Showcase-Tv

Financial results for FY12/17

(January 1–December 31, 2017)



February 20, 2018

Showcase-Tv Inc.

TSE1: 3909

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1 Earnings highlights

- **Earnings summary**
- **Financial highlights**
- **Business topics**

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Full-year FY12/17 earnings summary

- **Recorded seventh straight year of sales growth: up 35.1% YoY** (Note 1)
- **Moved ahead with selection and concentration; shifted to high-margin businesses**
- **Promoted diversification and globalization through proactive business investment**
- **Enhanced DD** (Note 2) **and PMI** (Note 3)**, based on lessons learned from impairment loss on investments**

Note 1: Showcase-Tv started consolidated reporting from Q2 FY12/17. YoY comparison is versus the parent's financial results in FY12/16.
Note 2: DD refers to due diligence, or assessing the value of and risks inherent in the companies and funds in which Showcase-Tv invests.
Note 3: PMI refers to post-merger integration, the integration process following a merger or acquisition.

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Recorded seventh straight year of sales growth

- Sales up (**+35.1%** YoY)
- Ordinary income margin: **8.9%**
- Equity ratio: **46.9%**

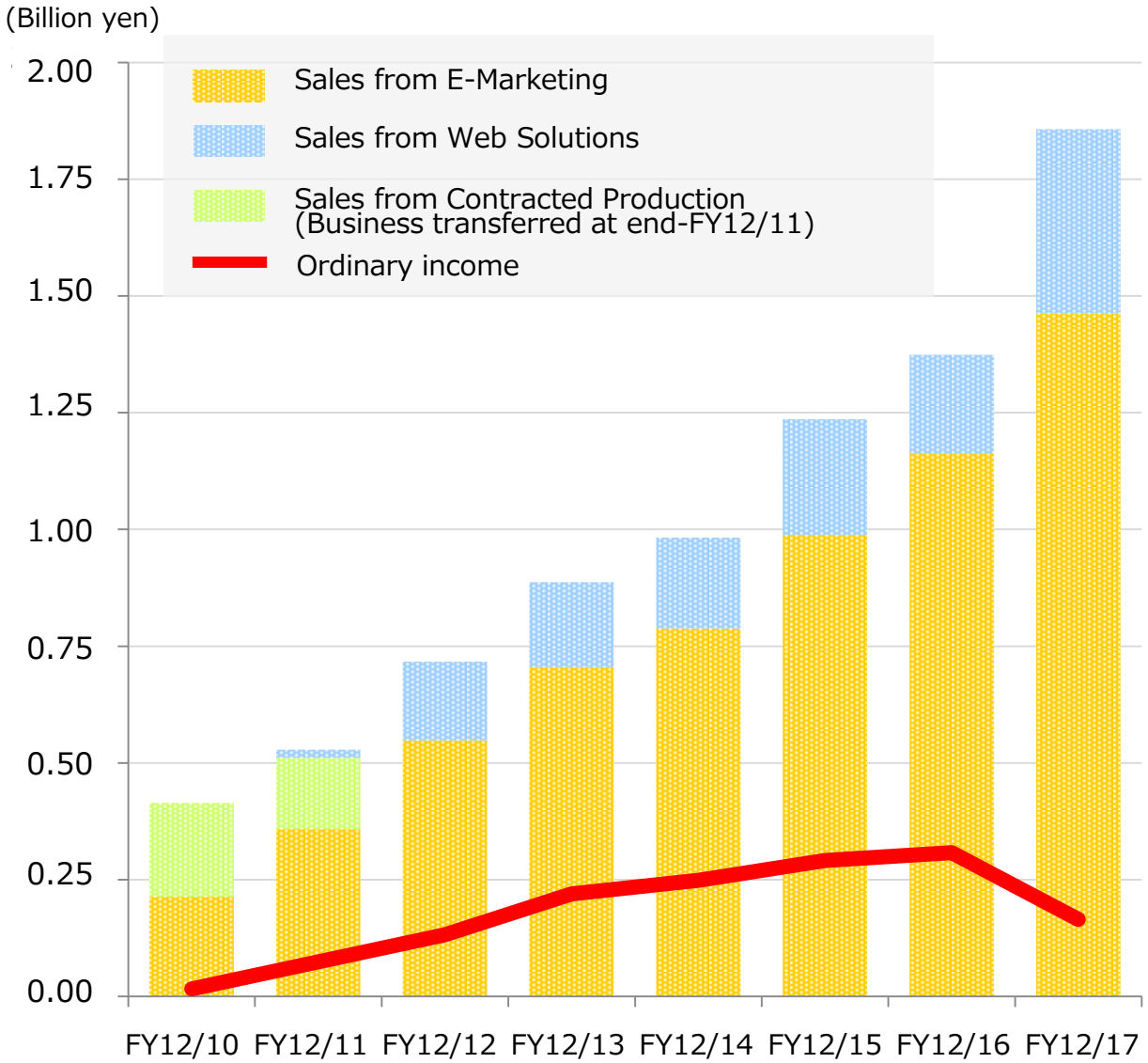
	FY12/17 (Million yen)
Sales	1,858
Operating income	193
Ordinary income	165
Net income	13

Note: Showcase-Tv started consolidated reporting from Q2 FY12/17. The scope of consolidation includes Akuru, Inc., Increws Co., Ltd., galaxy inc., and Showcase Capital Inc. ANDG Co., Ltd. is an equity-method affiliate.
YoY comparison is versus parent's financial results in FY12/16.

Initial earnings forecasts were revised down substantially due to an impairment loss arising from a filing for bankruptcy protection by Plus One Marketing Ltd., one-time expenses related to the scaling down of unprofitable services based on selection and concentration, and upfront spending in new service development. However, **profits hit bottom in FY12/17,** and **Showcase-Tv aims at rapid growth in FY12/18** as the company shifts to the cloud-based service business—a highly profitable, recurring-revenue business.

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Sales and ordinary income



Sales
JPY1.858bn

EBITDA
JPY314mn

Operating loss
on investments
JPY101mn

Ordinary income
JPY165mn

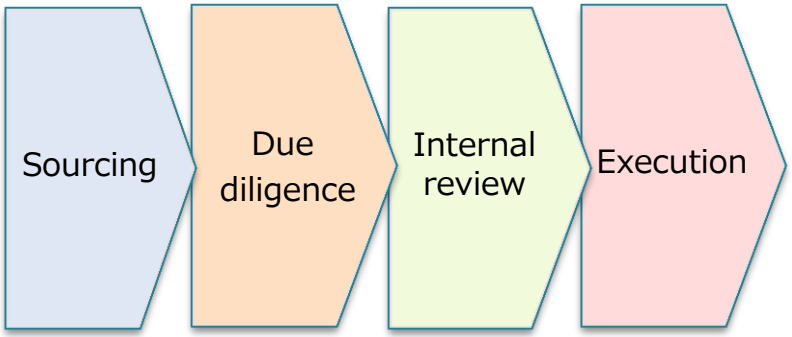
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Enhanced DD and PMI, based on lessons learned from impairment loss on investments

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Previous

Deal flow

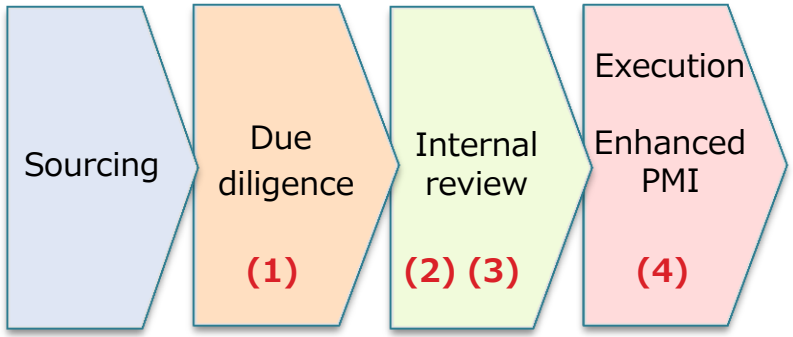


Past issues, based on reflection

- DD performed only by in-house resources
- Insufficient personnel and time for review
- No maximum investment limit
- Insufficient post-execution PMI policy and structure

Future

Deal flow



Areas to improve

(1) Involve external specialists in DD
(2) Reinforce internal structure by changing the deal flow
(3) Disperse risk by setting portfolio strategy
(4) Enhance PMI by involving external specialists

After making these improvements, continue with proactive, large-scale business investment

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2 Financial results for FY12/17

FY12/17 financial results

- Income statement
- Half-year sales trends (consolidated)
- Sales and profits in mainstay businesses
- Breakdown of expenses
- Balance sheet
- Cash flow statement

FY12/18 earnings forecast

- Full-year earnings forecast
- Performance (historical and forecast)

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Consolidated income statement

(Million yen)	FY12/17 (Consolidated)	FY12/16
Sales	**1,858**	**1,375**
E-Marketing	1,462	1,163
Web Solutions	395	211
Investments	-	-
CoGS	**560**	**290**
Gross profit	**1,297**	**1,084**
SG&A	**1,104**	**752**
Operating income	**193**	**331**
Ordinary income	**165**	**308**
EBITDA	**314**	**389**
Profit attributable to owners of parent	**13**	**176**

Note: Showcase-Tv started consolidated reporting from Q2 FY12/17. YoY comparison is versus parent's financial results in FY12/16.

Sales **+35.1% YoY** **Hit another record high**

Sales rose YoY, underpinned by **robust performance in existing services** and the inclusion of the sales of subsidiaries following the start of consolidated reporting.

