Financial Results

Second Quarter FY2017

Aucfan Co., Ltd. <3674>

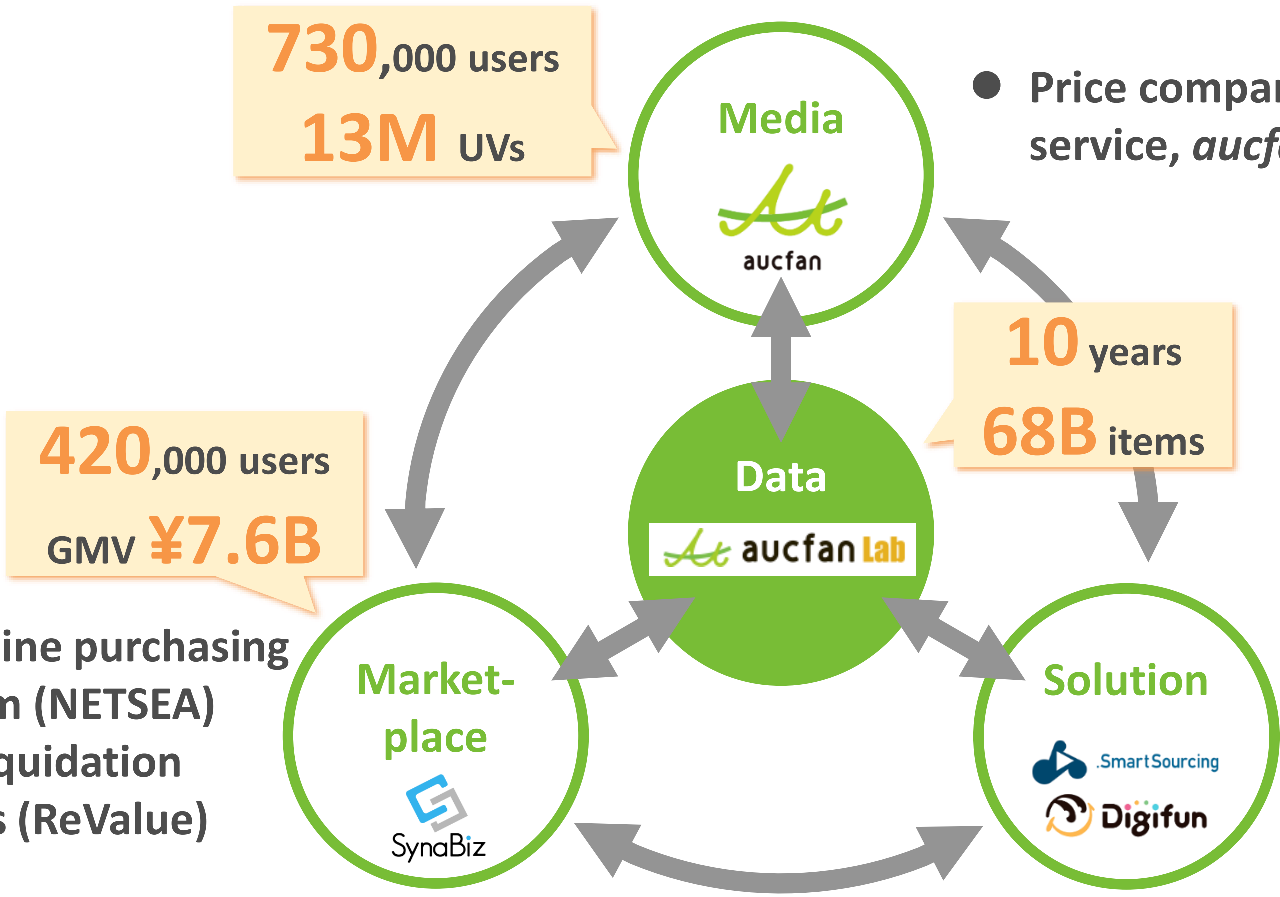
June 1, 2017

Table of Contents

Table of Contents

Business Model: Three data-centric businesses

- Aucfan (*the Company* or *the Group*) develops three distinct business divisions; Media, Marketplace and Solution, each with Data at the core.



