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Consolidated Financial Results for The Fiscal Year Ended July 31, 2020 (Japan GAAP)



September 11, 2020

Company name: Ateam Inc.
Stock exchange listing: Tokyo Stock Exchange
Securities code: 3662
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Scheduled date of Annual General Shareholders' Meeting: October 28, 2020
Scheduled date of commencing dividend payments: October 9, 2020
Scheduled date of filing securities report: October 28, 2020
Supplementary briefing material for the financial results: Yes
Schedule of financial results briefing: Yes (September 11, 2020, for institutional investors and analysts)

(Amounts of less than one million JPY are rounded off.)

1. Consolidated Financial Results for the Fiscal Year Ended July 31, 2020 (August 1, 2019 – July 31, 2020)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Fiscal year ended July 31, 2020	31,739	-14.6	1,273	-54.7	1,249	-55.5	-519	-
Fiscal year ended July 31, 2019	37,151	-1.4	2,811	-40.2	2,809	-40.6	1,473	-55.4

Note: Comprehensive income (million JPY)

Fiscal year ended July 31, 2020: -516 [-%]

Fiscal year ended July 31, 2019: 1,444 [-56.4%]

	Net income per share-basic	Net income per share-diluted	Return on equity	Return on asset	Operating income to revenue ratio
	JPY	JPY	%	%	%
Fiscal year ended July 31, 2020	-26.59	-	-4.3	7.5	4.0
Fiscal year ended July 31, 2019	75.52	75.35	12.3	16.5	7.6

Note: Equity in earnings of affiliates (million JPY)

Fiscal year ended July 31, 2020: -

Fiscal year ended July 31, 2019: -

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million JPY	Million JPY	%	JPY
As of July 31, 2020	16,063	11,722	72.5	594.54
As of July 31, 2019	17,273	12,511	71.9	636.32

Note: Shareholders' equity (million JPY)

As of July 31, 2020: 11,639

Fiscal Year ended July 31, 2019: 12,425

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million JPY	Million JPY	Million JPY	Million JPY
Fiscal year ended July 31, 2020	1,108	-1,030	-313	6,480
Fiscal year ended July 31, 2019	3,318	-1,766	-816	6,713

2. Dividends

	Annual dividend per share					Total dividends paid (annual)	Dividend payout ratio (consolidated)	Dividends on equity attributable to shareholders of parent company (consolidated)
	Q1	Q2	Q3	Q4	Total			
	JPY	JPY	JPY	JPY	JPY	Million JPY	%	%
Fiscal year ended July 31, 2019	–	0.00	–	16.00	16.00	315	21.2	2.6
Fiscal year ended July 31, 2020	–	0.00	–	16.00	16.00	315	–	2.6
Fiscal year ending July 31, 2021 (forecast)	–	0.00	–	16.00	16.00		–	

3. Forecasts for the Fiscal Year Ending July 31, 2021 (August 1, 2020 - July 31, 2021)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	JPY
Full-year	33,500	5.5	500	-60.7	500	-60.0	200	–	10.20

*Notes

(1) Significant changes in scope of consolidation during the current quarter : No

* Changes in scope of consolidation of specified subsidiaries:

Newly consolidated: (–) Newly excluded companies: (–)

(2) Changes in accounting policies, accounting projections, or restatement

(i) Changes in accounting policies due to revisions in accounting standards, etc. : Yes

(ii) Changes in accounting policies other than above (i) : No

(iii) Changes in accounting projections : No

(iv) Restatement : No

Note: For details, see “5. Consolidated Financial Statements and Significant Notes Thereto (5) Notes on Consolidated Financial Statements, Change in Company Policy” on page 23 of the attached document.

(3) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury stock)

(ii) Number of shares of treasury stock at the end of the period

(iii) Average number of shares during the period

As of July 31, 2020	19,783,200	As of July 31, 2019	19,756,200
As of July 31, 2020	205,588	As of July 31, 2019	228,762
Fiscal year ended July 31, 2020	19,551,565	Fiscal year ended July 31, 2019	19,510,259

Note: The number of shares of common stock at the end of the period used for the calculation of the net assets per share and the average number of shares during the period that forms the basis for the calculation of net income per share-basic are calculated with the shares owned by The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP (Employee Stock Ownership Plan) Trust account and Board Incentive Plan (BIP) Trust account) under the “Stock Grant ESOP Trust” and “Board Incentive Plan (BIP) Trust” included in the treasury stock deducted.

(Reference) Summary of non-consolidated performance

Non-consolidated Performance for the Fiscal Year Ended July 31, 2020 (August 1, 2019 - July 31, 2020)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Fiscal year ended July 31, 2020	11,937	-20.2	-191	—	1,050	-32.0	-559	—
Fiscal year ended July 31, 2019	14,955	-21.3	158	-91.1	1,544	-45.8	1,130	-51.5

	Net income per share-basic	Net income per share-diluted
	JPY	JPY
Fiscal year ended July 31, 2020	-28.62	—
Fiscal year ended July 31, 2019	57.92	57.78

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million JPY	Million JPY	%	JPY
As of July 31, 2020	13,667	8,798	63.8	455.19
As of July 31, 2019	15,288	9,630	62.4	488.79

Note: Shareholders' equity (million JPY) As of July 31, 2020: 8,715
As of July 31, 2019: 9,544

<Reason for Difference Between Non-Consolidated Performance and Previous Results Fiscal Year Results>

In the fiscal year ended July 31, 2020, revenue, operating income, and ordinary income differed from the previous consolidated fiscal year due to the occurrence of revenue decline within the Entertainment Business attributable to non-consolidated performance (a decrease of 32.8% from the previous consolidated fiscal year). In addition, the recording of loss on valuation of stocks of subsidiaries and affiliates resulted in a difference in net income from the previous consolidated fiscal year.

*Quarterly financial results reports are not required to be subjected to quarterly reviews

*Explanation of the proper use of financial results forecast and other notes

The forward-looking statements including earnings forecasts herein are based on information available to Ateam and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast, please refer to the "(1) Overview of Operating Results in Fiscal Year Ended July 31, 2020 (Outlook for Consolidated Performance in the Next Fiscal Year)" on page 4 of the attachments to this financial results report.

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1. Overview of Operating Results

As used herein, “Ateam”, “we”, “our” and similar terms include Ateam Inc. and its subsidiaries, unless indicated otherwise.