Expenses **+59.5% YoY** **Increased with business expansion**

Up overall due to the inclusion of expenses of subsidiaries following the start of consolidated reporting

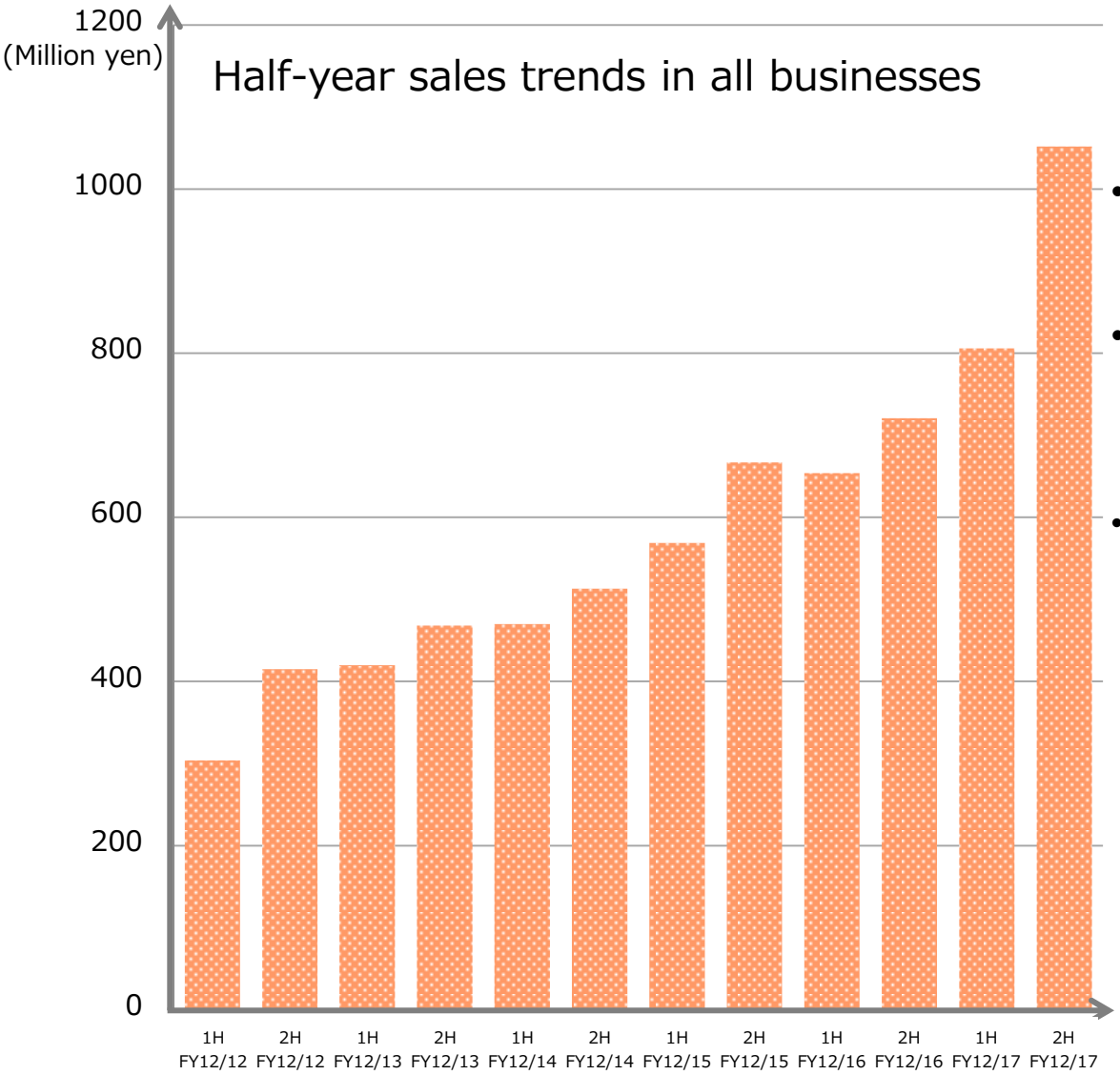
Posted JPY100mn impairment loss as CoGS as a result of the filing for bankruptcy protection of Plus One Marketing Ltd., a Showcase Capital investee

Profits **Operating income and ordinary income bottomed out in FY12/17.**

- **Operating income: -41.7% YoY**
- **Ordinary income: -46.1% YoY**
  Down mainly due to a rise in expenses mentioned above
- **EBITDA: -19.2% YoY**
  EBITDA would have been up (JPY414mn), except for the impairment loss.
  EBITDA: Operating income + depreciation + amortization of goodwill
- **Profit attributable to owners of parent: -92.2% YoY**
  Upon starting consolidated reporting, we posted an extraordinary loss of JPY78mn as the result of a loss on step acquisition and an impairment loss due to the scaling down of unprofitable services.

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Half-year sales trends (consolidated)

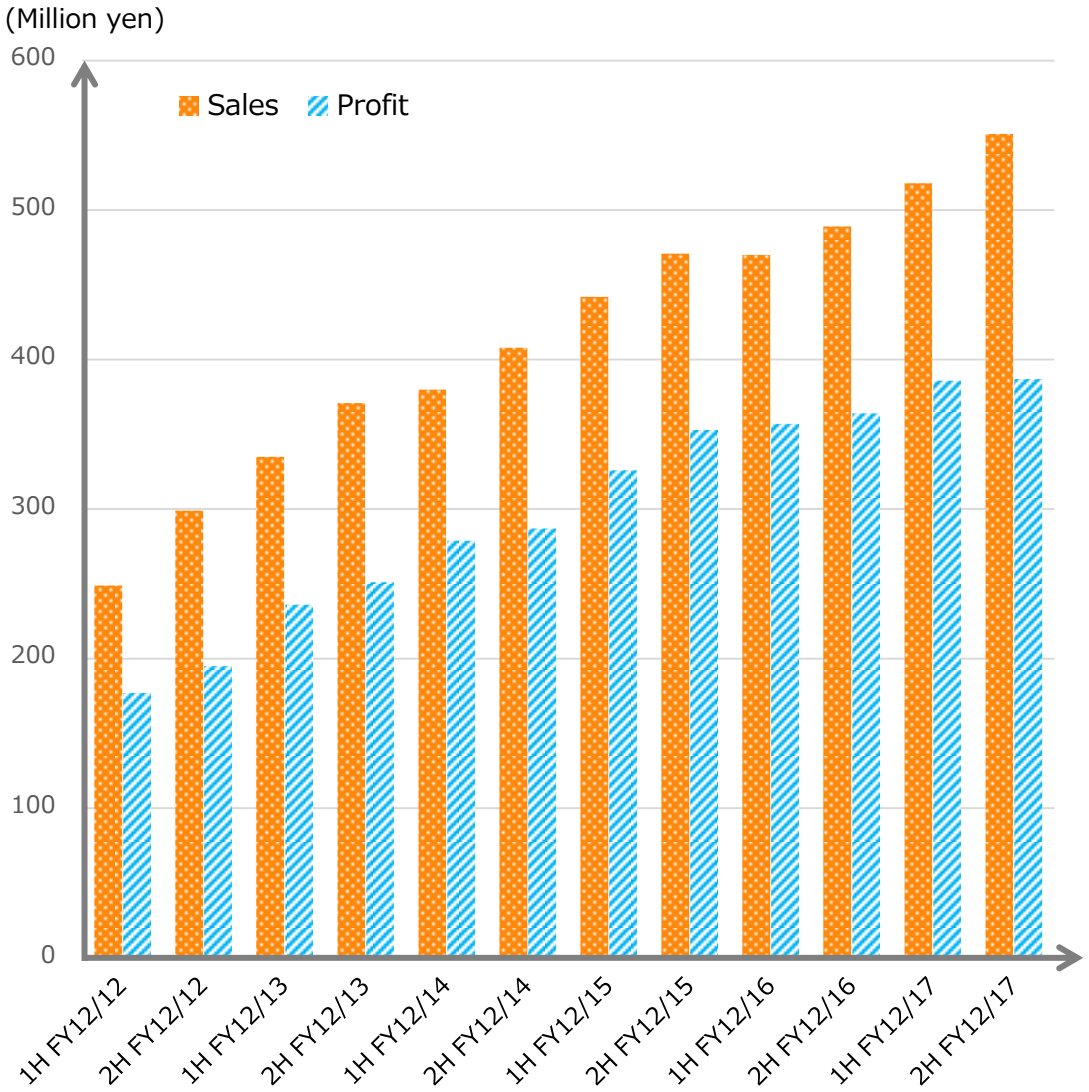


- **Steady sales growth**, driven by **recurring-revenue business**
- **Unprecedented rate of growth** achieved by proactive business investment
- Consolidated sales in FY12/17 **surged 35.1% YoY**

Note: Showcase-Tv started consolidated reporting from Q2 FY12/17. YoY comparison is versus parent's financial results in FY12/16.

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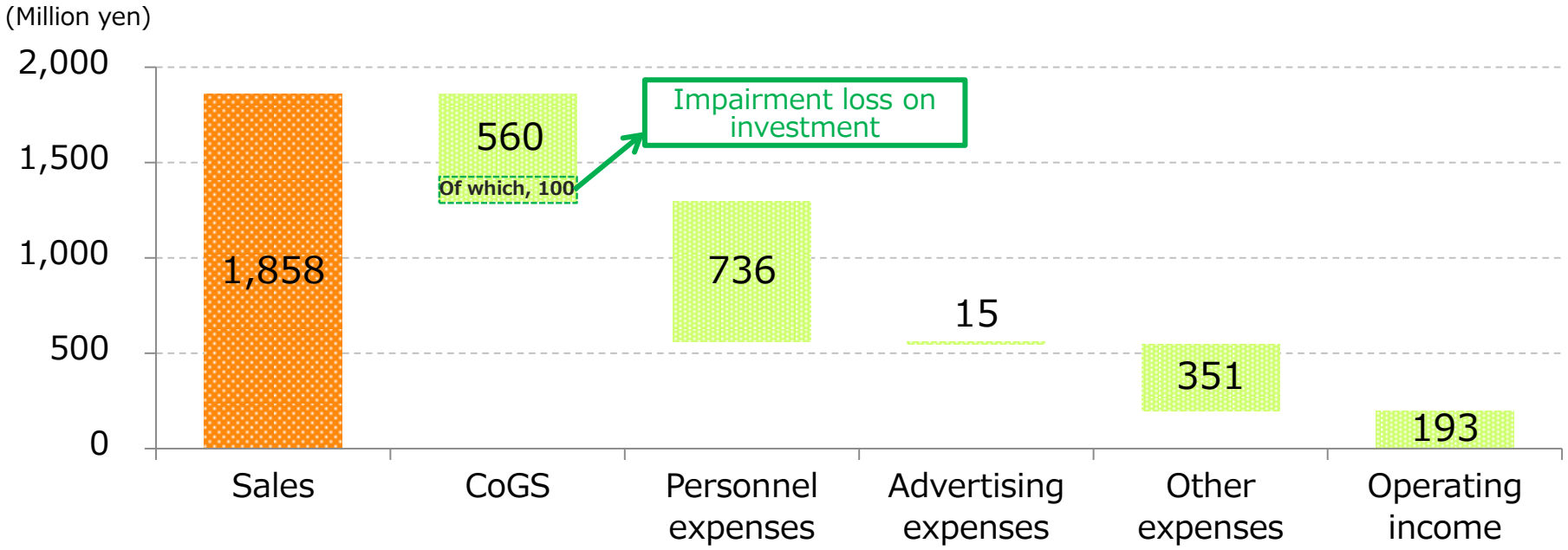
Sales and profit from NaviCast and ProTech series



- **Robust sales growth** in existing services was driven mainly by NaviCast Form Assist (entry form optimization).
- New services released in FY12/17 were introduced by major clients and provided to OEMs, **contributing to higher sales.**
- Sales growth is expected to continue from FY12/18 through **expanding functionality of existing services, accelerating sales of new services released in FY12/17, and the launch of additional new services.**

Breakdown of expenses

- The operating income margin was **10.4%**, affected by higher expenses, mainly from the impairment loss on Plus One Marketing Ltd. However, operating income bottomed out in FY12/17, as the company shifted to highly profitable, **cloud-based recurring-revenue business**.
- We engaged in **upfront spending to secure personnel for sales and development**, contributing to future sales growth. Expenses rose due to the start of consolidated reporting (and the accompanying rise in personnel costs from subsidiaries). However, thanks to higher sales we were able to keep personnel expenses below 40% of sales, at **39.6%**.
- **CoGS rose 92.9% YoY, affected temporarily** by the posting of a JPY100mn impairment loss relating to investment in Plus One Marketing Ltd.