- Price comparison service, *aucfan.com*
- B2B online purchasing platform (NETSEA)
- Asset liquidation services (ReValue)
- SaaS for online stores

Executive Summary

Financial Results	Net sales ¥1,818M (48% progress), ordinary income ¥216M (47% progress).
Media	Unique Visitors recovered. Free subscriptions increased. Yet Paid subscriptions decreased, ARPPU* greatly increased.
Market-place	NETSEA and ReValue well achieved. Cross-border trading started with strong partnership.
Solution	Invested in system development. Restructuring rapidly in progress.

* ARPPU: Average Revenue Per Paid Users

Table of Contents

FY2017 Consolidated Results (as of Q2)

- Net sales and ordinary income developed as forecasted. Operating income fell behind.

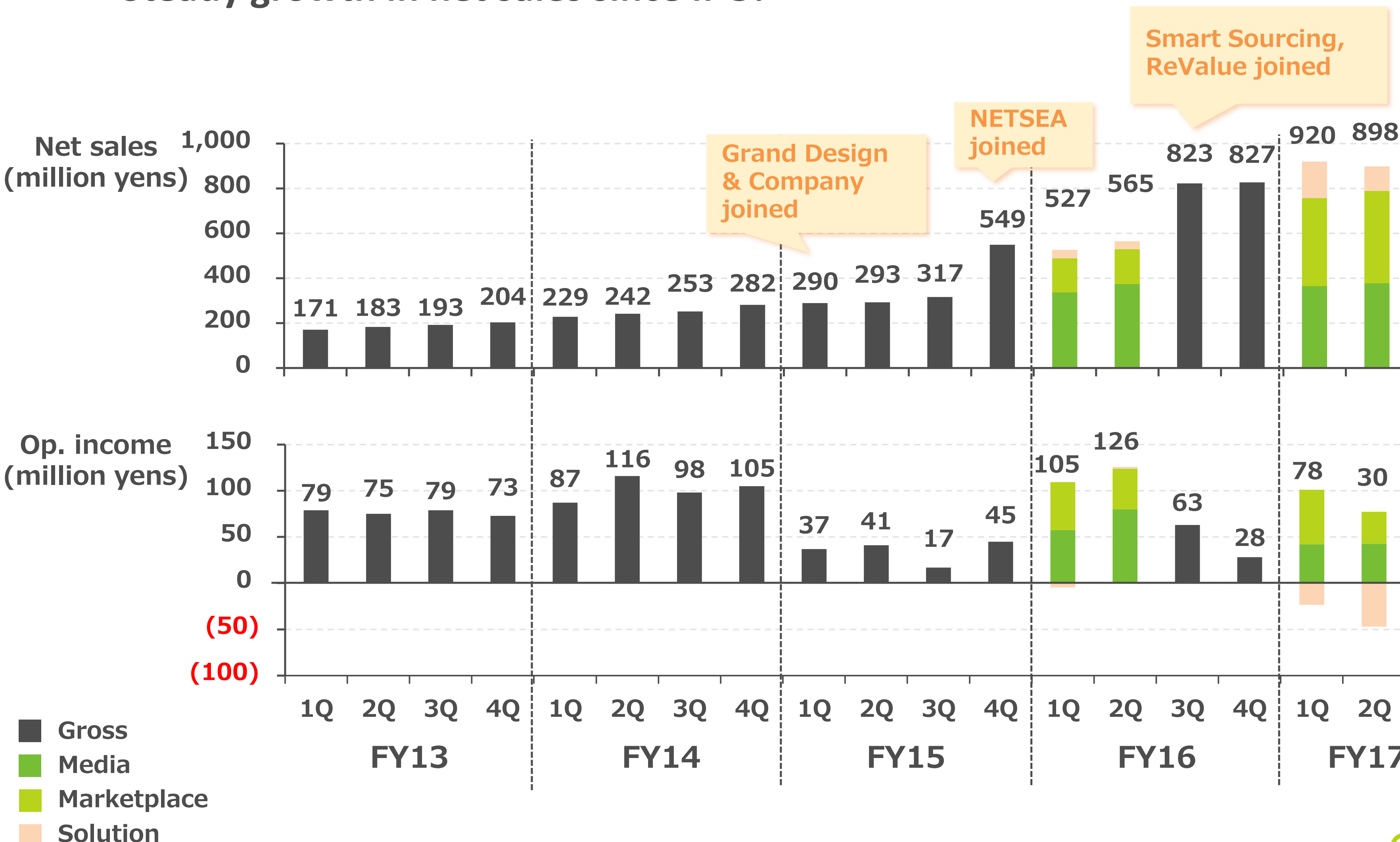
(Unit: million yen)