(1) Overview of Operating Results in Fiscal Year Ended July 31, 2020

Ateam Inc. and its consolidated subsidiaries adhere to the corporate philosophy “To Be a Company Where All Can Achieve Happiness Together”, “To Be a Company that Continues 100 Years from Today”. Operating in various technical and business fields, the corporate officers and employees unite under this corporate philosophy to plan, develop and operate game content, comparison and information websites, and e-commerce sites that are supported and used by individual users via the internet. Specifically, we are operating business in three core segments.

The Entertainment Business engages in the planning, development and operation of game and tool applications. The Lifestyle Support Business engages in the planning, development and operation of various online services. The E-Commerce Business engages in the planning, development and operation of our online bicycle store under the name “cyma”.

During the fiscal year ended July 31, 2020, although E-Commerce Business significantly increased year on year due to improved fulfillment along with the rise in demand for bicycles caused by the positive impact of COVID-19, the decrease in existing game revenue for the Entertainment Business along with the decrease in user count in the Lifestyle Support Business due to COVID-19 effects resulted in overall revenue to decrease year on year. In addition, as an extraordinary loss, we recorded an impairment loss on goodwill and trademark rights related to Increments Inc. in the third quarter of the mentioned fiscal year, resulting in a net loss attributable to shareholders of parent company for the consolidated fiscal year.

Because of the above, during the fiscal year, Ateam posted revenue of 31,739 million JPY (down 14.6% year on year), operating income of 1,273 million JPY (down 54.7% year on year), ordinary income of 1,249 million JPY (down 55.5% year on year), and net loss attributable to shareholders of parent company of 519 million JPY (compared with a net income attributable to shareholders of parent company of 1,473 million JPY in the previous fiscal year).

The operating performance by segment for the fiscal year was as follows:

Entertainment Business

We strive to administer fun to consumers worldwide by providing mobile game and tool applications via platforms specializing in the distributions of such applications (such as App Store and Google Play). Although most of our game and tool products are available for free download, our primary revenue source is through in-app purchases (such as in-game currency, items and bonus content).

Considering recent changes in the global game market environment, user needs and technological advances, the Entertainment Business has decided to move away from specializing only in smartphone games, to focusing on the entire global digital distribution of game market including smartphone games, PC games and console games digital distribution. We aim for long-term future growth by collaborating with popular IP across the globe while also incorporating multi-device deployment.

In the fiscal year ended July 31, 2020, the Entertainment business continued to efficiently manage its existing game apps while releasing the new casual smartphone game “Hatsune Miku – Tap Wonder” in collaboration with Crypton Future Media, INC. at the end of June 2020. Existing game titles continued a declining trend, resulting in a year on year decrease in segment revenue. Segment profit also decreased significantly year on year due to the continued expensed development costs for the large-scale IP game currently in progress.

As a result, during the fiscal year, the Entertainment Business posted revenue of 8,450 million JPY (down 32.8% year on year) and operating income of 776 million JPY (down 49.3% year on year).

Lifestyle Support Business

In the Lifestyle Support Business, we develop various online services to help support individual users throughout their daily lives and specific life events revolves around the same business concept of “Sanpo-Yoshi”, a Japanese saying that means benefiting all three sides involved - the consumer, the partner company and Ateam.

As of FY2020, we have changed our sub-segments to “Digital Marketing Support business” and “Platform business”. The “Digital Marketing Support business” centers on digital marketing support that refers prospective customers to partner companies via our own-medias and has the potential for speedy horizontal business expansion. This business model accumulates profits by being able to quickly launch and expand services in several different business areas.

Typically, all our services are free of charge for individual users, and the main revenue source comes from the customer referral and contract fees we provide our partner clients.

The previous sub-segments, “Moving-related business”, “Automobile-related business”, “Bridal-related business” and “Financial Media business” fall under the new “Digital Marketing Support business” category.

The “Platform business” provides a “hub” where information gathered through applications and websites can not only accumulate, but such user data can be utilized to enhance unique value to build market advantage. This business model aims to increase and improve the value of this data and to provide solutions, thus creating a cycle of value.

The main revenue source is advertising revenue, membership fees, and sales from providing tools and EC solutions.

Currently, the “Platform business” consists of the healthcare field, and the engineering field.

“Lalune”, the healthcare business centering on a women’s health consultation application, and “Qiita”, an online community specializing in engineering technology.

In the fiscal year ended July 31, 2020, segment revenue decreased year on year mainly due to the withdrawal of the air-conditioning sales service and the effects of COVID-19, while segment profit decreased significantly year on year parallel to the decrease of segment revenue.

The effects of COVID-19 is considerable in both the “Digital Marketing Support business” and the “Platform business”. In the “Digital Marketing Support business”, the wedding venue information website “Hanayume” and the same-day loan comparison website “NaviNavi Cashing” were greatly impacted. “Hanayume” has been strengthening online consultation support with “Hanayume Online Consultation” to make up for the canceled in-store wedding consultations associated with the declaration of the state of emergency. In addition, the industry’s first online bridal event, “Bridal Festa Online by Hanayume” was conducted. However, with the uncertainty of when COVID-19 effects will end, the number of visitors to our consultation desks continue to decline sharply year on year. “NaviNavi Cashing” also showed a significant decrease in the number of users due to the decrease in demand for financing caused by individuals refraining from economic activities due to COVID-19. In the “Platform business”, advertising demand for the technological information distribution service “Qiita” decreased, along with the delay in business development of the re-employment support service for engineers “Qiita Jobs” which is still in its startup phase. However, gradual recovery can be seen with the lifting of the declaration of the state of emergency.

As for segment profit, upon the decline in revenue of “Hanayume” and “NaviNavi Cashing”, profit also decreased significantly year on year.

As a result, during the fiscal year, the Lifestyle Support Business posted revenue of 20,093 million JPY (down 10.8%

year on year) and operating income of 1,896 million JPY (down 39.5% year on year).

E-Commerce Business

Our E-Commerce Business was established in 2013, with “cyma” being our first service stemming from this concept. We currently own warehouses in the Tokai, Kanto and Kansai areas, which are stockpiled with bicycles we purchased from both domestic and overseas manufacturers. Each warehouse employs certified mechanical staff, making it possible to deliver fully assembled bicycles directly to the consumer’s doorstep. Our primary revenue source is through bicycle sales and/or related accessories from our online store.

This specialized service enables us to fully enjoy the combined perks of both a local bicycle shop and a comprehensive e-commerce service. Such service is still considered unrivaled territory, and we are determined to stay on top by implementing staggered investment to strengthen fulfillment* and promotion of our service brand.