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Balance sheet (consolidated)

(Million yen)	End-FY12/17	End-FY12/16
Current assets	**1,563**	**980**
Fixed assets	**1,021**	**468**
Tangible fixed assets	25	17
Intangible fixed assets	625	126
Investment and other assets	370	324
Total assets	**2,584**	**1,448**
Current liabilities	**654**	**165**
Fixed liabilities	702	-
Net assets	**1,227**	**1,282**

Current assets — **Cash and cash equivalents up 47.0% YoY**

Cash and deposits increased as a result of gains from operating and financing activities despite investments due to active equity participation in all businesses.

	End-FY12/16	→ End-FY12/17
• Cash and deposits	JPY776mn	JPY1,141mn

Fixed assets — **Goodwill rose due to acquisition of shares in subsidiaries**

Goodwill rose due to the acquisition of shares in subsidiaries. (Some are before distribution of assets by purchase price allocation.)

	End-FY12/16	→ End-FY12/17
• Goodwill	JPY36mn	JPY386mn

Liabilities — **Financial leverage improved, backed up by borrowings from banks**

Maintained favorable relationships with financial institutions, including JPY200mn in overdraft borrowings and JPY881mn in long-term borrowings, of which borrowings by consolidated subsidiaries totaled JPY109mn

Net assets — **Equity ratio was 46.9%; maintained solid financial position**

Equity ratio declined due to an increase in liabilities, but the financial base remained stable

	End-FY12/16	→ End-FY12/17
• Equity	JPY1,278mn	JPY1,211mn
• Equity ratio	88.3%	46.9%

Note: Showcase-Tv started consolidated reporting from Q2 FY12/17. YoY comparison is versus parent's financial results in FY12/16.

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Cash flow statement (consolidated)

(Million yen)

(Million yen)	FY12/17	FY12/16
Operating cash flow	**51**	**297**
Investing cash flow	**(573)**	**(250)**
Free cash flow	(522)	47
Financing cash flow	**875**	**(33)**
Increase (decrease) in cash and cash equivalents	352	14
Cash and cash equivalents at beginning of period	776	762
Cash and cash equivalents at end of period	**1,141**	**776**

Operating CF — **Down substantially due to write-down of operational investment securities**

- Profit before income taxes 87
- Depreciation, amortization of goodwill 120
- Income taxes paid (85)
- Increase in operational investment securities (174)

Investing CF — **Mainly attributable to disbursement for active equity participation**

- Purchase of intangible assets (84)
- Purchase of investment securities (73)
- Purchase of shares of subsidiaries (172)
- Payments for transfer of business (271)

Financing CF — **Mainly attributable to proceeds from long-term loans payable and cash dividends paid**

- Net increase (decrease) in short-term loans 200
- Proceeds from long-term loans payable 800
- Repayments of long-term loans payable (76)
- Cash dividends paid (53)

Note: Showcase-Tv started consolidated reporting from Q2 FY12/17. YoY comparison is versus parent's financial results in FY12/16.

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Full-year earnings forecast

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Further accelerate growth and aim to **expand sales, profits, and dividends**

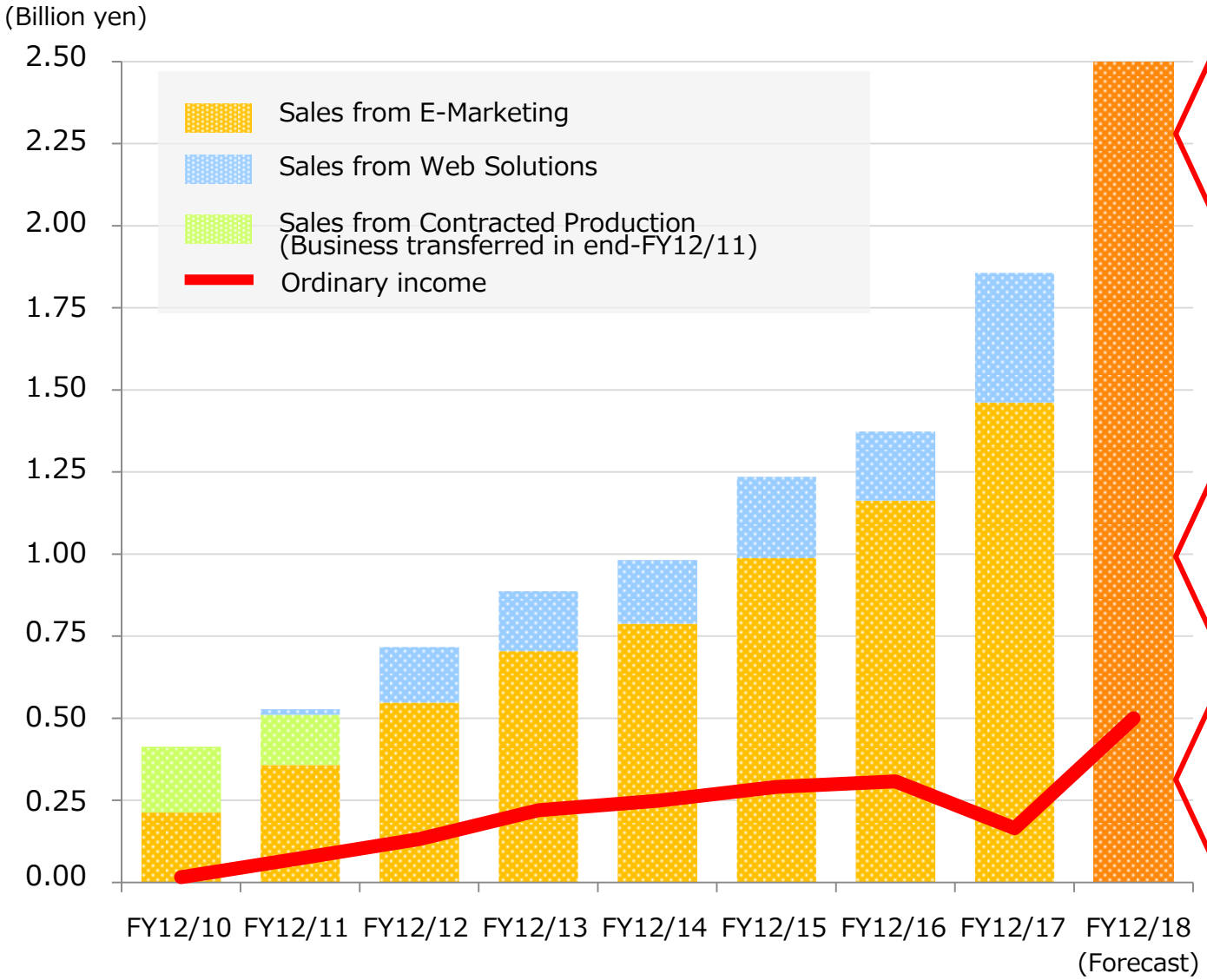
- We **aim to increase sales** by expanding existing businesses and consolidated subsidiaries' operations.
- We **anticipate profit growth** due to a **shift** to **cloud-based recurring-revenue business**—a highly profitable earnings driver. We expect the increase in sales to outpace a rise in expenses (new product R&D expenses and upfront spending on personnel, to strengthen the sales force).
- We target a payout ratio of about 15.0% and a dividend per share of JPY6.6. This figure represents an ordinary **dividend increase** compared with JPY5.5 in FY12/17.

FY12/18 Earnings Forecast (Million yen)

Sales	2,500	(+34.5% YoY)
Operating income	500	(+158.3% YoY)
Ordinary income	500	(+201.3% YoY)
Net income	300	(+2,080.1% YoY)
EBITDA	667	(+112.3% YoY)
Dividend per share (yen)	6.6	(+20.0% YoY)

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Performance (historical and forecast)



Sales
JPY2.5bn

EBITDA
JPY667mn

Ordinary income
JPY500mn

Ordinary income margin
20.0%

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3 Growth strategies and medium-term targets

Three growth strategies

- Cultivate existing businesses
- Generate revenue from new businesses
- Diversify through M&A

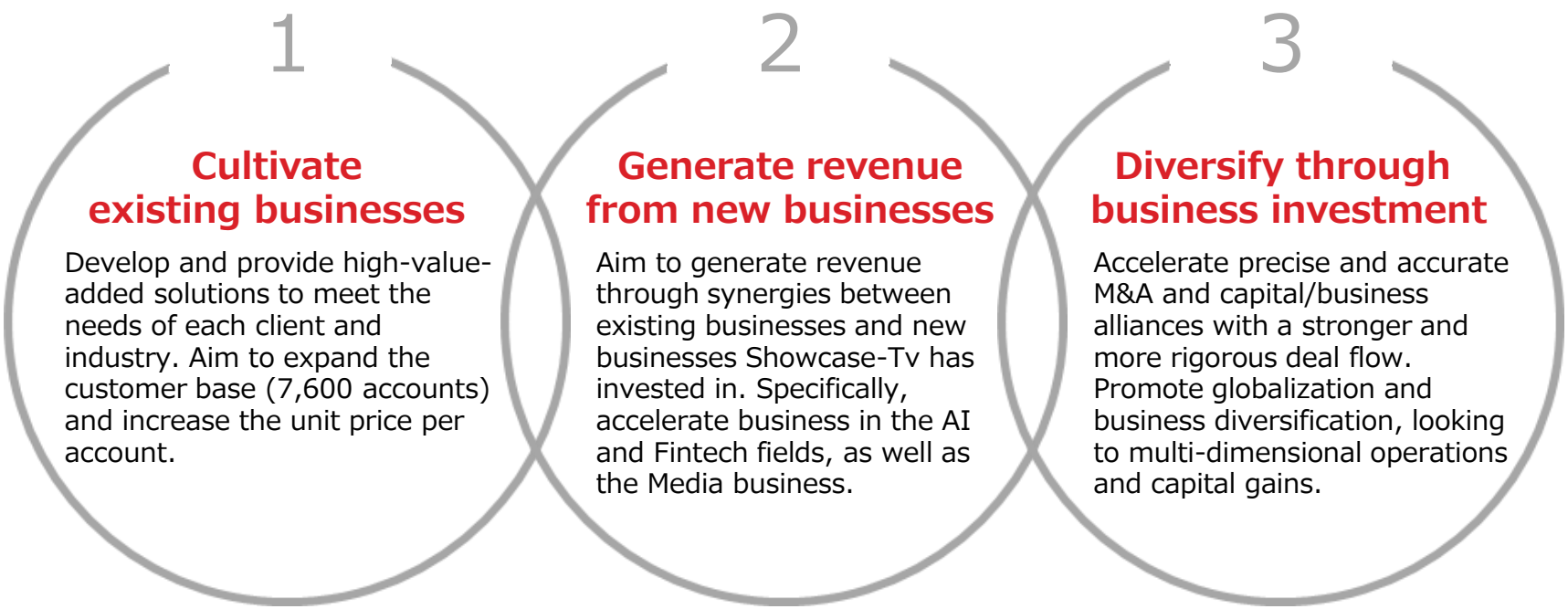
Medium-term targets

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Overview

As a global company, Showcase-Tv is targeting consolidated sales of JPY100bn. In the medium term, the company aims for **consolidated sales of JPY10bn in FY12/21** and is moving ahead with proactive business development based on three growth strategies.