	Results (Q2 FY2016)	Results (Q2 FY2017)	Forecast and Progress
Net sales	1,075	1,818 (+69%)	3,815 (+48%)
Operating income	229	113 (▲50%)	415 (+27%)
Ordinary income	236	216 (▲8%)	461 (+47%)
Net income	278	80 (▲71%)	321 (+26%)

* Numbers in parentheses are year-on-year changes

Revenue and Profitability Trend

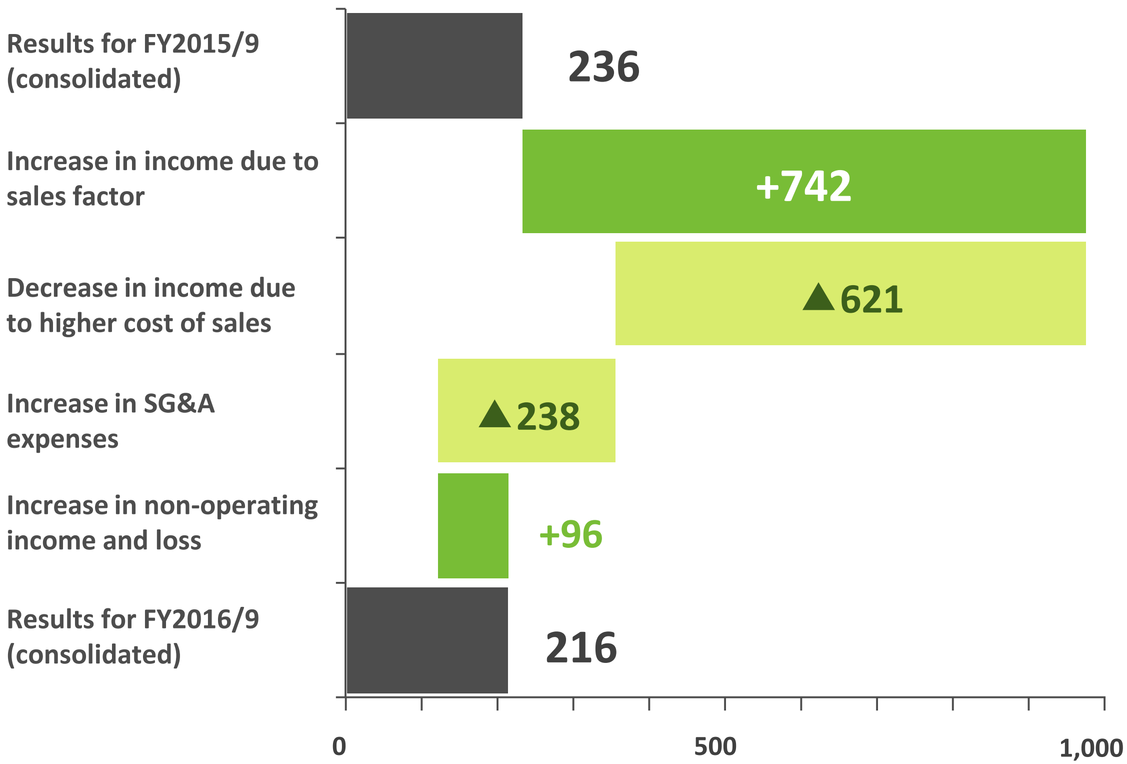
- Steady growth in net sales since IPO.



