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Consolidated Financial Results for the Nine Months Ended April 30, 2022 (Japan GAAP)



June 10, 2022

Company name: Ateam Inc.
Stock exchange listing: Tokyo Stock Exchange
Securities code: 3662
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Scheduled date of filing securities report: June 10, 2022
Scheduled date of commencing dividend payments: -
Supplementary briefing material for the financial results: Yes
Schedule of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Nine Months Ended April 30, 2022 (August 1, 2021 – April 30, 2022)

(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	%
Nine months ended April 30, 2022	23,541	0.1	-963	—	-935	—	-834	—
Nine months ended April 30, 2021	23,509	-3.7	580	-44.8	733	-29.0	981	—

Note: Comprehensive income (million JPY)

Nine months ended April 30, 2022: -329 [—%]

Nine months ended April 30, 2021: 1,149 [—%]

	Net income per share-basic	Net income per share-diluted
	JPY	JPY
Nine months ended April 30, 2022	-44.63	—
Nine months ended April 30, 2021	50.11	50.11

Note: “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020.) etc. has been applied from the beginning of the first quarter of the current consolidated fiscal year, thus, each number for the third quarter of the fiscal year ending July 31, 2022 is the number to which this Accounting Standards etc. has been applied.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million JPY	Million JPY	%
As of April 30, 2022	15,624	10,432	66.3
Fiscal Year ended July 31, 2021	15,751	11,582	73.0

Note: Shareholders' equity (million JPY)

As of April 30, 2022: 10,364

Fiscal Year ended July 31, 2021: 11,500

Note: "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020.) etc. has been applied from the beginning of the first quarter of the current consolidated fiscal year, thus, each number for the third quarter of the fiscal year ending July 31, 2022 is the number to which this Accounting Standards etc. has been applied.

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Q4	Total
Fiscal year ended July 31, 2021	JPY —	JPY 0.00	JPY —	JPY 16.00	JPY 16.00
Fiscal year ending July 31, 2022	—	0.00	—		
Fiscal year ending July 31, 2022 (forecast)			—	16.00	16.00

Note: Revisions to dividend forecasts: No

3. Forecasts for the Fiscal Year Ending July 31, 2022 (August 1, 2021 - July 31, 2022)

(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	32,500	4.0	-700	—	-700	—	-850	—	-45.29

Note: Revisions to the forecasts for the fiscal year ending July 31, 2022: No

*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) Application of account procedures to the preparation of quarterly consolidated financial statements : No

(3) 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 more details, please refer to the "2. Quarterly Consolidated Financial Statements and Significant Notes Thereto (3) Notes on Quarterly Consolidated Financial Statements (Changes in Account Policies)" on page 9 of the attachments to this financial results report.

(4) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury stock)	As of April 30, 2022	19,789,200	As of July 31, 2021	19,789,200
(ii) Number of shares of treasury stock at the end of the period	As of April 30, 2022	1,256,188	As of July 31, 2021	811,388
(iii) Average number of shares during the period	Nine months ended April 30, 2022	18,691,801	Nine months ended April 30, 2021	19,579,493

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.

*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. Qualitative Information Regarding Results for the Nine Months (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements" on page 4 of the attachments to this financial results report.

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1. Qualitative Information Regarding Results for the Nine Months

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

(1) Explanation of Operating Results

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 businesses 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 multiple e-commerce websites that handle various products, including our online bicycle store under the name “cyma”.

During this fiscal year’s initial nine months ended April 30, 2022, regarding revenue, although the E-Commerce Business drastically increased from the same quarter of the previous fiscal year due to its busy season, the Entertainment Business decreased, resulting in overall revenue to stay flat in comparison to the same quarter of the previous fiscal year. Operating income, ordinary income, and net income attributable to shareholders of parent company declined year on year due to the decrease in the Entertainment Business alongside its decreased revenue.

Because of the above, during the nine months ended April 30, 2022, Ateam posted revenue of 23,541 million JPY (up 0.1% year on year), operating loss of 963 million JPY (compared to an operating income of 580 million JPY in the same quarter of the previous year), ordinary loss of 935 million JPY (compared to an ordinary income of 733 million JPY in the same quarter of the previous year), and net loss attributable to shareholders of parent company of 834 million JPY (compared to a net income attributable to shareholders of parent company of 981 million JPY in the same quarter of the previous fiscal year).