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1. Cultivate existing businesses

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Financial	Real Estate	E-Commerce	Human Resources	Media

Online marketing optimization services / Security services

Higher ad efficiency	Website optimization	Higher conversion rate		Higher security	Customized content
Customer acquisition (Optimize ads)	**Easy to browse** (Optimize display)	**Easy to understand** (Optimize intra-site marketing)	**Easy to fill out** (Optimize entry form)	**Conversion**	**Payment** (Prevent unauthorized use)	**Moving on to customer acquisition** (Automate marketing)

Proprietary technologies and expertise

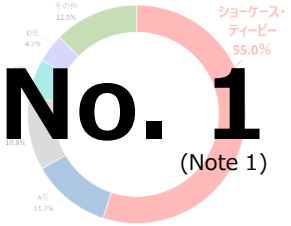
Website optimization and security patents



11 patents

Extensive track record and customer base

Share of entry form optimization (EFO)



No. 1 (Note 1)

A/B testing share



No. 1 (Note 2)

Number of data management platform (DMP) browsers

1.3 billion

Number of cumulative accounts

7,600

Note 1: Source: "ITR Market View: E-mail/Online Marketing Market for 2018"
Note 2: Source: "DataSign Report—Listed Companies Research, December 2017" by DataSign Inc.

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1. Cultivate existing businesses

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Financial	Real Estate	E-Commerce	Human Resources	Media
Solutions (FinTech)	**Solutions** (RS-Tech)	**Solutions** (EC-Tech)	**Solutions** (HR-Tech)	**Platform** (AD-Tech)

Unique Big Data on anonymous user attributes and behavior accumulated through **more than 1.3 billion browsing sessions**

Develop and provide proprietary services using **11 patents in Japan and overseas and expertise** in website optimization and security areas such as authentication and encryption

Customer base of 7,600 accounts built through introduction and operation at leading companies in financial, real estate, human resources, and e-commerce industries

ZUNOH

User behavior | **Conversion-focused DMP** | **User attributes**

Further data accumulation | **Growth of existing businesses**

Addition of security services

Increase in number of accounts × **Higher** account unit price

Expansion of website optimization services

Increase usability and operability for users visiting websites and dispel concerns about security

Optimize marketing and security of online business for companies operating websites and apps

NaviCast, ProTech, Akuru, ZUNOH, Audio guide Q, 仲介名人, Go! Store

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2. Generate revenue from new businesses

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O2O
IoT
Fintech
AR・VR
Big Data
AI
Robotics RPA

ZUNOH

User behavior | Conversion-focused DMP | User attributes

Further data accumulation | Growth of existing businesses

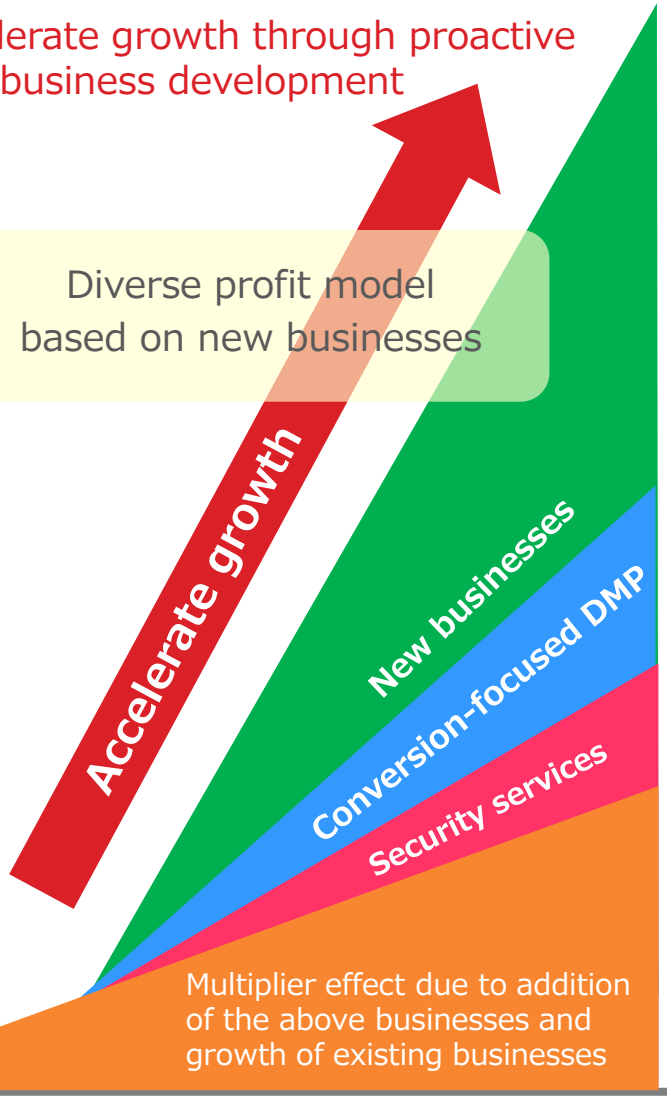
Addition of security services

Increase in number of accounts × **Higher** account unit price

Expansion of website optimization services

Accelerate growth through proactive new business development

Diverse profit model based on new businesses



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2. Generate revenue from new businesses

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Diverse profit model based on new businesses



AR・VR O2O

Big Data

AI

Big Data

Fintech

Work together with Tokyo Dome Corporation (alliance partner) and SpaceAgent, Inc. (Showcase-Tv investee), targeting fast-expanding inbound market and *minpaku* guest-house market. Also, work with Real World Games Co., Ltd., which develops and provides augmented reality (AR) games; and promote development of solutions that combine location and map information with Showcase-Tv's Big Data.

Analyze conversion-focused DMP "ZUNOH" in collaboration with COGNIROBO Inc. and the Center for Education and Research, Faculty of Data Science, Shiga University. Provide AI solutions, generated from the analysis, to Space-Tv's customers. Further, aim to grow earnings by leveraging AI technologies of Articoolo Inc. (Showcase-Tv investee) in the Media business, and launch a Japanese-language version of the product.

Akuru, Inc. (consolidated subsidiary) provides fraud prevention solutions and chargeback guarantee services, and is expected to move into the black in FY12/18. Accelerate revenue generation by leveraging Showcase-Tv's customer base and technologies. Promote development of new payment methods to replace credit cards.

Akuru

Accelerate further growth by collaborating with alliance partners and Showcase-Tv investees, leveraging each company's strengths, including Showcase-Tv's existing businesses, and creating new businesses and services

Financial Solutions (FinTech)	**Real Estate** Solutions (RS-Tech)	**E-Commerce** Solutions (EC-Tech)	**Human Resources** Solutions (HR-Tech)	**Media Platform** (AD-Tech)

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3. Diversify through business investment

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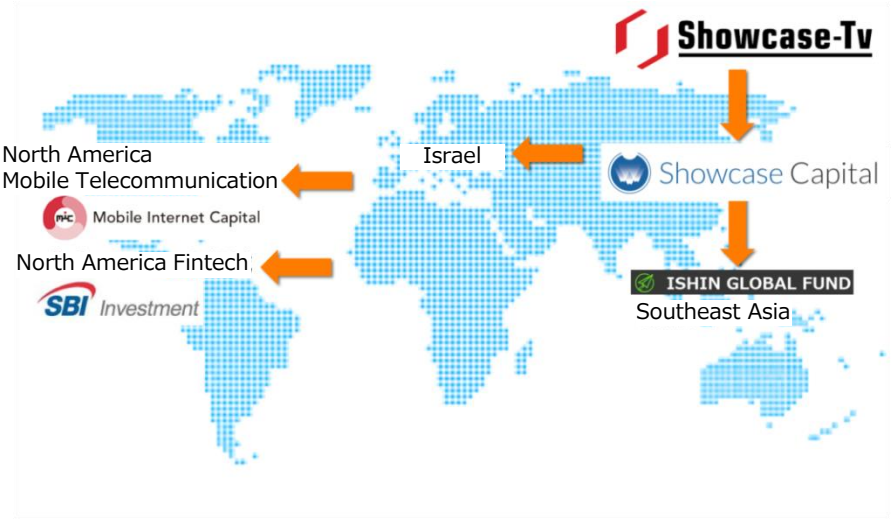
Showcase Capital

Accelerate domestic and overseas business investments, expand trade area, and diversify business

Showcase Capital is a CVC* company that looks to promote open innovation with technological ventures, achieve capital gains, accelerate group growth, and expand earnings.

The company will actively invest in global start-ups in North America, Israel, Europe, and Southeast Asia, as well as start-ups in Japan. (Part of the investments are made through funds in which Showcase-Tv invests via limited partnerships.)

Utilizing Showcase-Tv's solid customer base and cloud-based technologies, Showcase Capital helps overseas companies entering the Japanese market to grow. The company also provides support when Showcase-Tv enters overseas markets.



