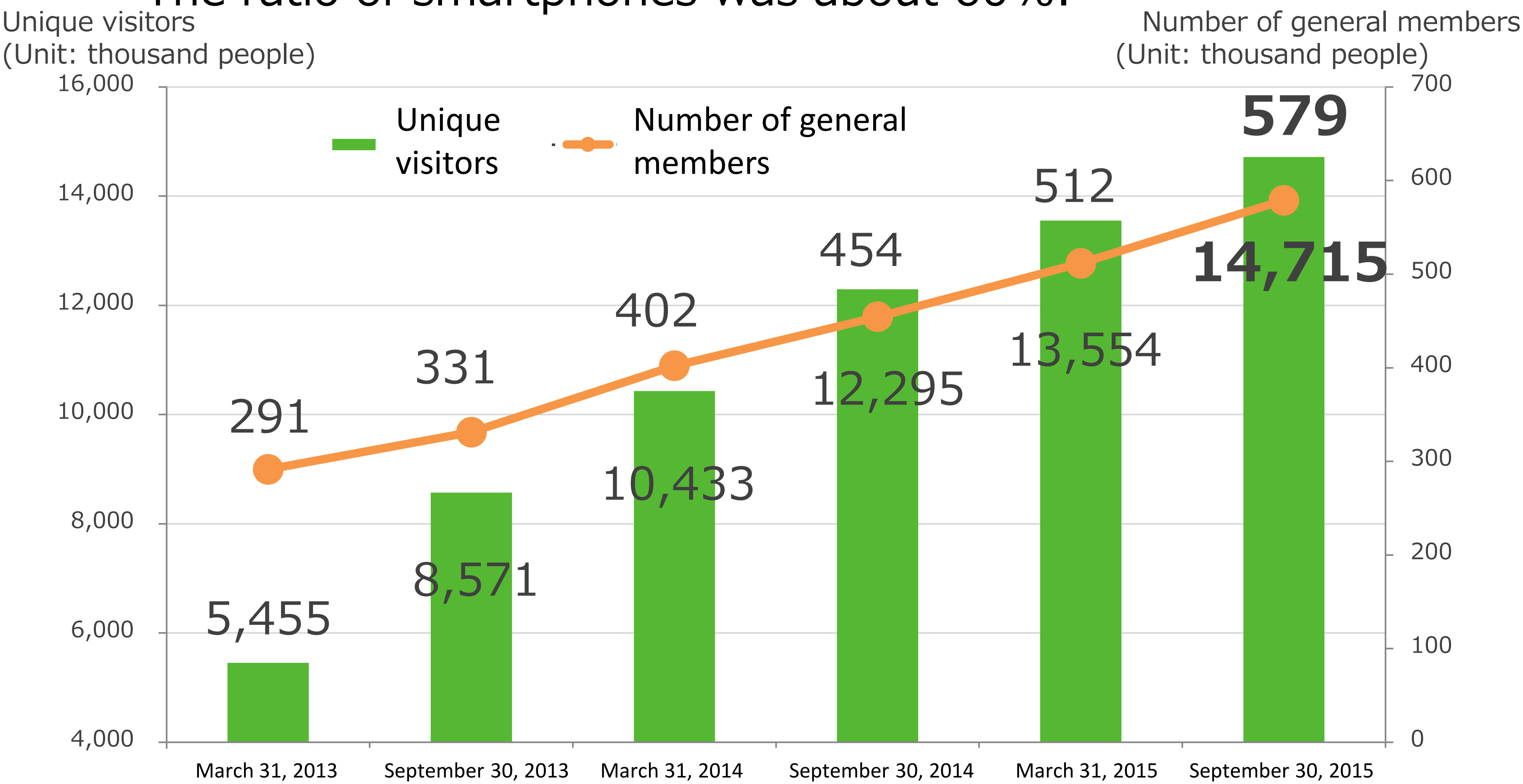
Full-year results	Consolidated net sales: 1,507 million yen Operating income: 171 million yen Ordinary income: 172 million yen Net income: 201 million yen
Initial forecast	Consolidated net sales: 1,500 million yen Operating income: 170 million yen Ordinary income: 171 million yen Net income: 100 million yen

Comparative analysis with the same quarter of the previous fiscal year is not conducted because the first time that quarterly consolidated financial statements were prepared was for the first quarter of the current fiscal year.

Financial Highlights for the Fiscal Year Ended September 30, 2015 (2)

KPI

- Growth in the number of visitors increased.
  The number of members also rose steadily.
  The ratio of smartphones was about 60%.

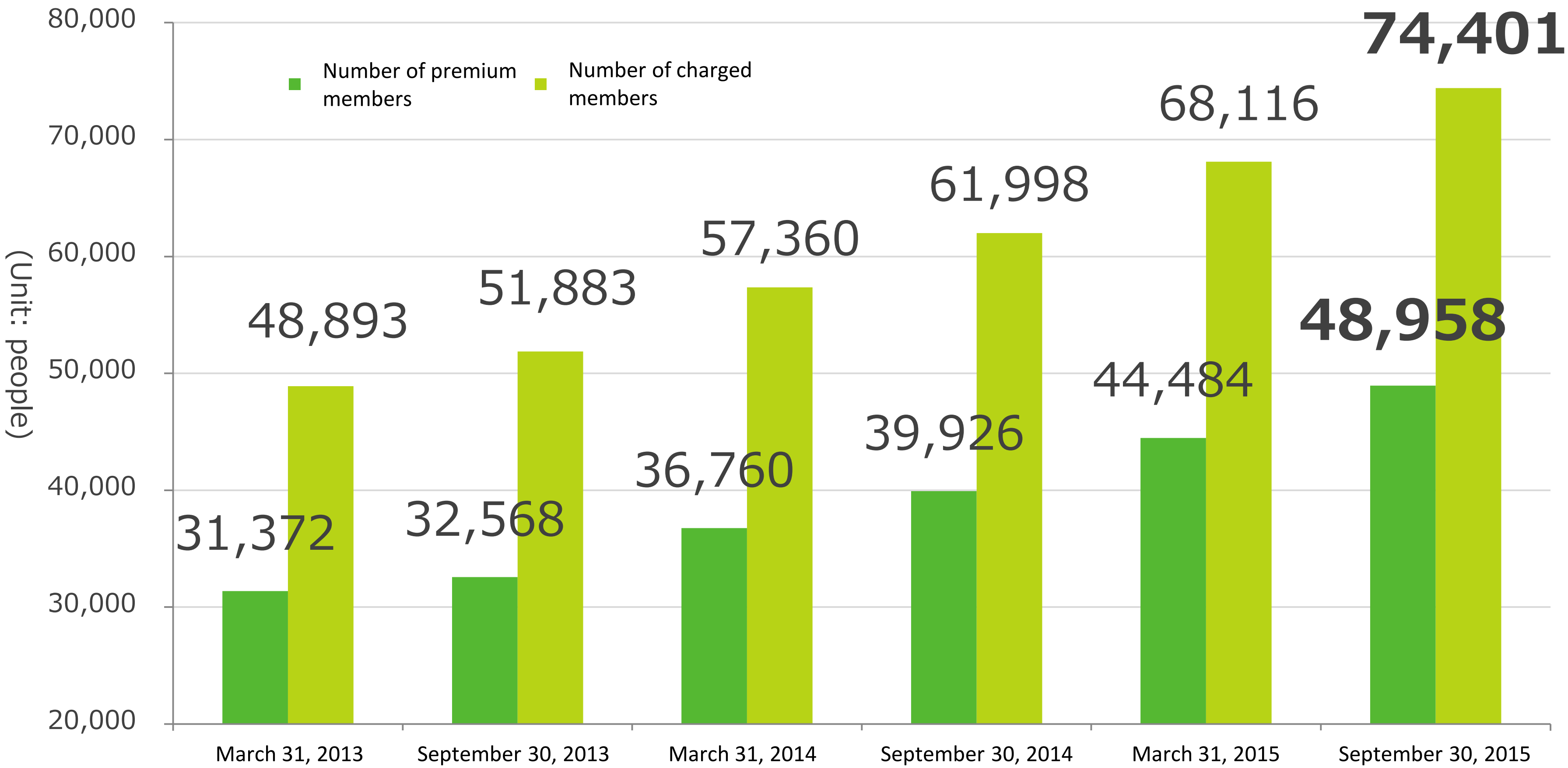


* Unique visitors indicate the monthly number of visitors to the Aucfan site.
* The number of general members indicates the number of all registered members on the Aucfan site.