Overview of Financial Results (1/2)

- **Purchasing cost increased (yet inventory cycle time < 2 months). SG&A increased as business expands.**

Factor analysis of increase in expenses for ordinary income



<Major factors for change>

Media	+104
Marketplace	+502
Solution	+265

Purchasing cost	▲570
● Cost of goods	▲485
● Cost of advertisement	▲85
Business consignment expenses	▲59
Depreciation	▲3

Personnel expenses	▲161
Rent	▲20
Depreciation	▲17
Business consignment expenses	▲10
Advertising expenses	+33

Gains on sales of securities	+90

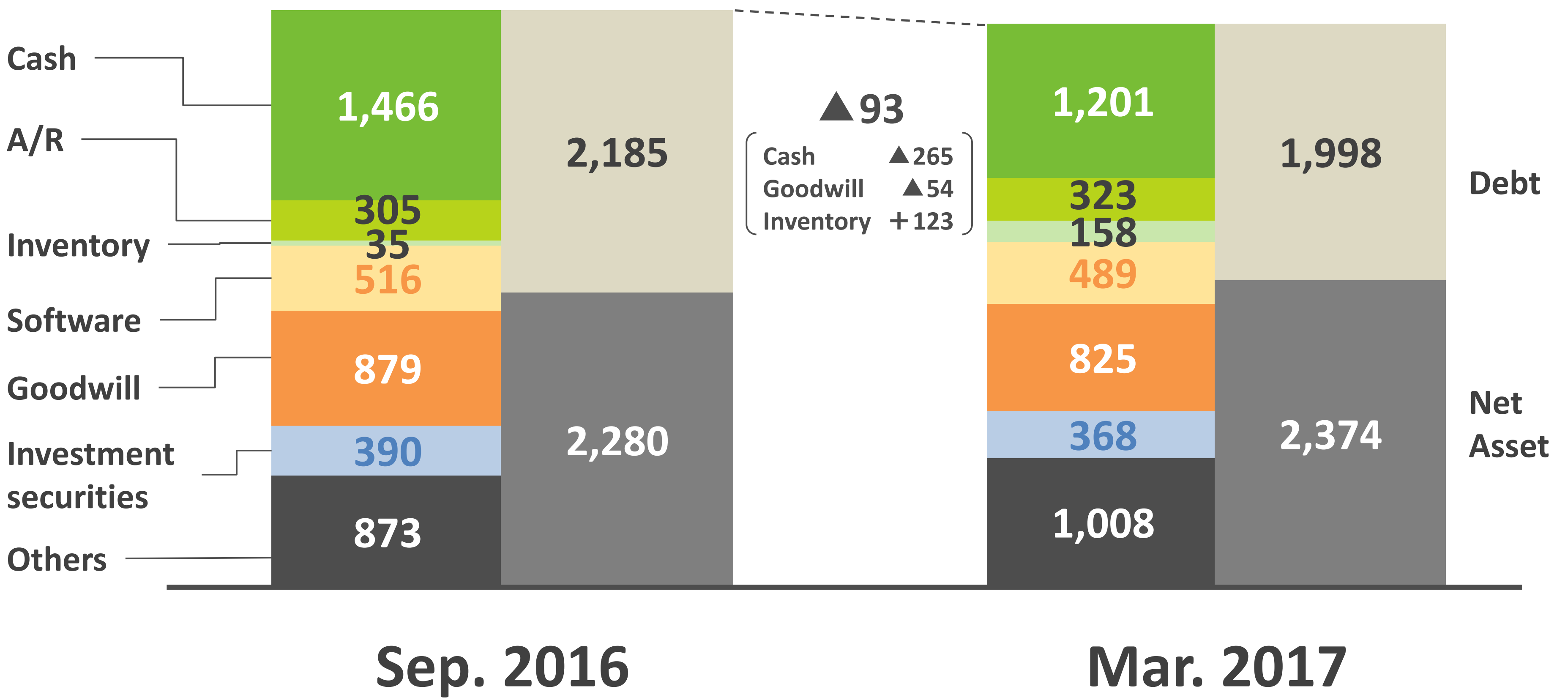
(Unit: million yens)