(Note) Fulfilment refers to the overall aspects of the most important core process in an online shopping business, including the management of orders received, management of inventory, product picking, assortment and packaging of products, dispatch, invoicing of proceeds and settlement. Fulfilment also encompasses peripheral operations such as customer support, which includes complaint handling and inquiry response, returns and exchange response, as well as customer data management.

In the fiscal year ended July 31, 2020, the improvement of operational efficiency along with the successful reviewing of product line-up and pricing resulted in a significant increase in revenue year on year. As for segment profit, we were able to achieve quarterly profit two quarters in a row.

It is also assumed that the demand for bicycles increased to follow social distancing practices in response to COVID-19.

As a result, during the fiscal year, the E-Commerce Business posted revenue of 3,196 million JPY (up 56.0% year on year) and operating loss of 43 million JPY (compared with an operating loss of 210 million JPY in the previous fiscal year).

Outlook for Consolidated Performance in the Next Fiscal Year

In the fiscal year ending July 31, 2021, Ateam intends to continue to strengthen and expand its operations across all segments and upgrade its business portfolio through continued investments in business creation in pursuit of sustained growth and medium- to long-term corporate value accretion. Additionally, by realizing diverse working styles including working from home, we will continue to focus on developing human resources, shaping its environment and strengthening its organizational structure, while limiting the number of recruits.

Regarding the consolidated business outlook for the fiscal year ending July 31, 2021, we believe that it will be a year of bottoming out in preparation for the leap forward starting the next fiscal year and onward.

The outlook for business performance by segment is as follows:

The Entertainment Business will continue to efficiently manage its core game titles, “Valkyrie Connect”, “Unison League” and “Revue Starlight Re LIVE” while focusing on the development collaboration of the new game app scheduled to be released sometime this fiscal year or the next.

In regard to the segment forecast of the Entertainment Business, the revenue and profit incorporated for the existing game titles are based on the most recent KPI trends, in addition to the incorporation of expenses for development costs for the new collaboration game app that can be assumed at the present time.

Compared to the past collaborations, the new co-development costs will continue to be expensed rather than capitalized due to the collaboration scheme, thus causing a large impact on operating income.

In the Lifestyle Support Business, although the impact of COVID-19 on business activities is expected to continue, we aim to increase the number of users, revenue per user, and profitability in both the Digital Marketing Support business and the Platform business, while continuing to focus on acquiring mutual customers between services. Furthermore, in anticipation of medium- to long-term growth, active investments will be made to strengthen and develop new services. Forecasts are based on the profitability and KPI status of each existing service, while also taking into account seasonal factors and internal/external environmental factors to the extent that can be assumed at the present time. The impact of COVID-19 on business results is also expected to continue for some services.

The E-Commerce Business will continue to strengthen fulfillment and make fundamental structural reforms along with improving brand recognition to generate sustainable profits over the medium- to long-term, while aiming for full year profitability for the first time this fiscal year. In terms of business results, the forecasts are based on consideration of the status of each KPI along with other seasonal and positive COVID-19 factors, while incorporating investment costs.

The forward-looking statements mentioned above and the earnings forecasts provided below have been prepared based on information readily available to Ateam as of the date of this material’s release. Actual results may differ due to the effect of various factors in the future.

Performance outlook for the fiscal year ending July 31, 2021 (August 1, 2020 - July 31, 2021)

Revenue	33,500 million JPY (up 5.5% year on year)
Operating income	500 million JPY (down 60.7% year on year)
Ordinary income	500 million JPY (down 60.0% year on year)
Net income attributable to shareholders of parent company	200 million JPY (-)

(2) Overview of Financial Position for the Fiscal Year Ended July 31, 2020

(i) Position of Assets, Liabilities and Net Asset

Assets

As of the end of the fiscal year under review, Ateam posted total assets of 16,063 million JPY, a decrease of 1,209 million JPY compared with the end of the previous fiscal year. The decrease was mainly attributable to a 978 million JPY decrease in goodwill.

Liabilities

As of the end of the fiscal year under review, Ateam posted liabilities of 4,340 million JPY, a decrease of 420 million JPY compared with the end of the previous fiscal year. The decrease was mainly attributable to a 140 million JPY decrease in accounts payable - other.

Net Assets

As of the end of the fiscal year under review, Ateam posted net assets of 11,722 million JPY, a decrease of 789 million JPY compared with the end of the previous fiscal year. The decrease was mainly attributable to an 832 million JPY decrease in retained earnings.

(ii) Cash Flows

As of the end of the fiscal year under review, cash and cash equivalents ("cash") decreased by 233 million JPY from the end of the previous fiscal year to 6,480 million JPY. The respective statuses of cash flows during the fiscal year under review and their contributing factors are as follows:

Cash Flows from Operating Activities

Cash provided by operating activities during the fiscal year under review was 1,108 million JPY, compared to 3,318 million JPY the previous consolidated fiscal year. This was mainly due a decrease of 475 million JPY in depreciation and 1,253 million JPY in impairment loss along with a 662 million JPY decrease in accounts receivable - trade, despite income taxes paid of 952 million JPY.

Cash Flows from Investing Activities

Cash used in investing activities during the fiscal year under review was 1,030 million JPY, compared to 1,766 million JPY the previous consolidated fiscal year. This was mainly due to 628 million JPY used for the acquisition of investment securities.

Cash Flows from Financing Activities

Cash provided by financing activities during the fiscal year under review was 313 million JPY, compared to 816 million JPY in the previous consolidated fiscal year. This was mainly due to dividend payments of 313 million JPY.

(Reference) Trends in cash flow indicators

	Fiscal year ended July 31, 2016	Fiscal year ended July 31, 2017	Fiscal year ended July 31, 2018	Fiscal year ended July 31, 2019	Fiscal year ended July 31, 2020
Equity ratio (%)	51.9	56.0	69.3	71.9	72.5
Market value equity ratio (%)	389.3	408.1	273.7	126.6	101.4
Cash flow to interest- bearing liabilities ratio (years)	0.6	0.1	0.1	0.0	0.0
Interest coverage ratio (times)	316.2	1,113.3	1,945.7	19,158.8	1,305.2

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Cash flow to interest-bearing debt ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest expenses paid

(Notes 1) Market capitalization is calculated based on the number of shares issued excluding treasury stock.

(Notes 2) Cash flow from operating activities is used for cash flow.