Financial Highlights for the Fiscal Year Ended September 30, 2015 (3)

KPI

■ The number of paying members, such as the number of premium members, increased steadily due to the strengthening of promotional efforts and the school business.



* The number of premium members indicates the number of Aucfan premium members that pay a monthly fee of 513 yen.
* The number of paying members indicates the number of members, including members for paid services such as Aucfan Pro and option services, in addition to Aucfan premium members.

3 Overview of Financial Results for the Fiscal Year Ended September 30, 2015

Starting with the first quarter of this fiscal year, we now prepare quarterly consolidated financial statements associated with important changes in subsidiaries. For this reason, we use the non-consolidated values from the same period of the previous fiscal year to provide comparative analysis for reference.

Overview of Financial Results for the Fiscal Year Ended September 30, 2015 (1)

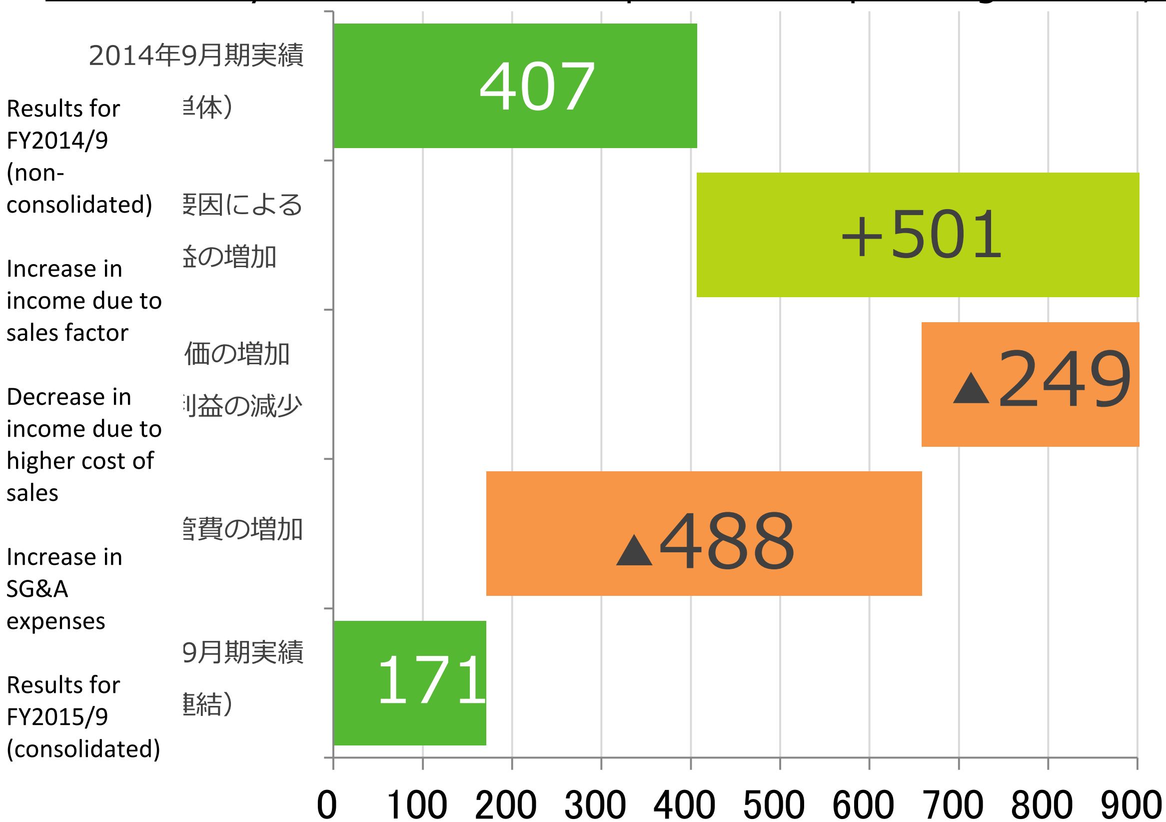
■ Service fee revenues, such as from the fees for NETSEA, increased. Financial results made progress as planned backed by the strong performance of marketing support (corporate sales).

(Unit: million yen)	FY2014/9 (Non-consolidated results)	FY2015/9 (Consolidated results)	FY2015/9 (Consolidated forecast)
Net sales	1,006	1,507	1,500
├Service fees	507	768	726
├Internet advertising	320	369	465
└Marketing support	178	369	308
Operating income	406	171	170
Ordinary income	412	172	171
Net income	250	201	100

Overview of Financial Results for the Fiscal Year Ended September 30, 2015 (2)

■ While sales remained strong, expenses increased because Aucfan was in an investment phase. During this phase, there was a rise in data-related personnel expenses, while promotional efforts were intensified.

Factor analysis of increase in expenses for operating income, etc.



<Major factors for change>

Service fees +260
Internet advertising +49
Marketing support +191

Personnel expenses ▲53
Depreciation ▲78
Business consignment expenses ▲102

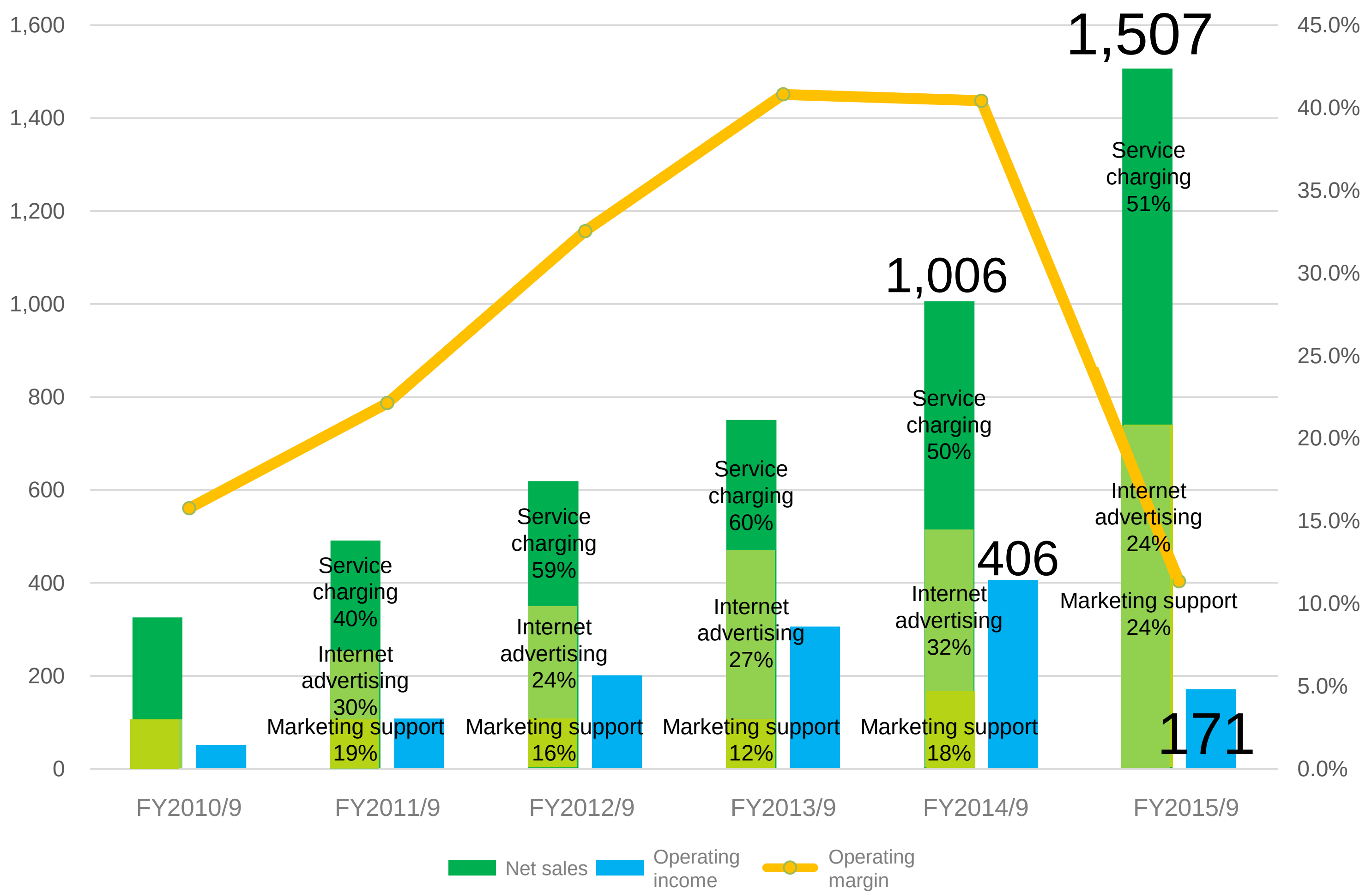
Personnel expenses ▲126
Advertising expenses ▲108
Business consignment expenses ▲106
Amortization of goodwill ▲67