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

Overview of Financial Results (2/2)

- Total assets decreased to 4.3 billion yens. Capital-to-asset ratio remains as high as 54%.

(Unit: million yens)



- Continue **prioritizing the top-line;** growth pulls the profit.

- **Focus and concentrate**. Continue investing on strategic advantages as well as restructuring non-profitable divisions.

Milestones for Achieving FY2017 Targets (progress)

aucfan

- ***The Group*** **will build strong businesses to achieve net sales of 3.8 billion yen and ordinary income of 460 million yen for the current fiscal year.**

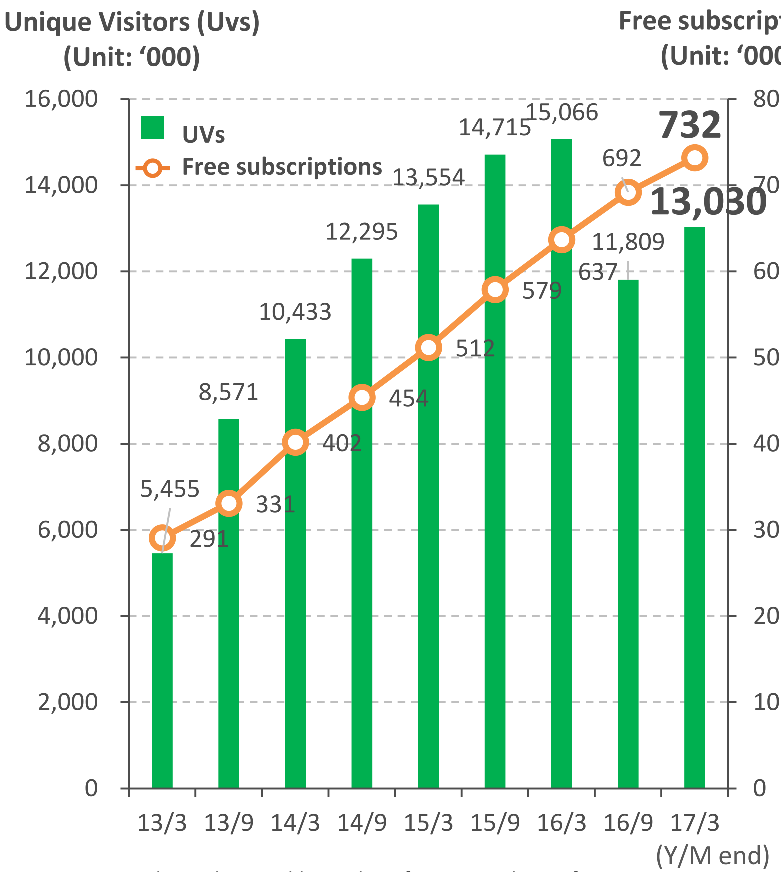
	Q1 (Oct. – Dec.)	Q2 (Jan. – Mar.)	Q3 (Apr. - June)	Q4 (Jul. – Sept.)
Media	Release yet another premium plan with a monthly fee of 5,980 yen (Aucfan Pro Plus). DONE Add in-app purchase function to smartphone applications. DONE Release a detailed new product page. DONE	Initiate a new service for emerging markets such as flea markets apps/hand-made apps. DONE	Develop a single userbase throughout *the Group*.	Start up a new service using our own data. Initiate revenue-share business.
Marketplace	Start business as SynaBiz Co., Ltd. DONE Implement projects to celebrate the 10th anniversary of NETSEA. DONE	Release “Share Auc,” a new inventory liquidation service. Accelerate cross-border transactions for China by forming a strategic business alliance with a Chinese distributor. DONE	Cooperate with external venders of inventory management and voucher management systems. Open up and focus on a new item category. (NETSEA).	Expand channels for sales to brick-and-mortar stores and special events. DONE
Solution	Begin providing TATENPO Guide to leading system vendors as OEM. DONE TATENPO Guide begins to comply with ebay. DONE	Initiate “offline affiliate” business on offline events. DONE	TATENPO Guide plans to respond to cross-border EC platform in China.	Start up services with Eventec as the core.