(Notes 3) Interest-bearing debt includes all debt reported on the consolidated balance sheets on which interest is paid.

(3) Basic Policy Regarding Profit Distribution, and Dividend Payments for Current and Next Fiscal Year

Ateam believes that it is important to solidify the financial base and upgrade its business portfolio through upfront investments in new business creation in pursuit of sustained growth. At the same time, we consider the return of earnings to shareholders to be an important issue and set a dividend policy of providing continuous and stable shareholder returns.

Based on this policy, after comprehensively considering factors such as business performance and financial condition in the fiscal year under review, we have decided to pay a year-end dividend of 16.0 JPY per share. We will continue to provide stable shareholder returns.

(4) Risk Factors

Listed below are the main factors that could pose a risk to the Ateam's business condition. Certain matters that do not constitute risk factors but could be important considerations in investors' investment decisions are also disclosed below from the standpoint of proactively disclosing information to investors. Our policy is to sufficiently recognize the potential for these risks to arise and to work to prevent them from arising and respond swiftly in cases where they do arise.

Among the matters listed below, those that relate to the future, unless otherwise provided, were determined by Ateam as of the date of submission of this report and, as there is inherent uncertainty, actual results may differ. Also, this is not an exhaustive list of all risks that may arise in the future.

1) Risks Related to the Business Environment

The mobile game and internet market, the two business areas that we operate in, have continued to grow significantly due to the spread of smartphones and the increase of internet users.

We expect such trends to persist but if markets' growth rates slow and are affected by deterioration in economic sentiment or actual economic volatility, Ateam's performance and financial position may be affected.

2) Risks Related to Business

(i) Competition

Ateam provides various content and services for the internet. To improve competitiveness, we strive to provide unique content and create websites in pursuit of optimal usability, and work to diversify services and enhance customer support, among other efforts.

However, intensifying competition with corporations providing similar services and/or new up-and-coming business operators may affect Ateam's business and performance.

(ii) Relations with Business Partners (Platform Operation Businesses, Service Alliance Businesses and Business Collaborators)

Ateam's Entertainment Business provides content to users through platforms dedicated to distributing game apps such as App Store operated by Apple Inc. and Google Play operated by Google Inc. We entrust the collection of sales payment from content users and pay the agent commission fees for payment collection and system usage fees to the businesses that operate these services.

Also, Ateam is involved in business collaborations with overseas game publishers and sales include shared revenue with these business collaborators. At the same time, revenue for the Lifestyle Support Business includes fee revenue

and advertisement revenue from referrals of expected customers and advertisements for service alliance businesses. Ateam complies with contracts with business partners and strives to maintain friendly relations. We also aim for management that keeps portfolio balance of business partners and services in mind so as not to rely too heavily on a specific business partner. However, in the event that, changes to a business partner's policies or business strategies or situations such as rate changes or the dissolution of an alliance were to occur, Ateam's performance and business development may be affected.

(iii) Effect from Foreign Exchange

For Ateam's Entertainment Business, some content is provided to overseas users through overseas digital distribution services or through overseas local publishers, and proceeds from the sale of in-content items are collected in local currencies by the overseas platform operation businesses.

In addition, Ateam's E-Commerce Business imports bicycle products (including parts) from overseas manufactures, primarily in China. Ateam will hedge foreign currency exposure with forward exchange contracts and other such instruments as necessary while keeping in mind the balance of its entire revenue and expenditure in foreign currencies, but if Ateam incurs losses as a result of effective exchange rates deviating materially from initially anticipated exchange rates, Ateam's financial position and performance may be affected.

(iv) Collection of Accounts Receivable

In developing its business and services, Ateam makes transactions with various businesses. Those businesses may follow through with management decisions such as reviewing business strategies, withdrawing from business and business integrations with other companies depending primarily on the market environment and the current state of competition for each business. Ateam accordingly endeavors to partner with businesses able to stably and soundly operate on an ongoing basis, but if a business partner discontinues its operations for an aforementioned or other reason, receivables due from the business partner may fall into arrears or become uncollectible. In such an event, Ateam's performance may be affected.

(v) Product Quality Assurance

Ateam's E-Commerce Business sources bicycles and parts from domestic and overseas (mainly Chinese) suppliers. After receiving an order from a user, a bicycle undergoes additional assembly and maintenance and is shipped to the user. If a user or third party is involved in an accident, is injured or otherwise suffers damages due to a cause directly or indirectly related to the assembly or maintenance of, or a defect in, a bicycle sold by the E-Commerce business, Ateam may be subject to claims for damages or other compensation.

Additionally, Ateam imports, purchases and sells certain merchandise manufactured to Ateam's specifications by contract manufacturers. Japan's Product Liability Act may apply to such merchandise. When ordering such merchandise to be manufactured to our specifications, we are required to comply with Japanese Industrial Standards (JIS) both in Japan and overseas, procure high-quality parts, and select trustworthy manufacturers. Ateam is striving for thorough quality assurance by checking specification details for sample products, requiring final inspections when shipping completed products and inspections of overall quality and function, strengthening ties to contract manufacturers, and, when needed, sending employees for in-person inspections.

Moreover, although Ateam has purchased product liability (PL) insurance for product liability compensation in preparation for the unforeseen scenario, in the event that an accident occurs related to product liability, aside from the amount for damage compensation, there may be costs such as those related to the recall of products, exchanges

and repairs, and design changes, and said accident could harm the business' or Ateam's reputation in society. As a result, Ateam's performance and the brand image for services may be affected.

(vi) Investment and M&A's

Ateam contributes capital in venture investment and investment limited partnerships with the aim of nurturing and supporting companies with high growth potential from an early stage. Of the recipients of such capital contribution, those companies that have yet to make an initial public offering carry uncertainty with respect to their future, including changes in the market environment, and insufficiencies in their development or management capabilities. If such uncertainties manifest and preclude an investee company from achieving expected results and the company's operating performance stagnates or deteriorates, such investment may not be recoverable, and Ateam's business and performance may be affected.

In addition to investment development, Ateam plans to carry out M&A's in order to grow and expand business. Regarding M&A, the financial details of the targeted company along with possible risks will be examined in advance; however, upon acquisition, if an occurrence of contingent liabilities or determination of recognized debt were to emerge after examination, or business development after M&A does not proceed as planned, it may affect the performance and financial condition of the company.

3) Risk Related to Impairment Losses on Non-current Assets

Ateam's Entertainment Business records personnel expenses and subcontracting expenses related to game development as assets on the consolidated balance sheets and depreciates these assets over an appropriate number of years.