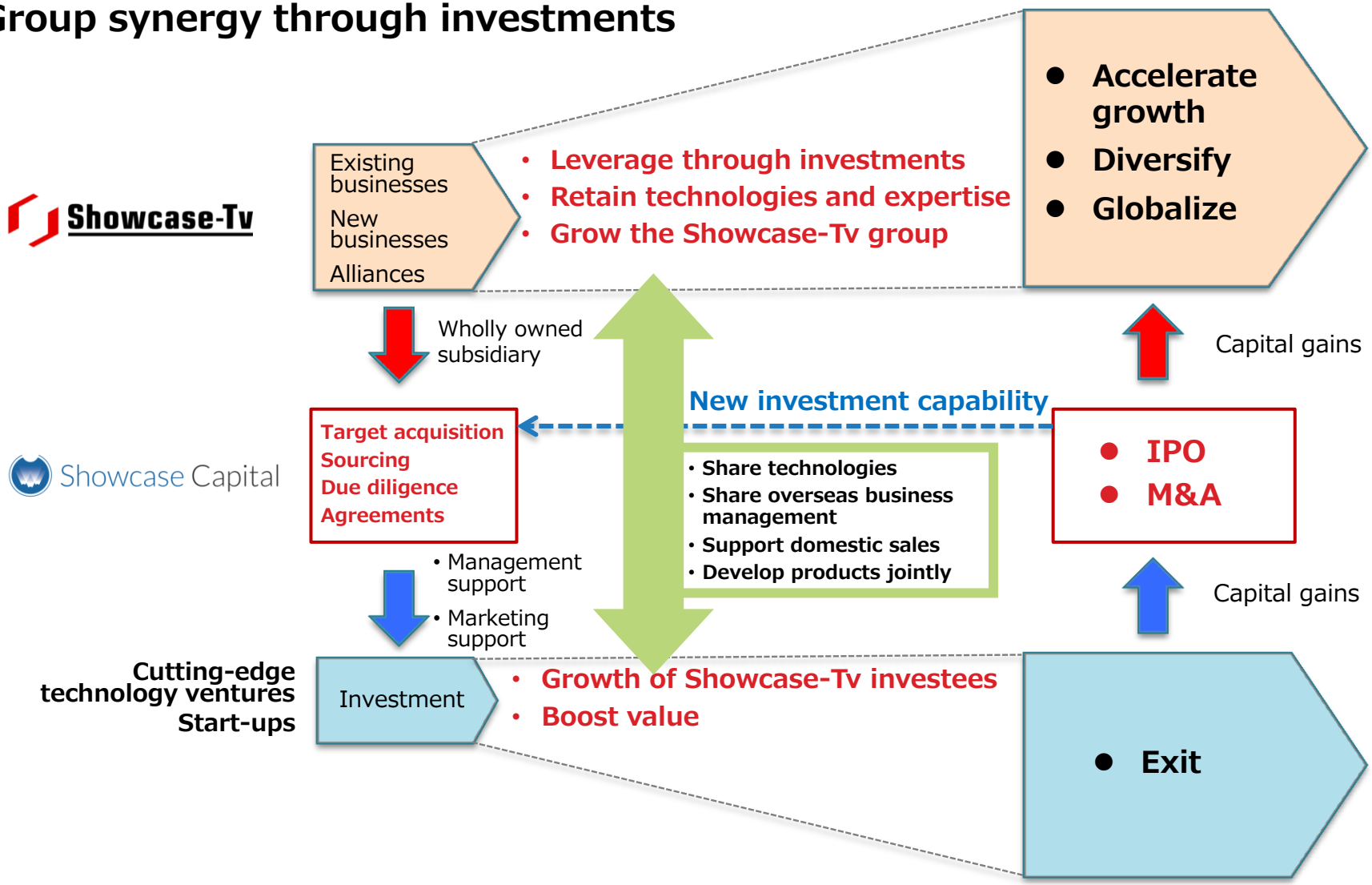
*Corporate Venture Capital (CVC)

A CVC company is a venture capital company that invests in newly established companies and start-ups to achieve business synergies. Operating companies use their funds for investments.

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3. Diversify through business investment

Group synergy through investments



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3. Diversify through business investment

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Showcase Capital **Investments in 2017**

Showcase-Tv investees	Overview of business	Current status
FREETEL Japan	Manufactures and sells mobile terminals and operates the MVNO business (Note 1)	• Main operator filed for bankruptcy protection on December 4, 2017 • Considering alliance with MAYA SYSTEM Inc., a FREETEL brand transferee
bplats Japan	Develops and supplies subscription platforms for IoT and cloud areas	• Considering the leveraging of subscription platform at Showcase-Tv • Sales alliance
Real World Games Japan	Develops and provides augmented reality games using proprietary map engines and location information management systems	• Plans to conduct demonstration tests with Kobe City and Tokyo Tower • Considering development and provision of new marketing services through overall management support and mutual data link
SPACE AGENT Japan	Operates minpaku-bukken.com, which is a marketplace for *minpaku* guest-houses	• Stable growth of sales and profits • System tie-ups and alliance in real estate services • Provides support to improve conversion rate at minpaku-bukken.com by utilizing website optimization services
articoolo Israel	Provides automatic article creation service using artificial intelligence (AI)	• Promotes proof of concept (POC) with large global companies • Showcase-Tv cooperates on development and sales of Japanese-language version services • Launch of Japanese-language version services in the first half of 2018

Note 1: The MVNO business was transferred to Rakuten, Inc. on November 1, 2017.

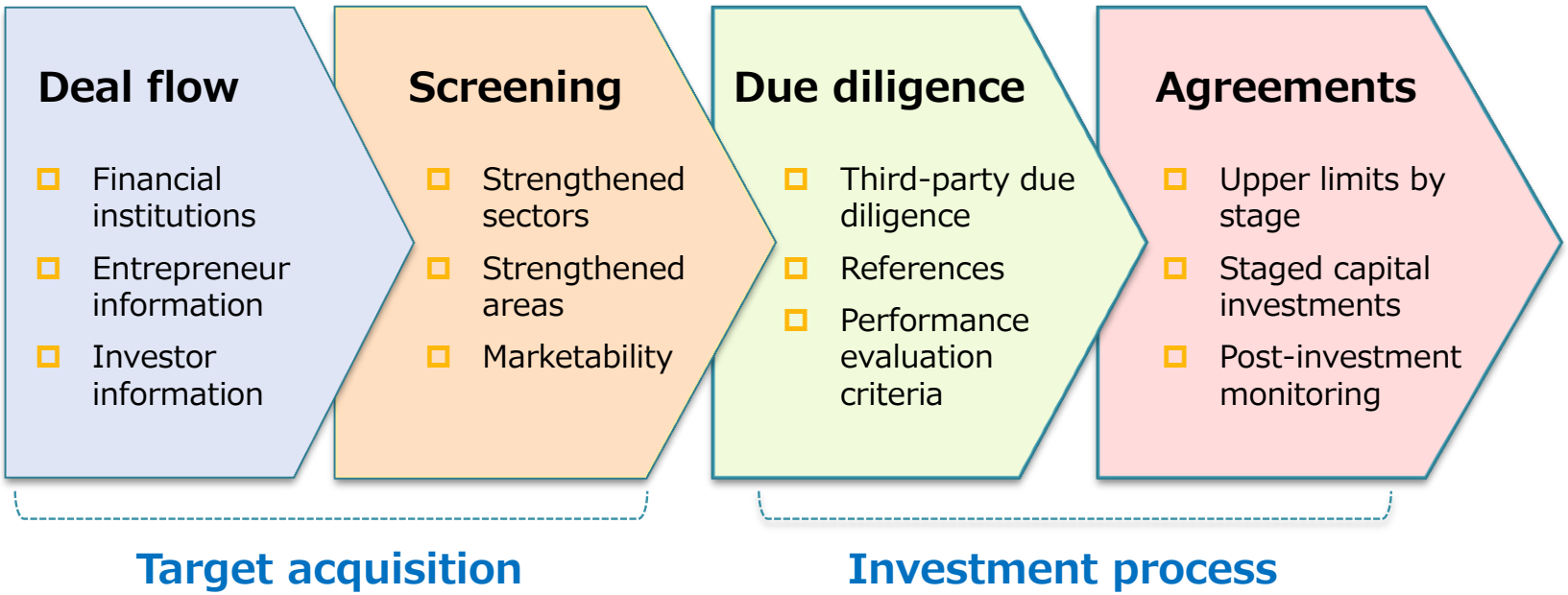
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3. Diversify through business investment

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Showcase Capital

Strengthen the deal flow and achieve precise and accurate investments



Make the deal flow more systematic, from target acquisition through to post-investment monitoring; maximize returns while controlling risks

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3. Diversify through business investment

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Active business development not just domestically but globally

Russia

Israel
- Invested in one company
- Considering investment in and alliances with several companies

India

Singapore

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Showcase Capital

US
- Ongoing alliance with several companies
- Considering investment in several companies

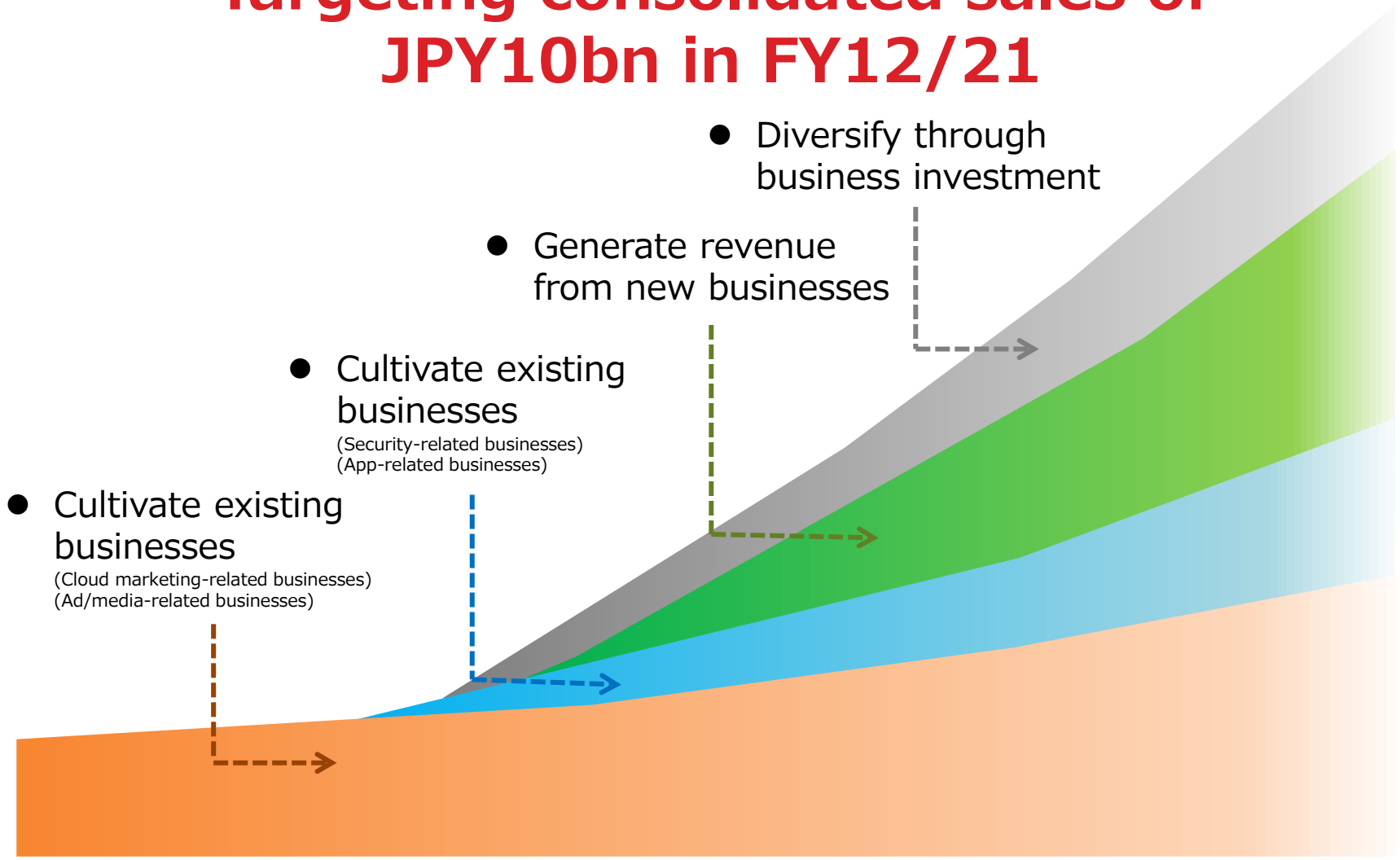


Move into areas of higher technology and spur interest in the Japanese market

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FY12/21 targets

Targeting consolidated sales of JPY10bn in FY12/21



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4 Appendix

- **Company overview**
  - Company overview
  - Corporate philosophy
  - Business outline and patents held
  - Major corporate clients
  - Service lineup
- **Group companies**
  - Akuru
  - Increws
  - galaxy
  - COGNIROBO
- **Press releases in FY12/17**
- **CSR activities**