Note: The initiatives above are only plans of the Group as of this moment, and priority, timing and implementation may change due to the business environment.

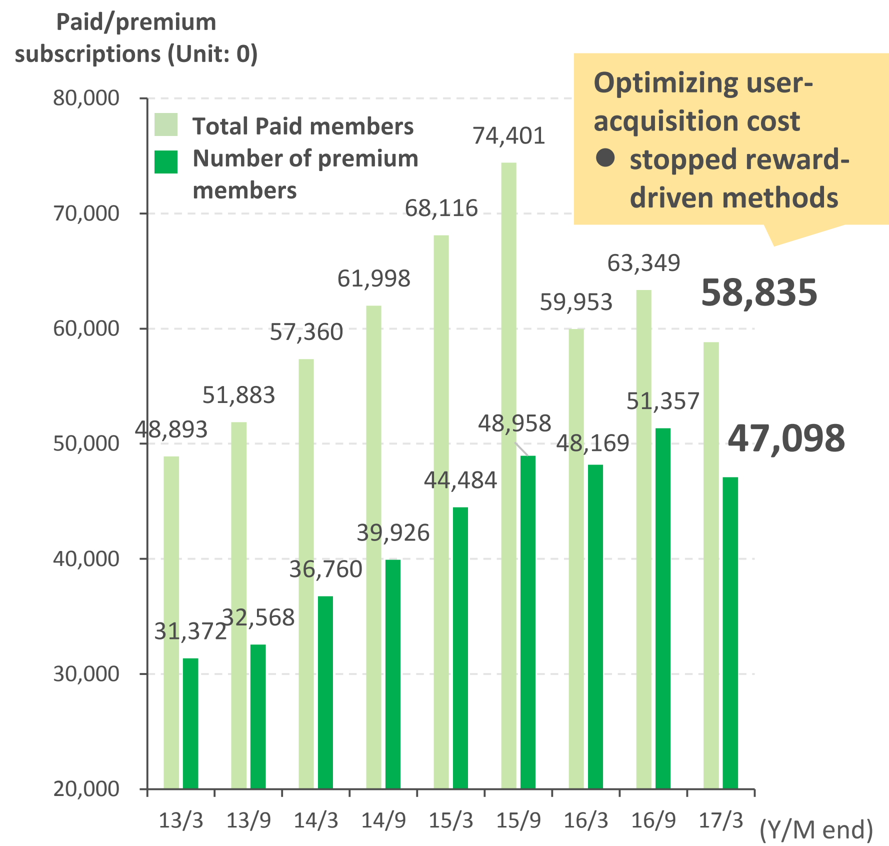
Table of Contents

Key Performance Index (1/2)

Unique Visitors recuperated and the growth in free subscriptions continued. Paid subscriptions decreased due to optimizing user acquisition cost.