However, some games may not be as successful as expected. Ateam's investment in such a title may no longer be recoverable within the anticipated timeframe as a result of a decrease in the asset's utility. In such an event, Ateam may book an impairment loss to reduce the asset's carrying amount to reflect the asset's diminished value. As a result, Ateam's performance may be affected and actual results may differ from the results forecast announced at the beginning of the fiscal year.

4) Risks Related to the Organizational Structure

(i) Over-reliance on a Specific Executive

The President of the Company is the founder of the Group, and, because he possesses abundant experience as an engineer, he has, since the establishment of Ateam, supported Ateam's growth and fulfilled an extremely important role involving corporate strategy and various other areas. Ateam is striving to create a management structure that doesn't rely too heavily on him. However, if for any reason he was no longer able to participate in the management, Ateam's performance and future business development may be affected.

(ii) Securing and Training Personnel

While continuing to carry out smooth business expansion and execution of corporate management, it is extremely important for us to secure excellent personnel. However, in the event that it is not possible to secure the necessary personnel in a timely and appropriate manner or in the event that skilled personnel leave Ateam, ordinary business operations and business development may be hindered and Ateam's performance may be affected.

(iii) Internal Control Management System

To achieve sustained growth and medium- to long-term corporate value accretion, Ateam plans to continuously

strengthen its management foundation in tandem with expansion of its scale of operations while restructuring its organization and implementing and augmenting an internal control management system in the aim of strengthening its organizational structure to manage its operations more efficiently and appropriately.

However, in the event that an adequate internal control management system is not established in time following rapid business expansion, Ateam's performance and business development may be affected.

(iv) Computer Systems and Communication Networks

Ateam's business includes providing services to users through communication networks that connect computer systems such as mobile devices and PCs. To promote stable system operations, Ateam strives for early prevention and avoidance of system trouble primarily by decentralizing servers, making periodic backups and monitoring the operational status of systems. However, in the event of a communication network outage or disruption due to an unforeseen incident (including human error on the part of people within Ateam or not within Ateam) or any other reason, Ateam's business and performance may be significantly affected.

Also, in the event that systems become inoperable for various unforeseeable reasons such as servers being overloaded by a sudden increase in traffic for our sites, or interruptions in the power supply, it is possible that services will be suspended. As a result, Ateam's performance and the brand image for services may be affected.

5) Risks Related to Compliance

(i) Laws and Regulations

Ateam strictly complies with the laws and regulations that are applicable to the business areas that it operates in and is strengthening initiatives related to preventing occurrences such as information leakage, wrongful acquisition of information and virus infection, particularly those that occur by way of the internet. However, depending on the status and details of new legal restrictions and the industry's voluntary regulations that are designed to prevent the above, our future business development may be affected.

Additionally, if new laws or regulations are enacted or legal interpretations change in response to the social climate or other factors and services or content provided by Ateam are affected by the enactment or change, Ateam's performance and corporate image may be affected.

(ii) Intellectual Property Rights

Ateam actively strives to acquire trademark registration for the names of the sites and services that it operates and pays adequate attention to not infringing on the intellectual property rights of third parties. Also, in relation to the services that we provide, there are times when intellectual property rights held by us are licensed to a third party and times when intellectual property rights held by a third party are licensed to Ateam. In situations such as these, Ateam strengthens its management structure primarily by entering into trademark license agreements.

However, in the event that Ateam unintentionally infringes on the intellectual property rights of a third party due mainly to discrepancy in the interpretation of the scope of intellectual property rights or contract terms, we may be sued by the third party regarding the infringement of intellectual property rights or receive a demand to cease the use of said intellectual property. As a result, resolving such an issue could take a large amount of costs and time, and Ateam's performance and future business development may be affected.

(iii) Management of Personal Information

Ateam, at times, will obtain personal information from the users of the services and content that it provides. To

prevent external leakage and falsification of personal information, Ateam is thorough regarding work flow and authorization systems when handling personal information and carries out strict management in compliance with the “Act on the Protection of Personal Information”.

However, in the event that there is trouble such as the leakage or unauthorized use of personal information due to a computer virus, unauthorized access, intentional actions or an accident, we may receive a claim for compensation for damages, the perceived trustworthiness of Ateam may decrease, its corporate image may deteriorate, and more. As a result, Ateam’s performance and business development may be affected.

(iv) Safety and Soundness of Services

Using the service content that Ateam provides, an indeterminably large number of private users can communicate with each other independently. To protect youth, and to maintain and improve soundness, we strive to ensure the safety and soundness of services by clearly indicating in the user agreement that inappropriate use is prohibited, and performing continuous monitoring. Ateam also responds to those who breach the user agreement with measures such as requesting improvement or cancelling subscriptions.

However, in the event that there is trouble originating from a user’s inappropriate behavior as a result of it being difficult to be fully aware of what users are doing while using the content, as a result of a sudden increase in content users, regardless of the details of the user agreement, our legal responsibility may come into question. Also, even if our legal responsibility does not come into question, its business and performance may be affected by factors such as deterioration of the content’s brand image.

(v) Litigation

Ateam strives to prevent legal violations by promoting compliance that is based on adhering to laws and regulations. However, regardless of whether or not legal violations have been made by Ateam’s officers or employees, we believe there is a risk of unforeseen trouble and litigation, involving users, business partners, and other third parties and litigation regarding the above-mentioned intellectual property rights, personal information, and safety and soundness of services.

Depending on the content and result of such litigations, Ateam’s business and performance may be affected. Also, as a result of a large amount of costs for responding to litigations or deterioration of corporate image, Ateam’s performance and business development may be affected.

6) Risks Related to Disasters, Spread of Infectious Diseases, and Accidents

In the event of an earthquake, a typhoon, a tsunami or other natural disaster, a fire, a power outage, an international conflict, or the spread of infectious diseases including COVID-19 occurs, Ateam’s business operations may be severely affected. In the event that there is a large-scale natural disaster in the areas that we operate services in, an unavoidable temporary suspension of the provision of services is a possibility. Furthermore, in the event of occurrences that hinder the continuation of business such as damage to facilities or power supply restrictions, or in the event of serious material and human losses primarily resulting from various natural disasters or international disputes, the continuation of business itself may become difficult or impossible. If such circumstances arise, Ateam’s performance may be affected.

2. Status of Corporate Group

Ateam is currently comprised of Ateam Inc. and eight wholly owned subsidiaries.