(Unit: million yen)

* "+" indicates factors that led to an increase in income, and "▲" indicates factors that led to a decrease in income.

Overview of Financial Results of the Fiscal Year ended Sept. 30, 2015 (3)

- Net sales continued to expand, and investment in future growth was maintained.



Results Forecasts for the Fiscal Year ending September 30, 2016

■ In the results forecast for FY2016/9, we still expect to record the following values, given the increase in the service fee revenues from aucfan.com and NETSEA.

(Unit: million yen)	FY2015/9 (Consolidated results)	FY2016/9 (Consolidated forecast)	Change (%)
Net sales	1,507	2,101	+39.4
├Service fees	768	1,345	+75.1
├Internet advertising	369	243	▲34.1
└Marketing support	369	511	+38.4
Operating income	171	223	+30.4
Ordinary income	172	250	+44.7
Net income	201	237	+17.6

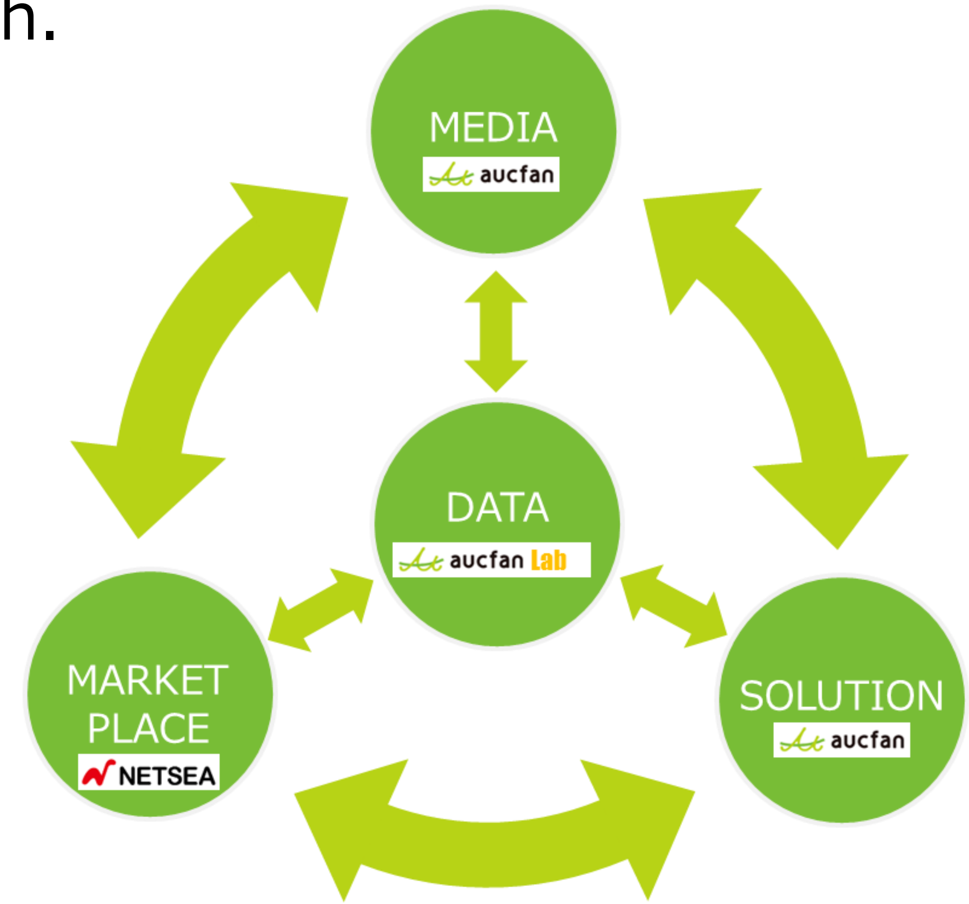
4 Medium-Term Management Plan

Second Year of “New Paradigm 2017”

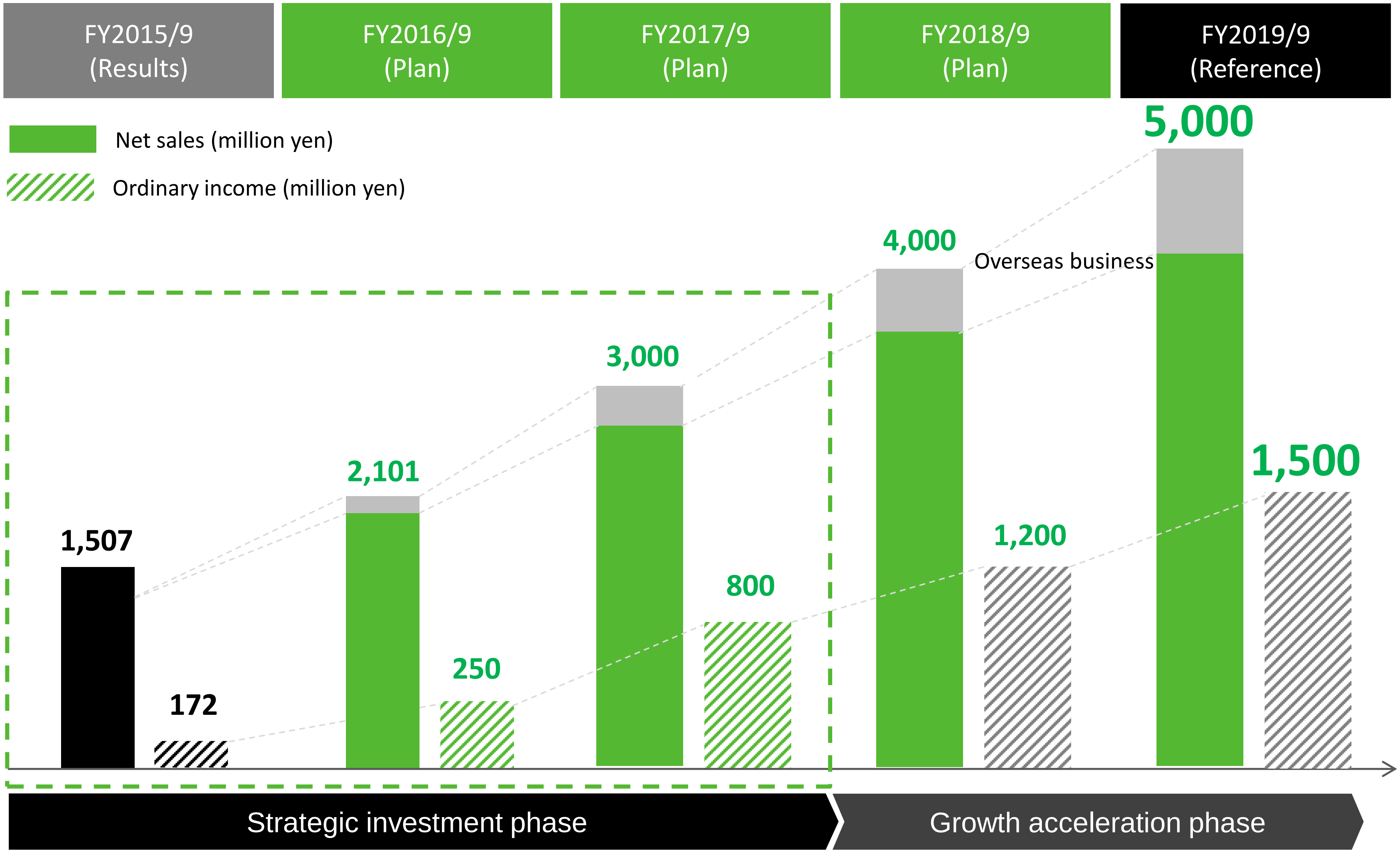
Become an entity unlike any other in the world that stands as a company which provides accurate and fair information on all products.