The operating performance by segment for the nine months ended April 30, 2022 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 distribution 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 game market including smartphone games, PC games and console games. We aim for long-term future growth by collaborating with popular IP across the globe while also incorporating multi-device deployment.

In the nine months ended April 30, 2022, revenue of our new game title “FINAL FANTASY VII THE FIRST SOLDIER” was not sufficient to cover the decrease in revenue of our main existing game titles, resulting in segment revenue to decline from the same quarter of the previous fiscal year. The segment profit still decreased in comparison to the same quarter of the previous fiscal year despite the lower burden of advertisement and development costs for “FINAL FANTASY VII THE FIRST SOLDIER” than the first half of the fiscal year.

As a result, during the nine months ended April 30, 2022, the Entertainment Business posted revenue of 4,608 million

JPY (down 16.3% year on year) and operating loss of 1,059 million JPY (compared to an operating income of 322 million JPY in the same quarter of the previous fiscal 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. Made up of several sub-segments, each sub-segment 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.

The “Digital Marketing Support Business” centers on digital marketing support that refers prospective customers to partner companies via our own media 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 “Platform Business” provides a “place” 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.

Platform Business provides Healthcare Service and Engineering Service.

In the nine months ended April 30, 2022, revenue stayed flat and segment profit decreased from the same quarter of the previous fiscal year. Despite the outstanding growth in the car appraisal website “Navikuru” in comparison to the same quarter of the previous fiscal year, the decrease in revenue of Financial Media in addition to limited number of customer referral in moving-related business due to the steep runup in electricity prices, resulted in the segment revenue decreasing. In Financial Media, due to the Google core algorithm update at the end of 2020, its user count had been decreasing since the second quarter of the fiscal year ended July 31, 2021, therefore, web advertisement cost increased in the third quarter of the previous fiscal year in order to recover the decreased user count. On the other hand, until the nine months of the current fiscal year, the cost had been suppressed due to the increase in the volume of web advertisements by competitors, which led the revenue to significantly decrease in comparison to the same quarter of the previous fiscal year. As for segment profit, the increased profit alongside the higher revenue in “Navikuru” was not sufficient to cover the decreased profit in Financial Media, resulting in segment profit declining from the same quarter of the previous fiscal year.

As a result, during the nine months ended April 30, 2022, the Lifestyle Support Business posted revenue of 15,574 million JPY (up 1.5% year on year) and operating income of 861 million JPY (down 14.9% year on year).

E-Commerce Business

In the E-Commerce Business, we operate E-Commerce websites that handle multiple products, including our online bicycle store “cyma”.

Since the establishment in 2013, “cyma” has three warehouses in the Tokai, Kanto and Kansai areas, which are stockpiled with bicycles we purchased from both domestic and oversea 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.

Going forward, with the mission of “shopping that moves your heart”, we will continue to improve our product lineup, sales methods, and delivery quality daily, and provide services that allow users to experience shopping that greatly exceeds their expectations.

In the nine months ended April 30, 2022, regarding revenue, “cyma” increased sales remarkably at online shopping malls during its busy season in the third quarter of the current fiscal year, resulting in segment revenue increasing from the same quarter of the previous fiscal year. Segment profit declined from the same quarter of the previous fiscal year due to the investment in the new service “Obremo”.

As a result, during nine months ended April 30, 2022, the E-Commerce Business posted revenue of 3,358 million JPY (up 26.0% year on year) and operating loss of 34 million JPY (compared with an operating income of 133 million JPY in same quarter in the previous year).

(2) Explanation of Financial Position

(i) Assets

As of the end of the third quarter under review, we posted total assets of 15,624 million JPY, a decrease of 127 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 1,300 million JPY in cash and deposits, in spite of an increase of 559 million JPY in accounts receivable – trade, an increase of 244 million JPY in inventories, and an increase of 239 million JPY in investment securities.

(ii) Liabilities

As of the end of the third quarter under review, we posted liabilities of 5,191 million JPY, an increase of 1,023 million JPY compared with the previous fiscal year. This was mainly due to an increase of 1,163 million JPY in accounts payable.