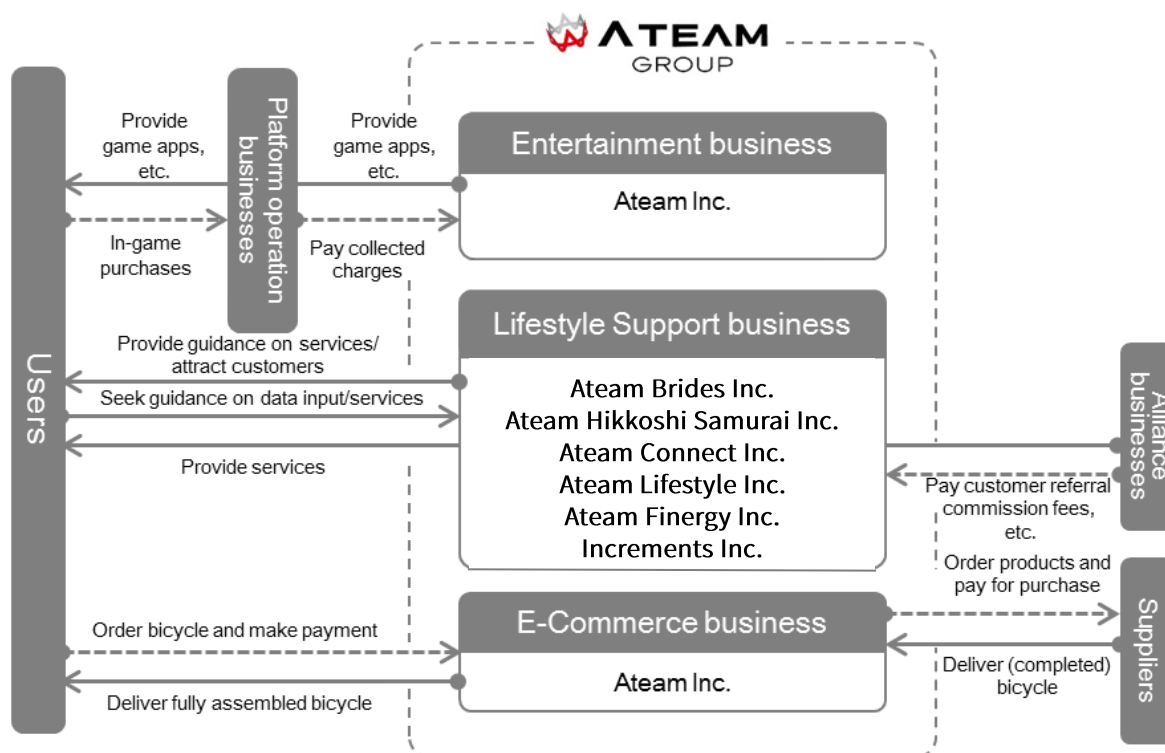
As for reportable segments, Ateam is expanding business in three core segments. The Entertainment Business plans, develops and operates games and tool applications for smart devices. These games and tool applications provide amusement to people around the world with the theme of “making connections between people a reality”. The Lifestyle Support Business plans, develops and operates various online services that deliver valuable information for both major life events and daily living. The E-Commerce Business plans, develops and operates an e-commerce site specializing in bicycles. The site sells fully assembled bicycles online and realizes the convenience of home delivery.

In principle, all three businesses develop products in-house and have accumulated know-how that ranges from planning to operations, which they utilize to develop various services.

Company name	Segment	Businesses description	Relationship with the Company
Ateam Inc.	Entertainment Business E-Commerce Business	Plans, develops and operates games and tool applications for smart devices Plans, develops and operates an online bicycle shop	–
Ateam Brides Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Ateam Hikkoshi Samurai Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Ateam Connect Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Ateam Lifestyle Inc.	Lifestyle Support Business	Digital marketing support business Platform business	Wholly owned subsidiary
Ateam Finergy Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Increments Inc.	Lifestyle Support Business	Platform business	Wholly owned subsidiary

2 other wholly owned subsidiaries

Schematic overview of Ateam’s business



3. Business Policies

Fundamental Business Policies

Based on the corporate philosophy which is expressed as “To Be a Company Where All Can Achieve Happiness Together”, “To Be a Company that Continues 100 Years from Today”, Ateam has a basic policy of providing content and services that continue to be supported and utilized by users through PCs and smart devices in various technical and business fields that are focused on the internet.

By leveraging our strengths in digital marketing know-how, strategic business development and technological skills, Ateam focuses on developing multiple businesses with different characteristics simultaneously, resulting in a business portfolio that optimizes operational stability. We rely on stable and continuous growth in the Lifestyle Support Business and aim for further success with the Entertainment Business which provides explosive yet high potential growth. And as a new challenge, we aim to create a new revenue source through the E-Commerce Business.

In the Entertainment Business, up until now, we have developed original game content for smartphones while operating mainly within Japan. However, in consideration of changes to the market, we have changed our policy to partner with globally popular IPs (intellectual properties) and steer ourselves toward global expansion for the entire global digital distribution of game market including smartphone games, PC games and console games digital distribution.

As for the Lifestyle Support Business, we provide services to make not only the major milestones of life but also everyday life including areas of employment, marriage, childbirth, nursing care, and funeral services more convenient and less stressful.

The E-Commerce Business, “cyma”, aims to be an online bicycle specialty store that can improve customer convenience and develop the industry upon the concept of “Bikes, Simply Ready to Ride”.

Going forward, under the theme of “Getting IT Done”. We will continue to challenge new businesses, while aiming for sustainable growth and improving corporate value.

4. Basic Rationale for Selecting the Accounting Standards

Ateam chooses to use Japanese accounting standards based on comprehensive consideration of the business environment encompassing the Group, the current deployment of business operations, and other factors.

Ateam plans to appropriately consider adopting International Financial Reporting Standards (IFRS) in the future, comprehensively taking into account its internal environment, external environment and Group’s management strategy.

5. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Million JPY)

	As of July 31, 2019	As of July 31, 2020
Assets		
Current assets		
Cash and deposits	6,713	6,480
Notes and accounts receivable - trade	3,503	2,841
Merchandise	332	326
Supplies	27	22
Other	997	1,464
Allowance for doubtful accounts	-31	-4
Total current assets	11,543	11,130
Non-current assets		
Property, plant and equipment		
Buildings	1,844	1,760
Accumulated depreciation	-520	-649
Buildings, net	1,323	1,110
Tools, furniture and fixtures	771	754
Accumulated depreciation	-386	-500
Tools, furniture and fixtures, net	385	254
Other, net	2	19
Total property, plant and equipment	1,711	1,384
Intangible assets		
Goodwill	978	—
Software	398	273
Software in progress	13	203
Other	131	—
Total intangible assets	1,522	477
Investments and other assets		
Investment securities	1,232	1,763
Deferred tax assets	444	479
Leasehold and guarantee deposits	795	819
Other	32	18
Allowance for doubtful accounts	-10	-10
Total investments and other assets	2,495	3,070
Total non-current assets	5,729	4,932
Total assets	17,273	16,063

	As of July 31, 2019	As of July 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	285	454
Accounts payable - other	2,380	2,240
Income taxes payable	472	384
Provision for sales promotion expenses	189	146
Provision for share-based remuneration	40	38
Other	661	583
Total current liabilities	4,031	3,847
Non-current liabilities		
Deferred tax liabilities	40	—
Asset retirement obligations	488	492
Other	201	1
Total non-current liabilities	730	493
Total liabilities	4,761	4,340
Net assets		
Shareholders' equity		
Share capital	836	837
Capital surplus	830	831
Retained earnings	11,223	10,391
Treasury shares	-438	-397
Total shareholders' equity	12,452	11,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-26	-26
Foreign currency translation adjustment	-0	3
Total accumulated other comprehensive income	-26	-23
Share acquisition rights	85	82
Total net assets	12,511	11,722
Total liabilities and net assets	17,273	16,063

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income (Cumulative)

(Million JPY)

	Fiscal year ended July 31, 2019	Fiscal year ended July 31, 2020
Revenue	37,151	31,739
Cost of sales	7,518	7,654
Gross profit	29,632	24,084
Selling, general and administrative expenses	26,820	22,811
Operating income	2,811	1,273
Non-operating income		
Interest income	1	0
Commission income	22	20
Subsidy income	11	8
Other	7	8
Total non-operating income	42	37
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	16	2
Foreign exchange losses	19	16
Commission expenses	7	—
Loss related COVID-19	—	35
Other	1	6
Total non-operating expenses	45	62
Ordinary profit	2,809	1,249
Extraordinary income		
Gain on sales of investment securities	—	5
Total extraordinary income	—	5
Extraordinary losses		
Impairment loss	300	1,253
Loss on valuation of investment securities	155	—
Total extraordinary losses	455	1,253
Profit before income taxes	2,354	0
Income taxes - current	972	705
Refund of income taxes	—	-122
Income taxes - deferred	-91	-62
Total income taxes	880	520
Net income (loss)	1,473	-519
Net income (loss) attributable to shareholders of parent company	1,473	-519

Consolidated Statements of Comprehensive Income (Cumulative)

(Million JPY)

	Fiscal year ended July 31, 2019	Fiscal year ended July 31, 2020
Net income (loss)	1,473	-519
Other comprehensive income		
Valuation difference on available-for-sale securities	-26	-0
Foreign currency translation adjustment	-2	3
Total other comprehensive income	-29	2
Comprehensive income	1,444	-516
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,444	-516

(3) Consolidated Statement of Changes in Equity
Fiscal year ended July 31, 2019

(Million JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	835	829	10,383	-481	11,566
Changes during period					
Issuance of new shares	0	0			1
Dividends of surplus			-633		-633
Profit (loss) attributable to owners of parent			1,473		1,473
Disposal of treasury shares				43	43
Net changes in items other than shareholders' equity					
Total changes during period	0	0	840	43	885
Balance at end of period	836	830	11,223	-438	12,452

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	—	2	2	85	11,655
Changes during period					
Issuance of new shares					1

Dividends of surplus					-633
Profit (loss) attributable to owners of parent					1,473
Disposal of treasury shares					43
Net changes in items other than shareholders' equity	-26	-2	-29	—	-29
Total changes during period	-26	-2	-29	—	856
Balance at end of period	-26	-0	-26	85	12,511

Fiscal year ended July 31, 2020

(Million JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	836	830	11,223	-438	12,452
Changes during period					
Issuance of new shares	1	1			2
Dividends of surplus			-312		-312
Profit (loss) attributable to owners of parent			-519		-519
Purchase of treasury shares				-0	-0
Disposal of treasury shares				40	40
Net changes in items other than shareholders' equity					
Total changes during period	1	1	-832	40	-789
Balance at end of period	837	831	10,391	-397	11,663

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-26	-0	-26	85	12,511
Changes during period					
Issuance of new shares					2
Dividends of surplus					-312
Profit (loss) attributable to owners of parent					-519
Purchase of treasury shares					-0

Disposal of treasury shares					40
Net changes in items other than shareholders' equity	-0	3	2	-3	-0
Total changes during period	-0	3	2	-3	-789
Balance at end of period	-26	3	-23	82	11,722

(4) Summary of Consolidated Statements of Cash Flows

(Million JPY)

	Fiscal year ended July 31, 2019	Fiscal year ended July 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,354	0
Depreciation	620	475
Impairment loss	300	1,253
Amortization of goodwill	130	97
Increase (decrease) in allowance for doubtful accounts	22	-26
Increase (decrease) in provision for sales promotion expenses	199	-43
Increase (decrease) in provision for share-based remuneration	-3	-2
Interest income	-1	-0
Interest expenses	0	0
Foreign exchange losses (gains)	3	1
Loss (gain) on sales of investment securities	—	-5
Loss (gain) on valuation of investment securities	155	—
Loss (gain) on investments in investment partnerships	16	2
Subsidy income	-9	-8
Decrease (increase) in trade receivables	624	662
Decrease (increase) in inventories	319	11
Increase (decrease) in trade payables	-123	171
Increase (decrease) in accounts payable - other	4	-113
Increase (decrease) in guarantee deposits received	—	-200
Other, net	124	-223
Subtotal	4,737	2,053
Interest received	1	0
Interest paid	-0	-0

Income taxes paid	-1,429	-952
Proceeds from subsidy income	9	8
Net cash provided by (used in) operating activities	3,318	1,108
Cash flows from investing activities		
Purchase of property, plant and equipment	-308	-145
Purchase of intangible assets	-270	-310
Proceeds from sales of investment securities	—	5
Purchase of investment securities	-1,100	-628
Payments of leasehold and guarantee deposits	-132	-41
Proceeds from refund of leasehold and guarantee deposits	34	8
Other, net	11	81
Net cash provided by (used in) investing activities	-1,766	-1,030
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-100	—
Repayments of long-term borrowings	-86	—
Proceeds from issuance of shares	1	2
Payments for purchase of treasury subscription right to share	—	-3
Dividends paid	-632	-313
Other, net	—	-0
Net cash provided by (used in) financing activities	-816	-313
Effect of exchange rate change on cash and cash equivalents	-6	2
Net increase (decrease) in cash and cash equivalents	729	-233
Cash and cash equivalents at beginning of period	5,984	6,713
Cash and cash equivalents at end of period	6,713	6,480

(5) Notes on Consolidated Financial Statements

Notes on Premise of Going Concern

Not applicable.