Growth Model

- Consists of three highly distinct businesses centering on DATA.
- All domains intertwine in a composite manner to realize further growth.



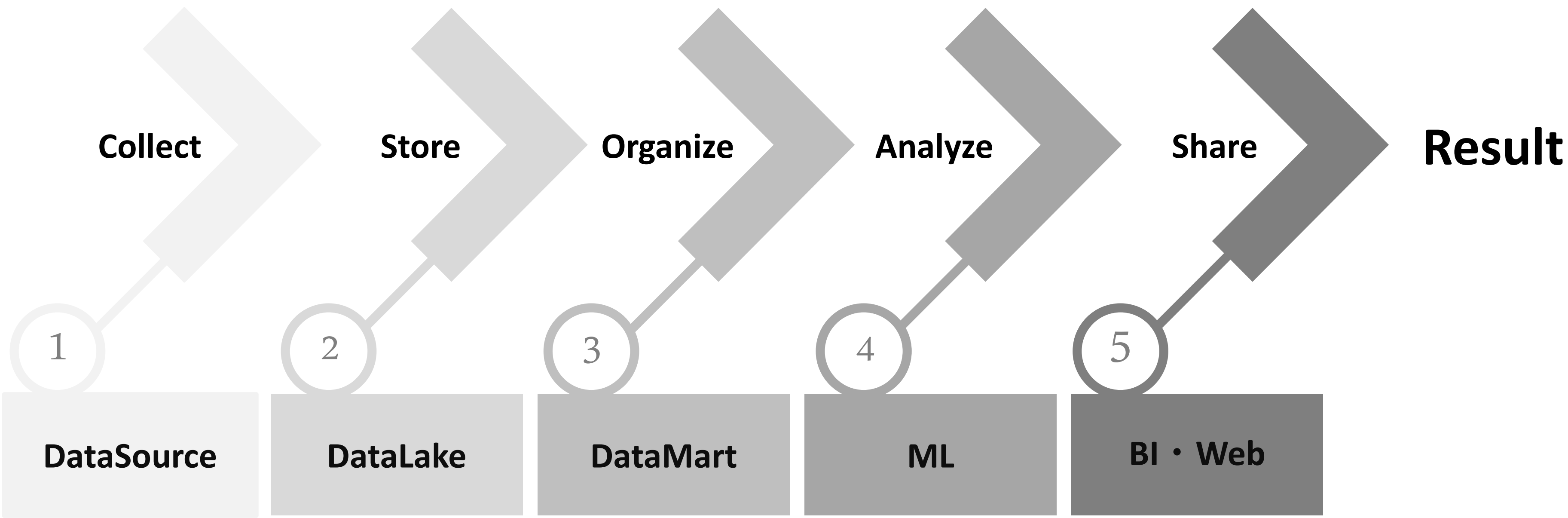
Medium-Term Management Plan



5 Policies for the Fiscal Year Ending September 30, 2016

DATA

- Build data, the core of the three businesses, and a one-stop framework that serves as a foundation for data.
- Continue to conduct data-specific R&D.



MEDIA (aucfan.com)

Service Fees

- Release a paid plan for beginners
- Expand the school business
- Enhance data analysis services for professionals

Internet Advertising

- Strengthen smartphones and app
- Accelerate linkage with new market places
- Create incentives through the introduction of points

SOLUTION

Data Solution Business

- Offer products tailored to customer needs and up sell
- Customize solutions for large clients

Omni-Channel Business

- Expand digital marketing in a horizontal fashion
- Develop new markets and improvement in operational efficiency

MARKET PLACE

Existing distribution

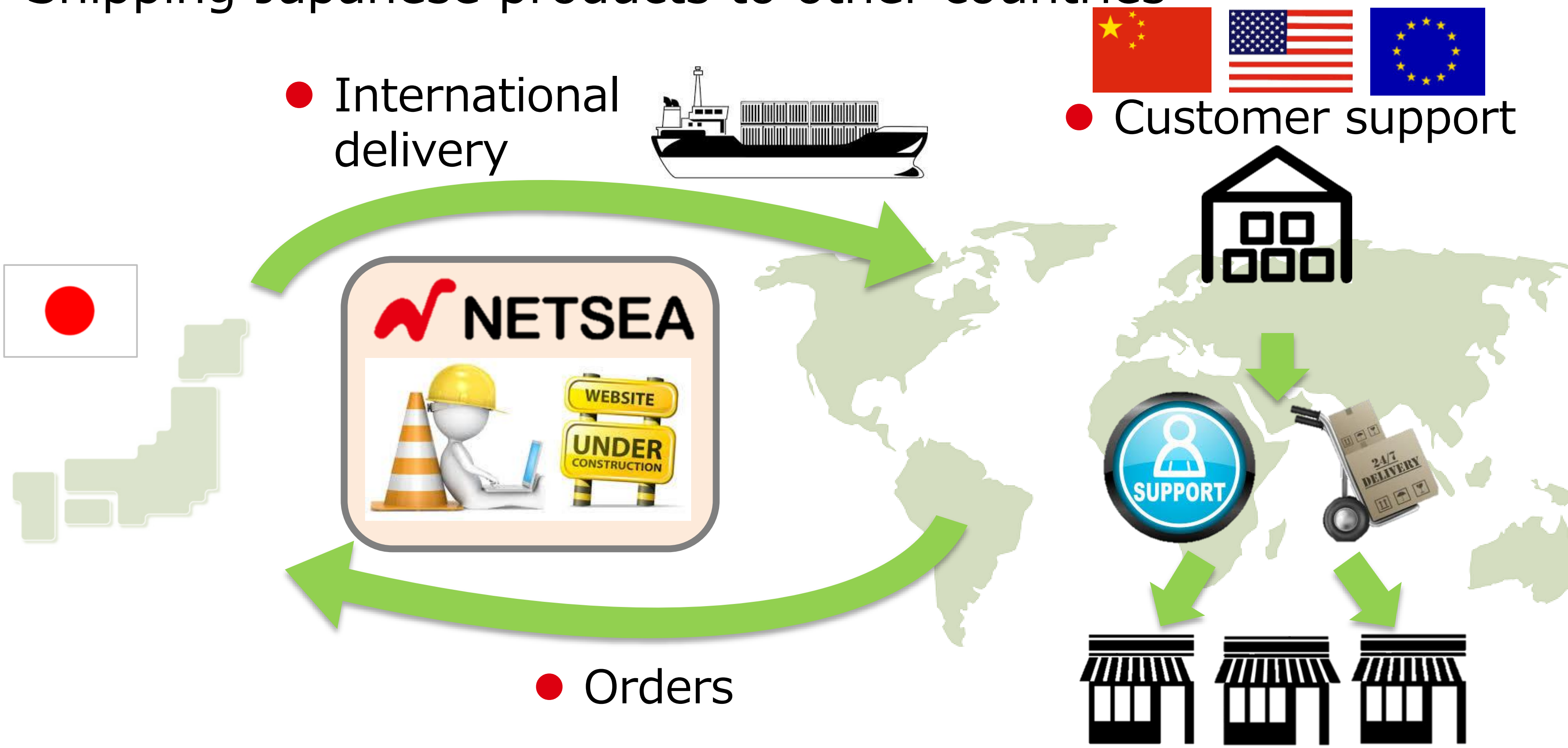
- Expand the supplier network
- Strengthen the acquisition of buyers
- Increase the purchase unit price and the repeat rate