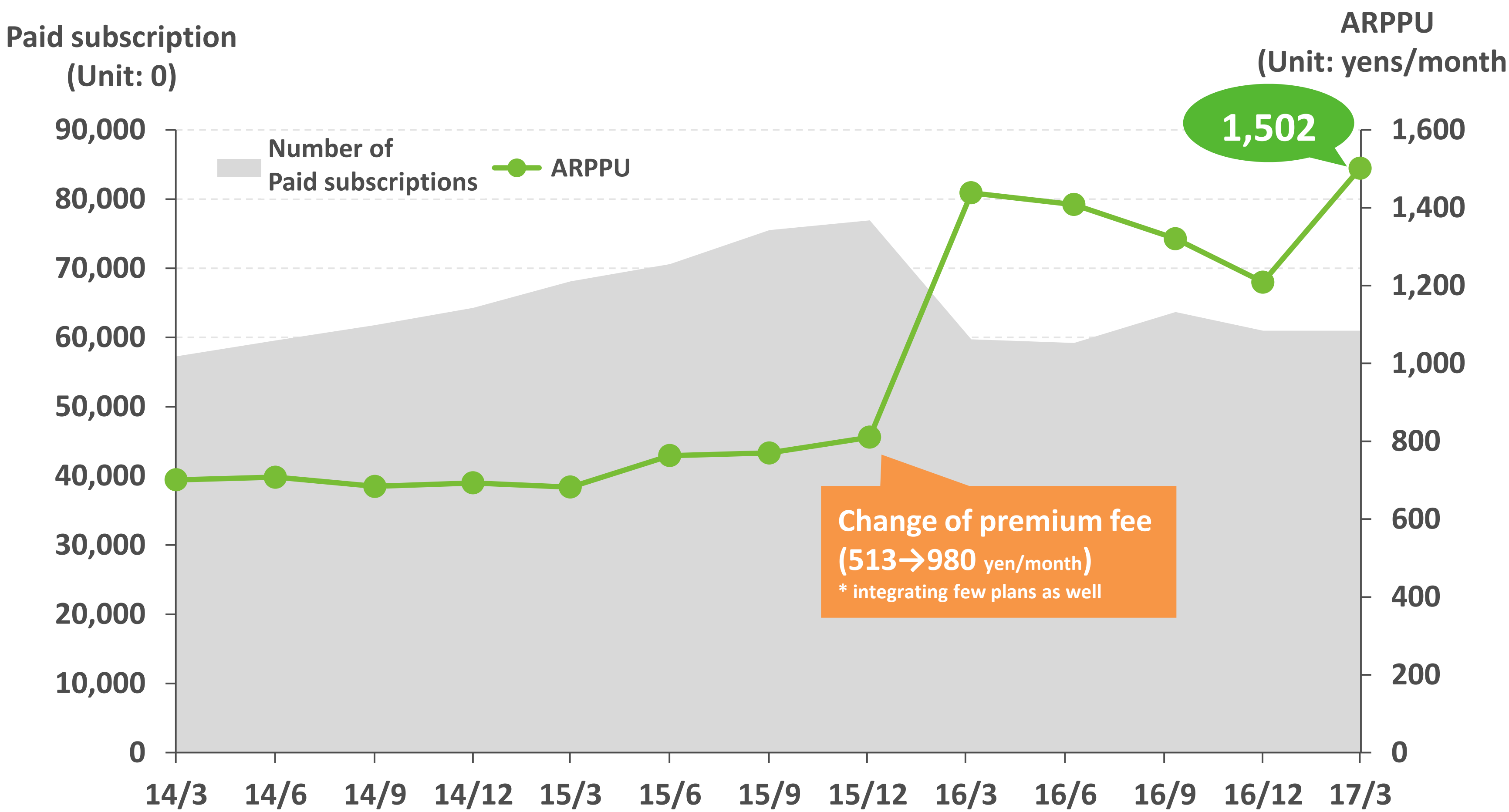
* Unique visitors indicate the monthly number of visitors to the Aucfan sites.
* The number of free members indicates the number of all registered members on the Aucfan sites.



* The number of premium members indicates the number of Aucfan premium members that pay a monthly fee of 324 yen or 980 yen (both tax-inclusive).
* The number of paid members indicates the number of members, including members for paid services such as Aucfan Pro and option services, in addition to Aucfan premium members.

Key Performance Index (2/2)

- ARPPU recorded as high as 1,500 yens/month.



aucfan