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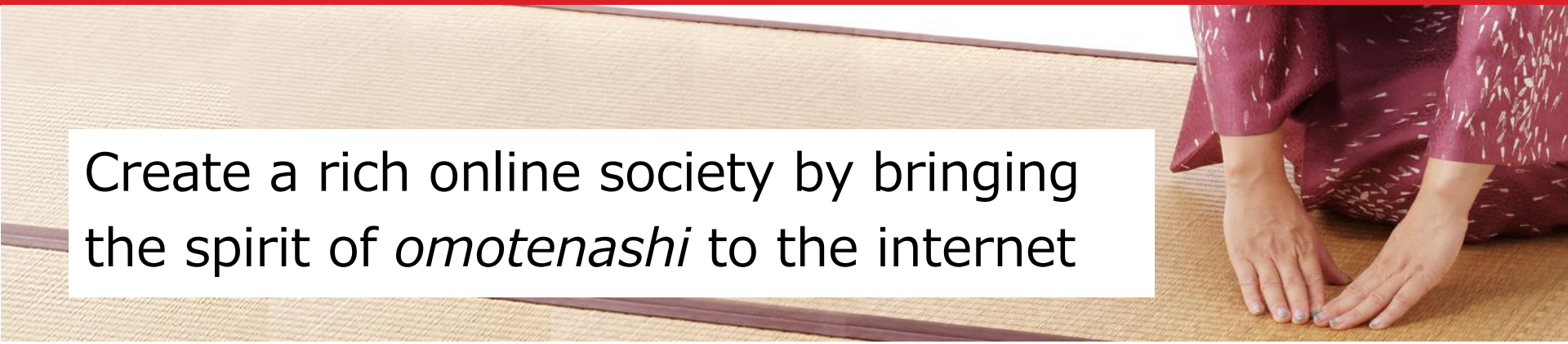
Company overview

• Company name	Showcase-Tv Inc.
• Listing	Tokyo Stock Exchange First Section Securities code: 3909
• Head office	4F, Shoei Akasaka Building, 3-21-13 Akasaka, Minato-ku, Tokyo
• Established	February 1, 1996 (Company name changed in merger in November 2005.)
• Capital	JPY336,214,000 (as of December 31, 2017)
• Shares issued	6,768,000 (One unit: 100 shares) (as of December 31, 2017)
• Employees	99 (as of December 31, 2017)
• Representative	Masahiro Mori, President and CEO
• Corporate philosophy	Create a rich online society by bringing the spirit of *omotenashi** to the internet

* The Japanese word *omotenashi*, roughly translated as "hospitality," was popularized by the Japan team in its bid to host the 2020 Tokyo Olympics. The company has considered *omotenashi* one of its guiding principles from the time of its founding. Masahiro Mori, the company's president, born in Ishikawa Prefecture, was impressed with the spirit of *omotenashi* he saw at Japanese inns, especially at the venerable Kagaya inn, his hometown's main industry. Wanting to put this spirit in the context of online services, he made *omotenashi* a guiding principle of the company.

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Corporate philosophy



Create a rich online society by bringing the spirit of *omotenashi* to the internet

Make the internet more user- and human-friendly

Showcase-Tv's businesses are aimed at making websites easy to browse, understand, and fill in for anyone, from any communication device, and in any situation.

We seek to create a rich online society by offering enhanced usability (user-friendly, entertaining, and approachable features) to each user through a combination of advanced technologies and our spirit of *omotenashi* (hospitality).

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Business outline and patents held

Business outline

We provide the NaviCast series, which uses website optimization technologies to raise conversion rates.
We also operate an online marketing support business, utilizing DMPs*1 and artificial intelligence (AI).

E-Marketing	Web Solutions	Investments
Provide website optimization service (utilizing patented technologies), security service, and data service to distribute highly effective ads (utilizing conversion-focused DMP*1)	Offer various solution and content services, such as O2O and cloud-based audio guides, and respond comprehensively to issues related to smartphone apps	Operate an investment business targeting domestic and overseas venture companies that have unique technologies and expertise in areas having potential synergies with Showcase-Tv (AI, Fintech, VR/AR, and mobile content)

*1 DMP: Data management platform

Patents held by Showcase-Tv

1.	Technology for entry form optimization	Japan	Acquired in February 2010
2.	Technology for display optimization on smartphones	Japan	Acquired in March 2012
3.	Technology for intra-site marketing optimization	Japan	Acquired in August 2012
4.	Technology for display optimization on smartphones	US	Acquired in October 2012
5.	Technology for display optimization on smartphones	Singapore	Acquired in April 2013
6.	Technology for display optimization on smartphones	Brunei	Acquired in April 2013
7.	Technology for personalized intra-site marketing optimization	Japan	Acquired in November 2013
8.	Technology for entry form autocompletion in different websites	Japan	Acquired in October 2015
9.	Technology for display optimization on smartphones	Malaysia	Acquired in May 2016
10.	Technology for encryption of personal information using mobile terminals	Japan	Acquired in July 2016
11.	Technology for authentication that makes login possible without entry of ID or password	Japan	Acquired in January 2017

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Major corporate clients

We have built a customer base of more than 7,600 accounts by deploying our products at leading companies in the financial (including three domestic megabanks), human resources, real estate, and e-commerce industries.

(As of end of December 2017)

Financial institutions

Banks

- Aeon Bank, Ltd.
- The Japan Net Bank, Limited
- SBI Sumishin Net Bank, Ltd.
- Mizuho Bank, Ltd.
- Sumitomo Mitsui Banking Corporation
- The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Credit and credit card companies

- Aplus Co., Ltd.
- Idemitsu Credit Co., Ltd.
- SBI Card Co., Ltd.
- Orient Corporation
- NTT Finance Corporation
- Credit Saison Co., Ltd.
- JALCARD, Co., Ltd.
- Cedyna Financial Corporation
- Viewcard Co., Ltd.
- Life Card Co., Ltd.

Life and nonlife insurance companies

- AXA Direct Life Insurance Co., Ltd.
- Aflac Insurance Services Company Limited
- E.design Insurance Co., Ltd.
- Saison Automobile & Fire Insurance Co., Ltd.
- Tokio Marine & Nichido Life Insurance Co., Ltd.

Securities and FX companies

- SBI Securities Co., Ltd.
- Okasan Online Securities Co., Ltd.
- Gaitame.com Co., Ltd.
- Central Tanshi FX Co., Ltd.
- Nomura Securities Co., Ltd.
- Matsui Securities Co., Ltd.
- Monex, Inc.
- Money Partners Co., Ltd.
- Rakuten Securities, Inc.

Human resources

- Adecco Ltd.
- Personal Career Co., Ltd. (formerly Intelligence Co., Ltd.)
- Career Design Center Co., Ltd.
- Pasona Human Solutions Inc.
- Benesse Corporation
- Recruit Career Co., Ltd.
- Recruit Holdings Co., Ltd.

Real estate

- Apahau Co., Ltd.
- Iwaki Tochi Tatemono Co., Ltd.
- Katsura Fudosan Co., Ltd.
- Tokyu Resort Corporation
- LIFULL Co., Ltd.
- Sumitomo Mitsui Trust Realty Co., Ltd.
- Tokyu Land Corporation

E-commerce

- Asahi Breweries, Ltd.
- ABC-MART, Inc.
- S&B Foods Inc.
- Oak Lawn Marketing, Inc.
- Autoc one K.K.
- CAINZ Co., Ltd.
- KOSÉ Provision Co., Ltd.
- Sanyo Shokai Ltd.
- Senshukai Co., Ltd.
- Daimaru Matsuzakaya Department Stores Co. Ltd.
- Nissen Co., Ltd.
- Bike O & Company Ltd.
- Bandai Co., Ltd.
- Future Shop Co., Ltd.
- AEON.com Co., Ltd.
- Vitabrid Japan Inc.

And many more

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Service lineup

Website optimization service

- Deployment of NaviCast series services exceeded 7,600 accounts.
- In the entry form optimization market, NaviCast Form Assist ranked No. 1 for four years running in share of sales by vendors.*

NaviCast®

Cloud-based website optimization service that makes websites
easy to browse, understand, and fill in



Site Personalizer
NaviCast

Real time and automatic customer service that optimizes intra-site marketing with a spirit of *omotenashi* (hospitality)

Smart Link
NaviCast

Navigation tool that automatically displays images of product suggestions on smartphones

Form GROWTH

Consulting service to develop entry forms that lead users straight to conversion

Form Assist
NaviCast

Entry form optimization service with overwhelming presence supported by patented technologies

Smartphone Converter
NaviCast

Display optimization service on smartphones utilizing patented technologies granted in five countries

Form Converter
NaviCast

Display optimization service geared to entry forms on smartphones

Smartphone Analysis
NaviCast

Analysis service for visualizing user behavior on smartphone sites

View Assist
NaviCast

Communication service where users and operators can easily share screens

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*Source: “ITR Market View: E-mail/Online Marketing Market for 2018”

Service lineup

Security service and Big Data analysis/leverage service

ProTech

Service to enhance security on websites for

- Preventing unauthorized logins and spoofing
- Preventing opportunity loss caused by input errors

Mail Checker

Service to check the legitimacy of email address in real time and prevent conversion/opportunity loss



Now preparing new services

Security service focused on optical character recognition (OCR) function

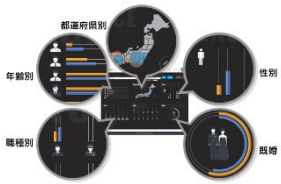
Service for analyzing and utilizing Big Data to maximize ROI of marketing activities

DMPs

ZUNOH

Proprietary DMP that accumulates user attributes and behavioral data (highly reliable and in real time)

New functions added



Audience Insight

DMP that compares user attributes from industry peers with those of Audience Insights' users; uses analysis function to stay in tune with user trends, helping its users be competitive against industry peers

Ad distribution

Ad NaviCast

Highly efficient and accurate ad distribution service utilizing proprietary targeting data

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Service lineup

Web Solutions

- Released a new version of Chukaimeijin, a CMS service dedicated to real estate websites that makes website building more flexible
- Provided Audio guide Q, a cloud-based multilingual audio guide app, as an official app for the Furusato Matsuri Tokyo

Our solutions make the internet more user-friendly, entertaining, and approachable by providing inspirational user experiences with a spirit of *omotenashi* (hospitality) and cutting-edge technologies.