New business domains

- Expand product genres into secondary distribution, including secondhand products
- Create new revenue sources, such as finance
- Establish overseas wholesale routes

Global Development

- Cooperation with overseas buyers
  -Shipping Japanese products to other countries

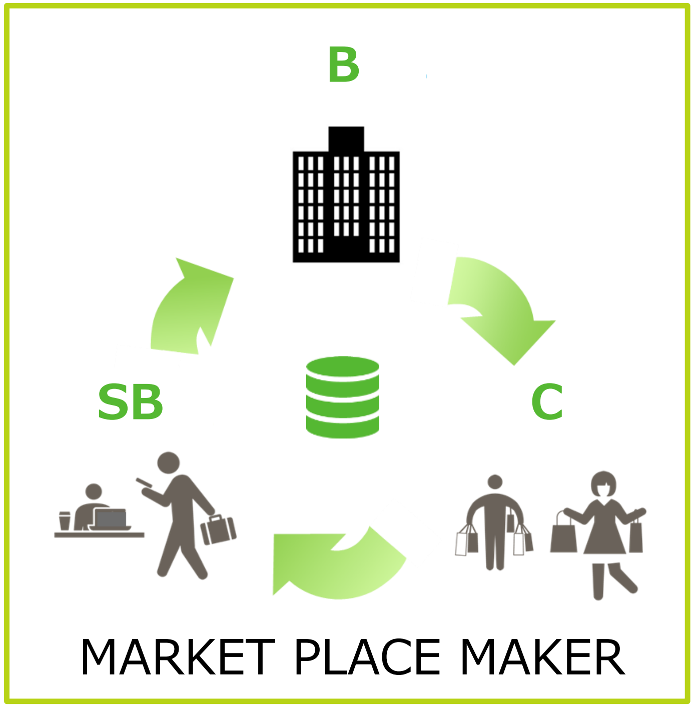


Summary

■ Full enforcement of selection and concentration in business investment
-Active investment in areas that enjoy a high level of synergy with existing businesses

■ Strengthening of data infrastructure
-DATA EXCHANGE plan
-Completion of Aucfan's own product master

■ Business expansion in the B and the small B markets
-New profit opportunities
-Start of ABL (asset based lending)



Continue to make investments for growth and allocate resources to profitable business models.

6 APPENDIX

Company Profile

Company name
Aucfan Co., Ltd.

Location
Humax Shibuya Bldg. 6F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo 150-0043

Founded
June 2007

http://aucfan.com/

Capital
670,940,000 yen (as of September 30, 2015)

Employees
89 (as of September 30, 2015) * Number of employees on a consolidated basis

Head Office

Company History

2008	Apr.	Head office is moved to Hiroo, Shibuya-ku, Tokyo
	May	Members' service Aucfan Premium is launched as a pay-per-use service business
	Dec.	Aucfan School auction class is launched
2009	May	Aucdata consumer trend analysis tool is launched
2010	Jan.	Aucfan Seminar auction correspondence class is launched
	Jul.	Head office is moved to Dogenzaka, Shibuya-ku, Tokyo
	Aug.	aucfan touch site for smartphones is launched
2011	Sep.	PrivacyMark by Japan Institute for Promotion of Digital Economy and Community (JIPDEC) is obtained
	Oct.	Mono Cheki smartphone app is launched
	Nov.	Aucfan Pro integrated analysis tool is launched
2012	May	CloudShop system, an SaaS multi-store compatible online purchase comprehensive management service, is acquired from Fintecs Corporation
	Jul.	auc-checker, a new service that detects unauthorized auction items, is launched
	Aug.	Aucfan Town, a search service for second-hand buyers and auction agency shops, is launched
	Sep.	auc4G mobile internet subscription service is launched
	Dec.	Global Aucfan, a comprehensive global ecommerce search site, is launched
2013	Apr.	Listed on Mothers Section of the Tokyo Stock Exchange
	Jun.	Aucfan Shiire Mall, an exclusive platform that allows corporate and individual trading, is launched
	Sep.	Rakuichi Rakuza, Japan's largest flea market business, is acquired from Marketenterprise Co., Ltd.
	Nov.	A new corporate logo is unveiled
2014	Feb.	Auction Listing University/Academy, a service to train Yahoo! Japan online auction sellers, is launched in partnership with Yahoo! Japan
	May	Auc-checker (beta), a detection and monitoring service for items traded in online auctions, is launched Aucfan Points reward points program is launched
2015	Jan.	aucfan Touch site for smartphones is launched as official iOS au content.
	Feb.	Aucfan Pro price analysis tool is redesigned. Most Recent Purchase Flash, a new service for users who buy products on the Internet, is released.
	Apr.	Aucfan service Raku Raku Oroshi cooperates with CtoJ purchase and wholesale site. Data coordination with MRT that provides a medical information platform Smartphone site of aucfan.com is wholly redesigned.
	Jun.	Grand Design, a subsidiary of Aucfan, enters a capital and business alliance with transcosmos inc. for the development of the Gotcha!mall shopping mall smart app for ASEAN.
	Jul.	Acquires shares of NETSEA Co., Ltd. (makes it a subsidiary).
	Sep.	Aucfan opens a Yahoo! Auctions course at PC School AVIVA. Aucfan price search site begins data coordination with TAU, which commands the largest market share in the purchase of damaged cars.