Change in Company Policy

As of the first quarter upon review, Ateam's consolidated subsidiaries located overseas have applied IFRS 16 "Leases".

As a result, for lessee lease transactions, all right-of-use assets and lease obligations are not only recognized, but in addition, depreciation expenses on right-of-use assets and interest expense on lease obligations are also recorded. In applying this standard, we adopt the method of recognizing the cumulative impact of applying this standard on the

date of initial application, which is also acknowledged as a transitional measure.

The effect of this application on the consolidated financial statements for the current fiscal year is insignificant.

Segment Information

1. Overview of reportable segments

The reportable segments of Ateam are constituent units of the Group whose separate financial information is available, and which are periodically examined by the Board of Directors in deciding the allocation of management resources and in evaluating performance.

Ateam is composed of segments classified according to services based on the business divisions. It has three reportable segments: Entertainment Business, Lifestyle Support Business and E-Commerce Business. The Entertainment Business mainly plans, develops and operates games and tool applications mainly for smart devices (smartphones and tablets); and the Lifestyle Support Business mainly plans, develops and operates comparison sites, information sites, e-commerce sites and other websites primarily for daily living; and the E-Commerce Business mainly plans, develops and operates an online bicycle shop that delivers fully assembled bicycles. Calculation method for the amounts of revenue, income or loss, assets, liabilities and other items by reportable segment

2. Information regarding the amounts of revenue, income or loss, assets, liabilities and other items by reportable segment

The accounting method for the business segments that are reported is largely the same as the description in “Significant matters forming the basis of preparing the consolidated financial statements”. The income from reportable segments is the figure based on operating income.

3. Information regarding the amounts of revenue, income or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended July 31, 2019 (from August 1, 2018 to July 31, 2019)

(Million JPY)

	Reportable segment				Adjustment (Note) 1	Amount on the consolidated statements of income (Note) 2
	Entertainment Business	Lifestyle Support Business	E-Commerce Business	Total		
Revenue						
Outside customers	12,577	22,525	2,048	37,151	–	37,151
Inter-segment sales and transfers	–	–	–	–	–	–
Total	12,577	22,525	2,048	37,151	–	37,151
Segment profit (loss)	1,532	3,137	-210	4,460	-1,648	2,811
Other items						
Depreciation	396	157	8	562	57	620
Amortization of goodwill	–	130	–	130	–	130

(Notes)

1. Adjustment of 1,648 million JPY is corporate expenses not attributable to reportable segments.
2. Adjustments are made between segment profit (loss) and operating income reported in the consolidated statements of income.
3. Segment assets have not been shown, as they are not used as the basis for deciding the allocation of management resources and evaluating performance.

Fiscal year ended July 31, 2020 (from August 1, 2019 to July 31, 2020)

(Million JPY)

	Reportable segment				Adjustment (Note) 1	Amount on the consolidated statements of income (Note) 2
	Entertainment Business	Lifestyle Support Business	E-Commerce Business	Total		
Revenue						
Outside customers	8,450	20,093	3,196	31,739	–	31,739
Inter-segment sales and transfers	–	–	–	–	–	–
Total	8,450	20,093	3,196	31,739	–	31,739
Segment profit (loss)	776	1,896	-43	2,629	-1,356	1,273
Other items						
Depreciation	249	141	6	378	78	475
Amortization of goodwill	–	97	–	97	–	97

(Notes)

1. Adjustment of 1,356 million JPY is corporate expenses not attributable to reportable segments.
2. Adjustments are made between segment profit (loss) and operating income reported in the consolidated statements of income.
3. Segment assets have not been shown, as they are not used as the basis for deciding the allocation of management resources and evaluating performance.

Per Share Information

(JPY)

	Fiscal year ended July 31, 2019 (from August 1, 2018 to July 31, 2019)	Fiscal year ended July 31, 2020 (from August 1, 2019 to July 31, 2020)
Net assets per share	636.32	594.54
Net income per share-basic	75.52	-26.59
Net income per share-diluted	75.35	-

(Notes)

1. Although a diluted net income per share exists, due to a basic net loss per share, the net income per share-diluted is not listed.
2. The basis of calculating net income per share-basic and net income per share-diluted is as follows:

	Fiscal year ended July 31, 2019 (from August 1, 2018 to July 31, 2019)	Fiscal year ended July 31, 2020 (from August 1, 2019 to July 31, 2020)
Net income per share-basic		
Net income attributable to shareholders of parent company (Million JPY)	1,473	-519
Net income attributable to shareholders of parent company regarding common stock (Million JPY)	1,473	-519
Average number of shares of common stock during period (Shares)	19,510,259	19,511,565
Net income per share-diluted		
Adjustment of net income attributable to shareholders of parent company (Thousand JPY)	-	-
Increase in number of shares of common stock (Shares)	45,157	-
Share acquisition rights of the above (Shares)]	-45,157	-
Dilutive shares not included in calculation of net income per share-diluted due to being non-dilutive	Fifth series of share acquisition rights: 69,000 shares Seventh series of share acquisition rights: 500,000 shares Eighth series of share acquisition rights: 800,000 shares	Fourth series of share acquisition rights: 6,000 shares Fifth series of share acquisition rights: 69,000 shares

(Notes)

The number of shares of common stock at the end of the period used for the calculation of the net assets per share and the average number of shares during the period that forms the basis for the calculation of net income per share-basic are calculated with the shares owned by The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP (Employee Stock Ownership Plan) Trust account and Board Incentive Plan (BIP) Trust account) under the “Stock Grant ESOP Trust” and “Board Incentive Plan (BIP) Trust” (193,200 shares at the end of the previous fiscal year and an average of 195,323 shares during the previous period, 170,000 shares at the end of the current fiscal year and an average of 171,965 shares during the current period) included in the treasury stock deducted.

Significant Subsequent Events

Not applicable.