CMS

Revamped

仲介名人

CMS service dedicated to real estate websites
Strong in SEO and portal linking



App

Official app for the Furusato Matsui Tokyo for two years running

Many inquiries from various leisure venues

Audio guide Q

Cloud-based multilingual audio guide app service



AR/VR

SHOWRISE

VR service that gives users a lifelike experience of new-property interiors and exteriors even before they are completed

O2O

Go! Store

Highly sophisticated O2O app service with various features to increase customer traffic

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Akuru

Resolves payment-related problems, centering on chargeback solutions

❖ Akuru's core businesses

Provides fraud protection solutions to e-commerce site operators, who are Showcase-Tv's main customers

- Chargeback guarantee service
- Fraud detection service
- Business support consulting for payment service providers (PSPs)
- Chargeback Insight
  Information dissemination to member stores

❖ Highlights

■ Continued to expand alliances with payment intermediary companies

- October 2017: Started providing chargeback guarantee service (fixed fee plan) to member stores in collaboration with **SoftBank Payment Service Corp.**
- October 2017: Allied with **PAYGENT Co., Ltd.** and started providing chargeback guarantee service to member stores

■ Launched ASUKA, a fraud prevention tool

- November 2017: Started providing AKUSA, a fraud prevention tool developed by Akuru, to member stores of **GMO Epsilon, Inc.**

About chargeback
If a credit card holder refuses to pay an amount invoiced by a credit card company on the grounds that a credit card was used illegally by a third party, the credit card company will perform a chargeback, cancelling the sale by the e-commerce operator.

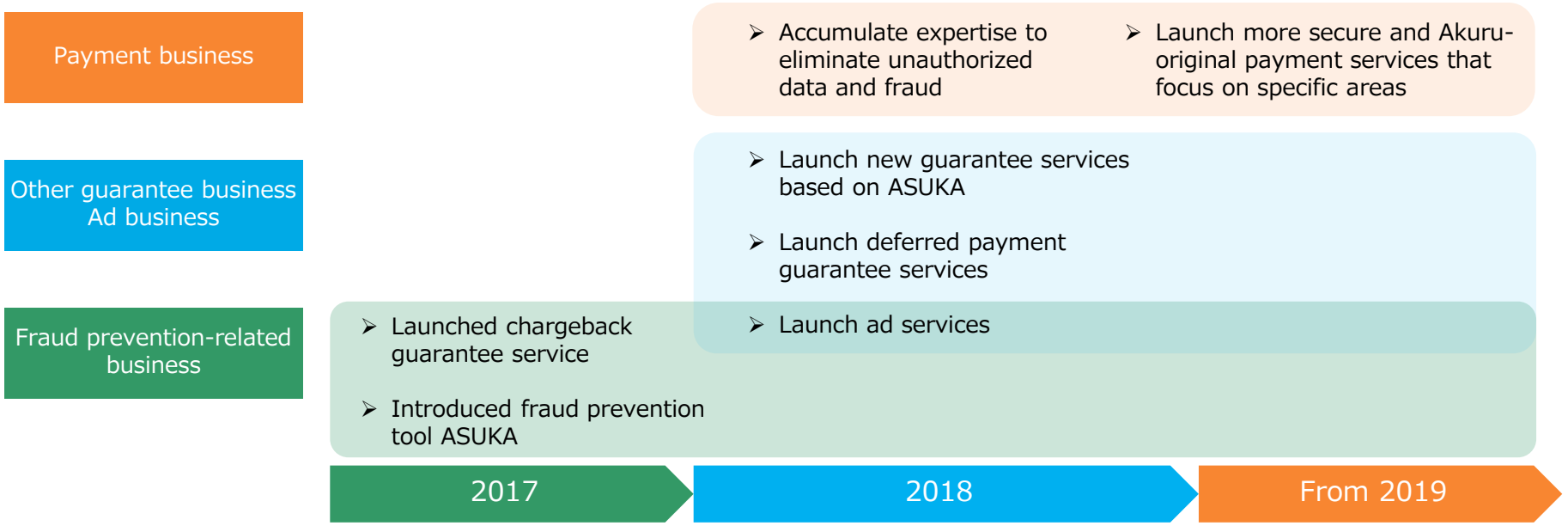
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Akuru

Aims to make a full-fledged entry into the payment business by leveraging solutions to payment-related problems

❖ Initiatives in 2018 aimed at developing the payment business from 2019

In 2018, Akuru plans to introduce new guarantee services (involving ASUKA) and ad services, based on its fraud prevention solutions, including chargeback guarantee services. The company continues to accumulate expertise as it prepares to begin developing the payment business in 2019.



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Group companies

Increws

The company's Mentori LINE stamp has been hugely popular beyond its original territory: more than 2.42 million downloads and 2.5 billion stamps sent/received worldwide

Animated film started

Distributed Mentori's first animated film on Tate Anime, a smartphone app for animation distribution, operated by **Production I.G, Inc.**

Gained great popularity as a prize item

Best-selling prize item at various amusement arcades in the weekend following its release; popularity led to **19 releases** of Mentori stuffed toys for prizes in machines operated by Taito Corporation

Boosted recognition in Taiwan

Mentori was selected as a campaign character for **Taiwan FamilyMart,** which operates **3,122 stores.** Trigged by this prestigious selection, the Mentori character has been introduced in LINE ad stamps by four large Taiwanese companies, including **Chunghwa Telecom Co., Ltd. (Taiwan's No. 1 telecom carrier),** used on package boxes of CITY (a leading snack brand), and introduced for the two largest e-money cards (icash and EasyCard).



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Increws

Launching new businesses in Japan and extending its reach in China and South Korea

In December 2017, Increws launched an **on-demand printing e-commerce business** as its first move into the **content aggregation business.**

Increws plans to expand **tie-ups with popular musicians and voice actors** in addition to **popular intellectual property (IP) owned by some 120 partner companies.**



August 2017: **distributed animated Mentori stickers on KakaoTalk** jointly with Quan Inc.





November 2017: **distributed animated Mentori stickers on WeChat** jointly with Quan Inc.





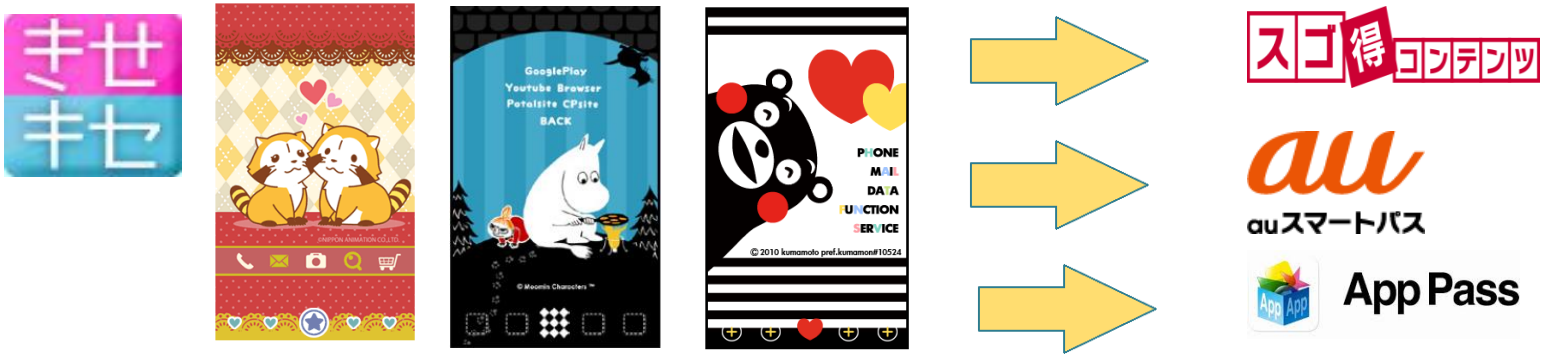
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Group companies

Increws

Excellent ongoing performance in wallpaper app business and business that supports the creation of game designs

The wallpaper app business provides stable earnings through partnerships with more than 120 companies that own the IP for popular characters. The company's main business drivers are **a monthly billing service with three telecom carriers** and **an unlimited-access service, also billed monthly, from these same three carriers.**



The company's business that supports the creation of game designs **contributes significantly to sales and profits, in line with the growth of the market for social games.** Increws has more than 60 corporate clients.

(Major corporate clients)

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Group companies

galaxy

Customer count rises thanks to business development centering on Tokyo, Osaka, and Nagoya; ranked No. 1 in various categories of Amazon POD publishing

Printing on demand (POD) is an **Amazon publication service** that prints and binds books to order, from a single title

★Ranked No. 1 in the wills, inheritances and donations category



Introduction to inheritance and donation taxes: two-hour lesson on inheritance tax countermeasures to donations, wills, partition of inheritance, and tax surveys

★Ranked No. 1 in the management and HR category



Why I left Idemitsu Kosan—seven-year job diary of a former employee

★Ranked No. 1 in the houses and residences category



Decision to build a house with an architect—How I spent my daily life with people who have dreams

★Ranked No. 1 in the beauty category



How to have a face with beautiful contours—Why make yourself look older?

★Ranked No. 1 in the beer category



Welcome to the brew pub!

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galaxy

POD market expected to grow; targeting joint development of own-brand products over the medium to long term

- **Japan's two largest online booksellers focusing on POD**

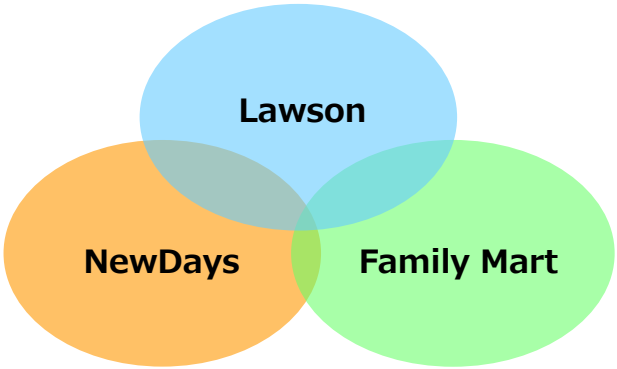
  Rakuten Books, as well as Amazon, has entered the POD market, providing galaxy's content.