Introduction of Officers

Directors and Full-time Corporate Auditor

Shuichi Takenaga
Representative Director

Graduate of Kyoto University Faculty of Law
2000　Launched small auction business as a sole proprietorship while he was still a student of the university
2004　Founded Defactostandard, Ltd. and became its Representative Director
June 2007　Founded Aucfan Co., Ltd. in an incorporation-type company split and was appointed the Representative Director (current position)

Kenichiro Waide
External Director

Graduate of Keio University Faculty of Economics
1982　Founded General Solutions, Inc. (now FISCO IR) Appointed Representative Director
2006　Founded Zaihon, Inc. Appointed Representative Director
December 2010 Appointed Director of Aucfan Co., Ltd. (current position)

Junji Hamada
Director, Manager of Business Administration Department

Completed Master's Degree Program at Teikyo University Graduate School of Economics
1992　Joined IDO Corporation (now KDDI Corporation)
2002　Joined E3 Networks Corp. (now Mitsui Bussan Secure Directions, Inc.)
2005　Appointed Director of Produce Association, Co., Ltd.
2006　Appointed Director of Fitech Laboratories, Inc.
2012　Joined Aucfan Co., Ltd. and became Manager of Business Administration Department
December 2012 Appointed Director of Aucfan Co., Ltd. (current position)

Ryoichi Hirano
Full-time Corporate Auditor

Graduate of Kyoto University Faculty of Law
1973　Joined Tokio Marine Fire Insurance Co., Ltd.
2003　Appointed Executive Vice President of Site Support Institute Co., Ltd.
2006　Appointed to the advisory board of CMIC Co., Ltd.
2007　Joined Grand Design & Company Co., Ltd. and appointed Executive Officer
2010　Appointed Director of Grand Design & Company Co., Ltd.
2013　Appointed Auditor of Grand Design & Company Co., Ltd. (current position)
December 2014 Joined Aucfan Co., Ltd and appointed full-time Corporate Auditor (current position)

■Acquired the BtoB market place business from DeNA Co., Ltd.

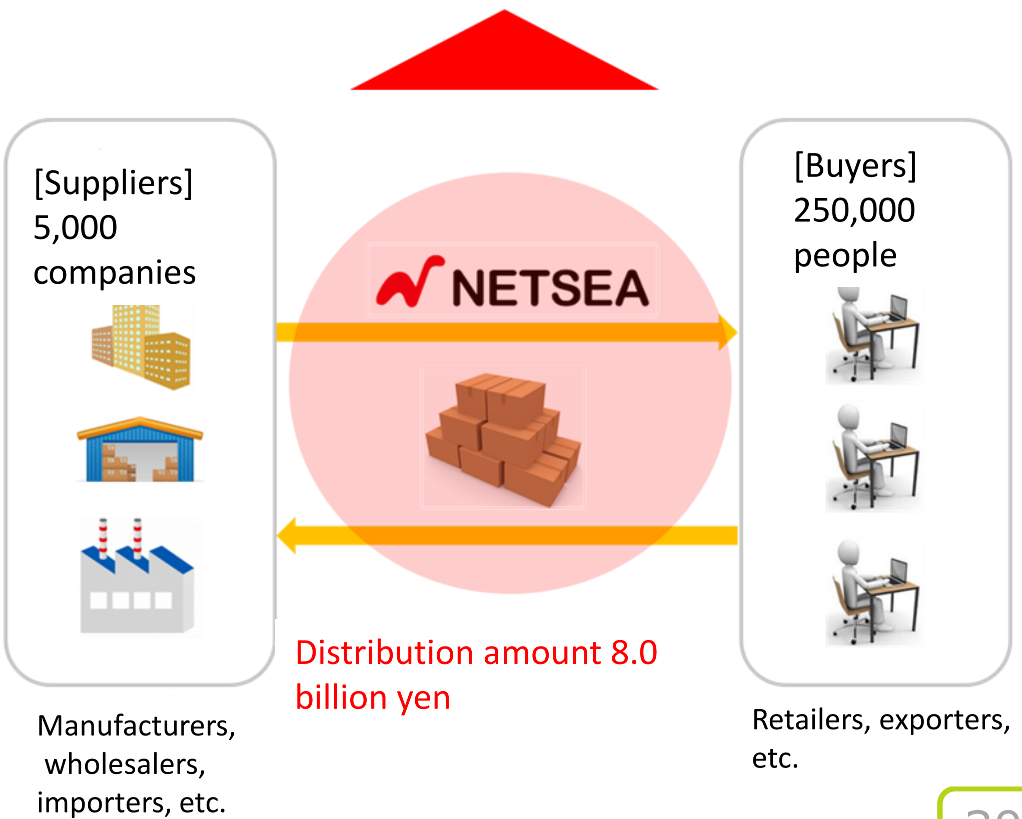
- Add to ranks of the 250,000 buyer members and expand the annual distribution amount of 8.0 billion yen (based on wholesale price) going forward.

- Aggressively enter the BtoB market, a new domain with a market size of 300 trillion yen.

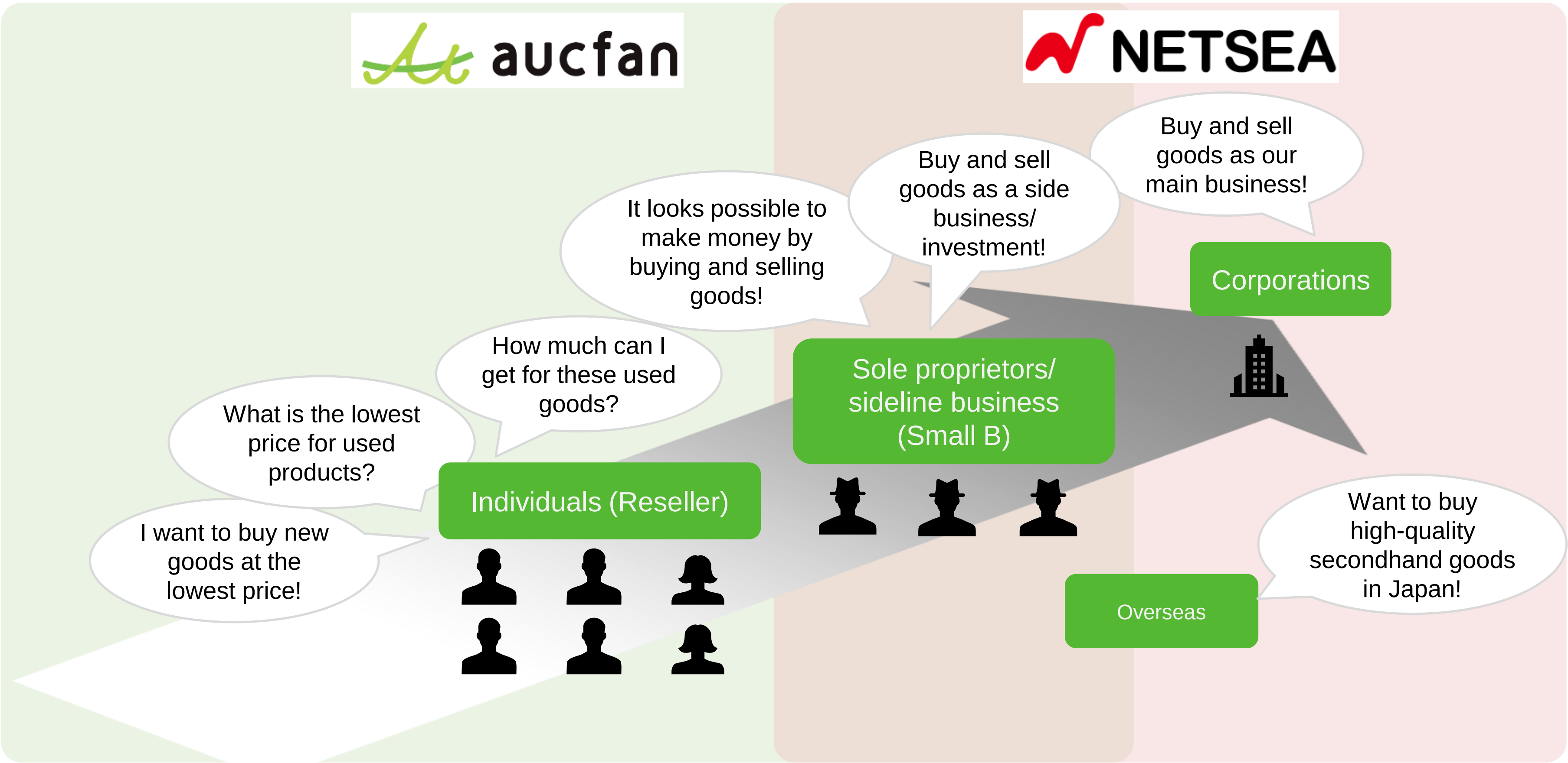
NETSEA

Company name: NETSEA Co., Ltd.
Representative: Shuichi Takenaga, Representative Director
Founded: July 1, 2015
Capital: 45,000,000 yen, including legal capital surplus
Address: 1-14-6 Dogenzaka, Shibuya-ku, Tokyo
Business: Market place business for BtoB

Expand the supplier and buyer bases.



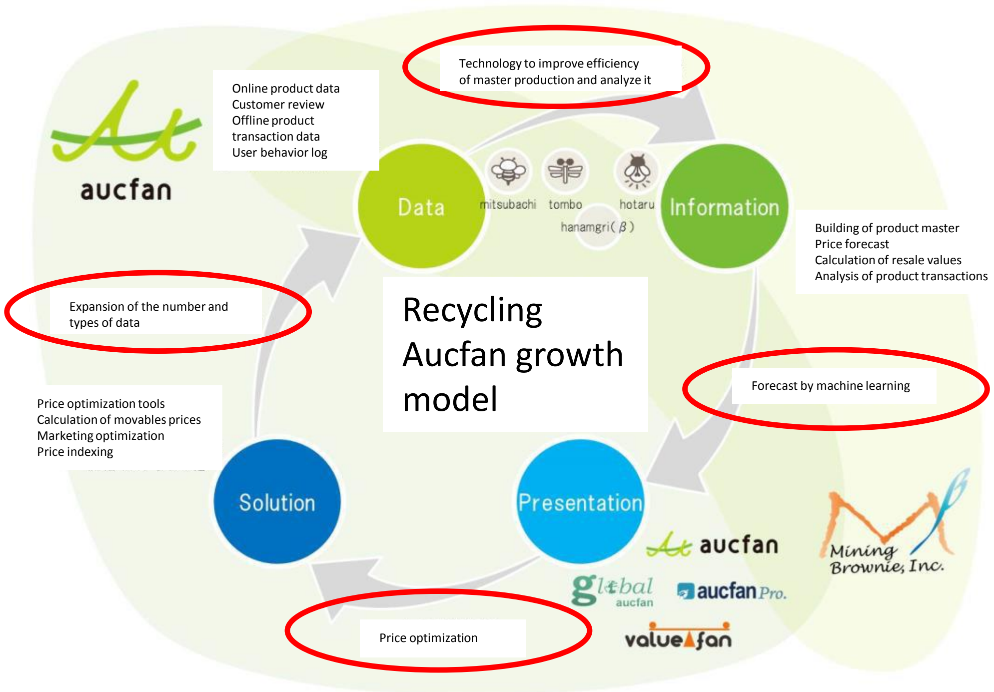
Target Users



Affiliated Companies (1)

■ Using the crawler platform and the scraping (information extraction) system based on the artificial intelligence of MiningBrownie, Inc.

■ Working to create the synergetic effect of four axes with data mining, machine learning, and web page analysis technology.



Leading company in crawler and machine learning

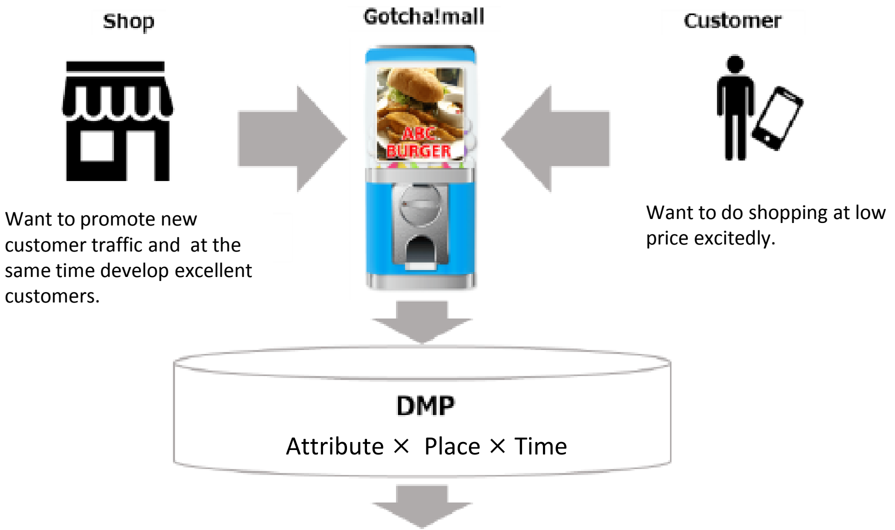
Company name: MiningBrownie, Inc.
Representative: Ryuichi Tokugami, Representative Director
Founded: October 2006
Capital: 13,800,000 yen
Address: 3-34-5 Nihonbashi Hamacho, Chuo-ku, Tokyo
Business:
Development and provision of original crawler technology, text mining technology, scraping technology using machine learning, and Internet marketing tools using expertise in price research and price forecasting.

* Aucfan made MiningBrownie a subsidiary on January 1, 2015.

Affiliated Companies (2)

■ Combining unique coupons and shop gifts of participating companies with the coupons and gifts (incentive) of other companies.

■ Going forward, aggressively develop Gotcha!mall in ASEAN, using the global EC one-stop service platform of transcosmos, inc.



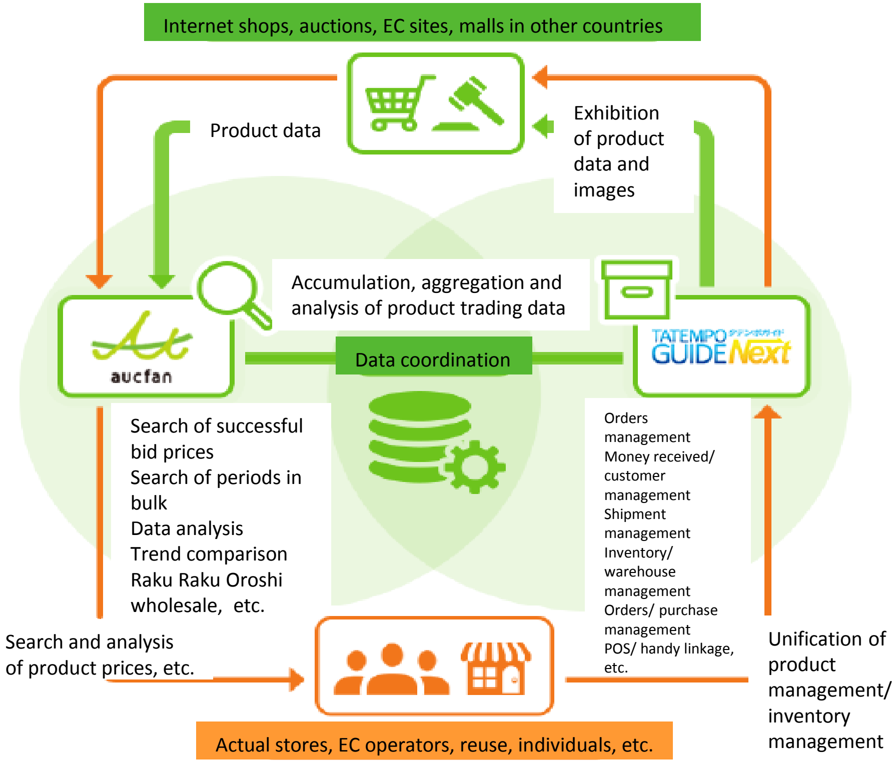
Promote coming to the store and purchasing

Innovation company that creates new services and markets in primarily the omni-channel area