- **Entering the business of convenience store logistics**

  Galaxy's POD products are sold at convenience stores in collaboration with Lawson, Family Mart, and NewDays, leading to growth in the POD market.

Amazon

Rakuten Books



Over the medium to long term, galaxy and Showcase-Tv will jointly develop services that combine content and technologies from Showcase-Tv group companies and the group's investees.

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COGNIROBO

Started providing AI solutions using Shiga University's research results

Showcase-Tv and Shiga University have begun a joint project, combining their knowledge and experience in a **full-fledged effort toward the practical use of data science in education, research, and industry**. This project, based at Shiga University's Faculty of Data Science, combines: Big Data for online marketing (Showcase-Tv's conversion-focused **DMP, "ZUNOH,"** etc.); AI technologies (such as machine learning) and data analysis expertise of COGNIROBO; and analytical methods of the Center for Education and Research, Faculty of Data Science, Shiga University. In October 2017, the team **began using its research results in AI solutions**.



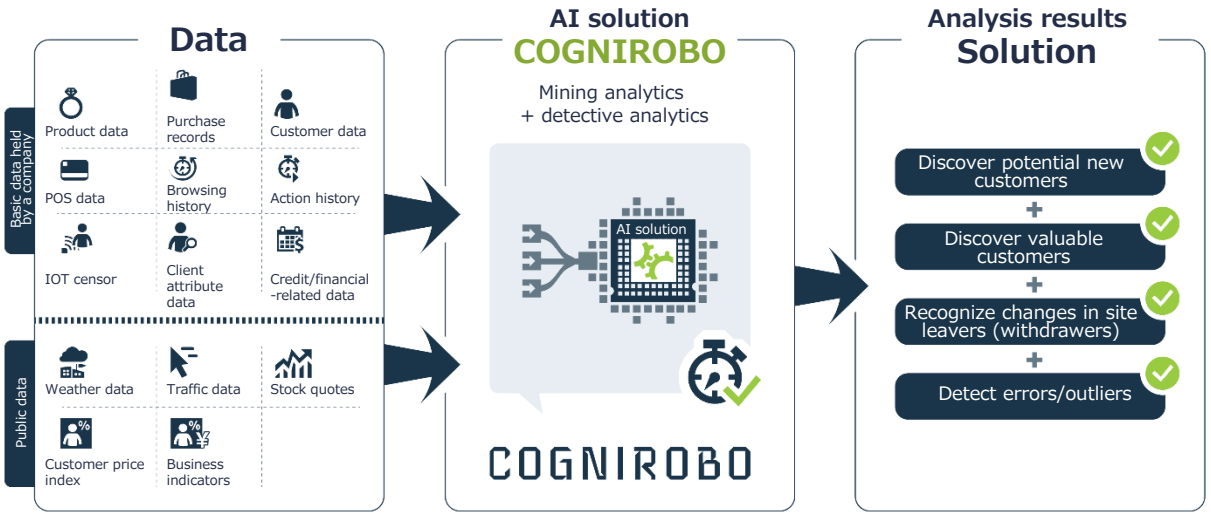


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COGNIROBO

Began distributing COGNIROBO, a marketing-oriented AI solution (customer analysis)

- Focuses on marketing (customer analysis) for B2C companies
- Has accumulated extensive expertise in cleaning and segmenting marketing data
- Makes public all processes leading to the analytical results
- Enables general-purpose application (by changing scenarios and data sets for analysis)



Conducts AI (machine learning) analysis on large B2C companies' online sales, and is receiving many business inquiries from B2C companies and other customers

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Press releases (1)

Date	Category	About
Feb. 9, 2017	Showcase-Tv	NaviCast series, a cloud-based online marketing support service, tops 7,000 accounts
Feb. 20, 2017	Akuru	Akuru, Inc. allies with VeriTrans Inc. and provides fraud prevention consulting to VeriTrans4G, a new comprehensive payment system
Feb. 22, 2017	Showcase-Tv	Showcase-Tv receives 11th patent for authentication technology that enables one-click login without entering ID or password
Mar. 13, 2017	Showcase-Tv	Showcase-Tv introduces a new functionality on conversion-focused DMP “ZUNOH” and starts providing Audience Insight, which enables easy data analysis for beginning marketers
Mar. 21, 2017	Showcase-Tv	NaviCast Assist ranks No. 1 for three years running in share of sales by vendors in the entry form optimization market
Apr. 3, 2017	Akuru	Akuru, Inc. and E-Protect Co., Ltd. merge
Apr. 3, 2017	Akuru	Company introduces fraud protection services provided by Akuru, Inc. to “econtext payment service,” Econtext, Inc.’s comprehensive payment solution
Apr. 4, 2017	Showcase-Tv	Showcase-Tv allies with Ostiaries, Inc., which provides individual authentication services using a placed call verification; jointly develops and provides new products for individual authentication solutions on the websites
Apr. 5, 2017	Showcase-Tv	Showcase-Tv Introduces cloud-based multilingual audio app system “Audio guide Q” at the Little Prince Museum in Hakone

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Press releases (2)

Date	Category	About
Apr. 11, 2017	Showcase-Tv	Showcase-Tv releases Auth Call, a security service to authenticate callers with outgoing numbers
Apr. 14, 2017	Showcase-Tv	Showcase-Tv takes a stake in Increws Co., Ltd., which provides mobile content, including LINE stamp Mentori
May 12, 2017	Showcase-Tv	Showcase-Tv introduces ProTech Mail Checker, a cloud-based service to check the legitimacy of an input email address in real time
May 15, 2017	Showcase-Tv	Showcase-Tv takes over VR business from OpenRunways, Inc. and steps up development of VR services in the Web Solutions business
May 25, 2017	COGNIROBO	Showcase-Tv announces business alliance between COGNIROBO (a Showcase-Tv affiliate providing AI solutions) and Golden Wales in Silicon Valley
May 31, 2017	Showcase-Tv	Showcase-Tv introduces NaviCast View Assist, a customer communication tool that adds a JavaScript tag into a website and allows screen sharing with customers
Jun. 15, 2017	Showcase-Tv	Showcase-Tv converts galaxy inc. to a subsidiary, which provides on-demand publishing services, including Amazon POD and e-books
Jun. 26, 2017	Showcase-Tv	Showcase-Tv launches Cogni-Targeting, an AI ad distribution service; uses ZUNOH DMP and AI to find target customers with high potential
Jun. 29, 2017	Showcase-Tv	Showcase-Tv allies with Shiga University on Big Data analysis, using ZUNOH DMP and AI to develop practical models to forecast conversion

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Press releases (3)

Date	Category	About
Jul. 6, 2017	Showcase-Tv	Showcase-Tv starts providing “Form Growth,” a consulting service that secures conversion on a website’s entry form
Jul. 14, 2017	Showcase Capital	Showcase-Tv establishes Showcase Capital Inc., a subsidiary that operates a venture capital business
Aug. 14, 2017	Showcase Capital	Showcase Capital invests in FREETEL, which sells unique smartphone terminals globally and operates an MVNO business in Japan
Aug. 31, 2017	Showcase-Tv	Showcase-Tv takes over IDO Corporation’s affiliate ad business targeting prospective smartphone purchasers
Sep. 5, 2017	Akuru	Akuru enters an alliance with SoftBank Payment Service Corp.
Sep. 20, 2017	Showcase Capital	Showcase Capital completes capital tie-up with Bplats Inc., which provides subscription business support solutions
Sep. 20, 2017	Showcase-Tv	Showcase-Tv introduces new functionality on Audience Insight (website data analysis service) and starts providing new functions that compare attributes of users visiting other companies’ websites and provide analysis suitable to usage trends
Oct. 2, 2017	Akuru	Akuru enters an alliance with BASE, Inc., launches fraud prevention services to e-commerce site operators by using BASE’s PAY.JP, an online payment service
Oct. 4, 2017	Showcase-Tv	Showcase-Tv takes over IDO Corporation’s lifestyle information media targeting women

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Press releases (4)

Date	Category	About
Oct. 11, 2017	Akuru	Akuru enters an alliance with AXES Payment Co., Ltd., and begins providing chargeback guarantee services to member stores using AXES' payment services
Oct. 11, 2017	Akuru	Akuru enters an alliance with ZEUS Co., Ltd., and begins providing chargeback guarantee services to member stores using ZEUS' payment services
Oct. 13, 2017	Showcase Capital	Showcase Capital invests in Real World Games Co., Ltd., which provides location-based game services
Oct. 24, 2017	Showcase-Tv	Showcase-Tv initiates a data link between its ZUNOH conversion-focused DMP and Bypass (an ad distribution platform targeting smartphone users provided by UNITED, Inc.)
Oct. 25, 2017	Akuru	Akuru enters an alliance with PAYGENT Co., Ltd., and begins providing fraud prevention solutions for e-commerce site operators using PAYGENT's services
Nov. 24, 2017	Showcase Capital	Showcase Capital concludes investment agreement with SpaceAgent, Inc., which operates minpaku-bukken.com, Japan's largest *minpaku* guest-house website
Nov. 30, 2017	Showcase Capital	Showcase Capital invests in Articoolo Research Ltd., an Israeli company providing an automatic article creation service utilizing artificial intelligence (AI)
Dec. 18, 2017	Showcase Capital	Real World Games Co., Ltd. starts accepting pre-orders for *BitHunters,* a new augmented reality game
Dec. 27, 2017	Showcase-Tv	Showcase-Tv takes over Lazer Beam Inc.'s BPO and RPO businesses

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CSR activities

Our mission and corporate philosophy is to “create a rich online society” through our business. As a corporate citizen, we value all stakeholders, communicate with them sincerely, promote CSR activities in the interest of developing a sustainable society, and fulfill our social responsibilities. In 2018, we joined Sustainable Brands Japan and participated in Sustainable Brands Tokyo (SB 2018).

Joined Sustainable Brands Japan

Participated in Sustainable Brands Tokyo (SB 2018) in March 2018

Support to municipalities

Showcase-Tv provides services at no charge for natural-disaster and disaster-prevention websites operated by municipalities, and **helps to mitigate disaster and reduce damage** by making their websites easier to browse.

Kokonoe, Oita



Yuzawa, Akita



Hita, Oita



Support to NPO/NGO

Showcase-Tv provides services at specially reduced rates, helping NPOs/NGOs make their websites smartphone-compatible (a cumbersome process), and **helps invigorate local communities** by disseminating useful information.

Tokyo Suicide Prevention Center



Social Artist Village



PubliCo



iPledge



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DISCLAIMER

The forward-looking statements in this document are based on information currently available to the company and may fluctuate depending on macroeconomic trends, market environments, industry trends related to the company, and other internal and external factors.

Accordingly, there are risks and uncertainties that actual performance may differ from the forward-looking statements presented in this document.

Showcase-Tv

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