Company name: Grand Design Co., Ltd.
Representative: Kazuya Ogawa, President and Representative Director
Founded: November 2014
Capital: 124,450,000 yen
Address: Humax Shibuya Bldg. 6F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo
Business:
Omni-channel platform business

Affiliated Companies (3)

- Build a platform to automatically maximize sales of products by collecting and analyzing data, with TATEMPO Guide acting as the hub.
- Provide one-stop service, with Aucfan and function amalgamated.



eterment
エターメント株式会社

Best record in installing customized systems!!
Uniform management system for multiple Internet shops

Company name: Eterment Co., Ltd.
Representative: Hiroaki Ishimaru, Representative Director
Founded: July 17, 2009
Capital: 70,000,000 yen
Address: ARK Hills Sengokuyama Mori Tower 25F, 1-9-10 Roppongi, Minato-ku, Tokyo
Business:
Requirement definition, consulting, and customization for EC operators and the commissioned development of WEB and medical systems, such as TATEMPO Guide Next, a uniform management system for multiple Internet shops

List of Major Companies Aucfan Has Acquired or in which It Has Invested

Companies Aucfan has acquired or in which it has invested in recent years

Jan. 2014	BUKALAPAK.COM	Operation of market place (Indonesia)
Feb. 2014	REALWORLD, Inc. (TSE Mothers)	Crowdsourcing
July 2014	Cloud Payment Inc. (former J-Payment Inc.)	Internet payment service business
July 2014	FLASH PARK Co., Ltd.	Operation of general mail order site of presents
Aug. 2014	E-Classis Commerce KK	Building service of EC site for BtoB
Sept. 2014	MarketEnterprise Co., Ltd. (TSE Mothers)	Operation of Internet-specific secondhand shop, etc.
Oct. 2014	Eterment Co., Ltd.	Internet shop uniform management tool business
Nov. 2014	Grand Design Co., Ltd.	Omni-channel platform business
Nov. 2014	7-Bites Corp.	Development and operation of flea market app specifically for anime and coterie
Nov. 2014	Renoveru Co., Ltd.	Asset value stabilization and renovation business of used properties
Jan. 2015	MiningBrownie, Inc.	Development and provision of unique Internet marketing tools
Jan. 2015	ReNet Japan Group, inc.	Operation of ReNet, a PC and small home electronics delivery and collection service
Feb. 2015	Ashita-team Inc.	Operation of personnel affairs-related data services
Mar. 2015	DEGISURF, Inc.	BtoB platform business for small companies
Apr. 2015	Cyber Security Cloud, Inc.	Cyber security business
July 2015	NETSEA Co., Ltd.	Market place business for BtoB
July 2015	CIN GROUP Inc.	Human resources, IT, and relaxation business for corporations

Major Awards Won (1)

■ Named to the Forbes Asia list of the "Asia's 200 Best Under A Billion" (200 best-performing Asian companies)

Ateam
Aucfan Co., Ltd.
COLOPL
euglena
F@N communications
Fisco
Jibannet
Jin Co.
Kitanotatujin Corporation
Livesense
M3
Mobile Create
Money Square Japan
Nihon M&A Center
NISSO Pronity

PR TIMES on September 26, 2014

米フォーブスのアジア版が発表するアジア企業ベスト200に選出

株式会社オークファン　2014年9月26日 15時10分

いいね！　ツイート　0　その他のシェア

国内最大級のショッピング・オークション一括検索・比較サイト「オークファン(aucfan.com)」を運営する株式会社オークファン（本社：東京都渋谷区、代表取締役：武永修一、以下、「オークファン」）は、米国の経済誌「フォーブス」のアジア版が発表する、アジア太平洋地域の売上高10億ドル以下の優良企業を対象とした「FORBES ASIA'S200BEST UNDER A BILLION」に選出されました。

aucfan
売るときにも、買うときにもオークファン

■日本国内から15社が選出「FORBES ASIA'S200BEST UNDER A BILLION」

この度オークファンは、アメリカの経済誌「FORBES」のアジア版である「FORBES ASIA」が毎年選出する、「FORBES ASIA'S200BEST UNDER A BILLION」に選出されました。今年度はベスト200社の内、当社を含め下記の15社の日本企業が選出されました。

・エイチーム（Ateam)
・オークファン（Aucfan Co.)
・コロプラ（COLOPL)
・ユーグレナ（euglena)
・ファンコミュニケーションズ（F@N communications)

Major Awards Won (2)

■Received the “2014 Red Herring Asia Top 100 Winners” award

Aucfan gave a presentation for the final selection at the “Red Herring Top 100 Asia Awards” held by Red Herring in Hong Kong for a period of three days starting on Monday, August 25, 2014. This presentation earned Aucfan the “2014 Red Herring Asia Top 100 Winners” award, which is given to the top 100 companies with the strongest growth potential, latent power, and innovative capabilities based on their respective financial performance ability, the degree of technical innovation, management capabilities, and business strategies, etc.

■About Red Herring

Red Herring is a provider of online news and magazines that is a recognized authority among investors, business managers, and engineers. Its publications influence technical innovations around the world by always introducing technical trends and the latest information capable of changing the overall economy. The Red Herring Top 100 Asia Awards, hosted by Red Herring every year, is an event in which the prestigious award of the same name is given to the top 100 most promising and innovative companies capable of leading Asia with their groundbreaking schemes and technology. Companies that have received the Red Herring Top 100 Global Award in the past include Google, Yahoo, Salesforce.com, YouTube, eBay and twitter. For this reason, the award is considered to be an authoritative gateway to success for venture companies.

NEWS RELEASE

aucfan

2014年 9月 1日（月）
株式会社オークファン

報道関係各位

「2014 Red Herring Asia Top 100 Winners」受賞のお知らせ

国内最大級のショッピング・オークション一括検索・比較サイト「オークファン(aucfan.com)」を運営する株式会社オークファン（本社：東京都渋谷区、代表取締役：武永修一、以下、「オークファン」）は、アメリカ合衆国の Red Herring(レッドヘリング)社より、アジアで最も革新的なテクノロジーベンチャー企業 100 社に贈られる「2014 Red Herring Asia Top 100 Winners」を受賞したことをお知らせいたします。

2014年8月25日（月）より3日間に渡って香港にて開催された Red Herring 社の「Red Herring Top 100 Asia Award」にて最終選考のプレゼンテーションを行った結果、財政遂行能力、技術革新度、経営能力、事業戦略などを基準に、成長の可能性と潜在力、革新性が最も高い上位 100 社に贈られる「2014 Red Herring Asia Top 100 Winners」を受賞いたしました。

■Red Herring とは

Red Herring 社は、投資家や経営者、技術者において権威ある雑誌・オンラインニュースを提供、経済全体を変化させる可能性のある技術トレンドや最新情報を随時紹介し、世界の技術革新に影響を与えています。同社が毎年主催する『Red Herring Top 100 Asia Award』は画期的な仕組みやテクノロジーをもち、アジアを牽引し得る革新的な有望企業上位 100 社に贈られる名誉ある賞です。また、『Red Herring Top 100 Global Award』の過去の受賞企業には、Google、Yahoo、Salesforce.com、YouTube、eBay、twitter などもあり、現在ではベンチャー企業の権威ある登竜門的位置づけとして注目されています。

■オークファンについて

国内外のオークション・ショッピングサイトを一括で検索することが可能な「aucfan.com」を始め、「オークファン仕入れモール」や「楽市楽座」の運営を中心とするインターネットメディア事業を行っており、オンラインとオフラインの垣根を越えた流通を生み出すことで、循環型消費社会の提案をしています。

会社名：株式会社オークファン
代表者：代表取締役　武永　修一
創　業　：2007年6月
資本金：6億4,947万円※2014年3月末現在
従業員：42名（インターン含む）※2014年3月末現在

Partial excerpt from an Aucfan press release dated September 1, 2014.