(iii) Net Assets

As of the end of the third quarter under review, we posted net assets of 10,432 million JPY, a decrease of 1,150 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 1,137 million JPY in retained earnings.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

In the fiscal year ending July 31, 2022, 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 and governance, while limiting the number of recruits.

Regarding the consolidated business outlook for the fiscal year ending July 31, 2022, we believe it will be a year of endurance as we continuously aim to earn steady income in the existing services and make operations more efficient, in order to realize overall revenue and income growth by the various measures we made in the previous fiscal year.

As for the nine months ended April 30, 2022, regarding revenue, overall business landed in-line with forecast. This was mainly because the car appraisal website “Navikuru” trended well along with a significant increase in revenue of “cyma” in the busy season, although the Entertainment Business struggled in the new game title to gain revenue as well as the downtrend of existing game titles.

Operating income, ordinary income, and net income attributable to shareholders of parent company, also landed in-line with forecast due to the reducing burden of advertisement and development costs in the Entertainment Business in comparison to the first half of the fiscal year.

As for the full year consolidated financial forecast, we expect both overall revenue and income to fall in-line with forecast as there are anniversary events of the main existing game titles in the fourth quarter of the current fiscal year along with the reducing costs for the new game titles. Therefore, we will not be making any changes to the forecast disclosed on March 10, 2022, at this time, and if any change in forecast is to occur, a prompt announcement will be made via public notice.

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

Full Year forecast for the fiscal year ending July 31, 2022 (August 1, 2021 - July 31, 2022)

Revenue	32,500 million JPY (up 4.0% year on year)
Operating loss	700 million JPY (—)
Ordinary loss	700 million JPY (—)
Net income attributable to shareholders of parent company	850 million JPY (—)

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Million JPY)

	As of July 31, 2021	As of April 30, 2022
Assets		
Current assets		
Cash and deposits	6,035	4,734
Accounts receivable - trade	3,109	3,669
Inventories	450	695
Other	792	1,131
Allowance for doubtful accounts	-4	-2
Total current assets	10,383	10,228
Non-current assets		
Property, plant and equipment		
Buildings, net	953	878
Other, net	242	194
Total property, plant and equipment	1,195	1,073
Intangible assets		
Goodwill	239	206
Other	553	568
Total intangible assets	792	774
Investments and other assets		
Investment securities	2,148	2,388
Leasehold and guarantee deposits	665	635
Other	569	526
Allowance for doubtful accounts	-3	-3
Total investments and other assets	3,380	3,548
Total non-current assets	5,368	5,396
Total assets	15,751	15,624

	As of July 31, 2021	As of April 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	533	638
Accounts payable - other	1,873	3,037
Income taxes payable	370	39
Provision for bonuses	—	142
Provision for sales promotion expenses	191	226
Provision for share awards	34	17
Provision for share awards for directors (and other officers)	—	16
Other	636	557
Total current liabilities	3,640	4,674
Non-current liabilities		
Asset retirement obligations	496	498
Other	31	18
Total non-current liabilities	527	517
Total liabilities	4,168	5,191
Net assets		
Shareholders' equity		
Share capital	838	838
Capital surplus	832	832
Retained earnings	10,955	9,817
Treasury shares	-1,394	-1,896
Total shareholders' equity	11,232	9,591
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	287	792
Deferred gains or losses on hedges	-22	-35
Foreign currency translation adjustment	3	16
Total accumulated other comprehensive income	268	773
Share acquisition rights	82	68
Total net assets	11,582	10,432
Total liabilities and net assets	15,751	15,624

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (Cumulative)

(Million JPY)

	Nine months ended April 30, 2021	Nine months ended April 30, 2022
Revenue	23,509	23,541
Cost of sales	5,882	6,513
Gross profit	17,627	17,027
Selling, general and administrative expenses	17,046	17,990
Operating income (loss)	580	-963
Non-operating income		
Interest and dividend income	2	0
Foreign exchange gains	7	21
Commission income	16	21
Gain on investments in investment partnerships	135	3
Other	17	5
Total non-operating income	179	51
Non-operating expenses		
Interest expenses	1	0
Loss on retirement of non-current assets	1	2
Loss on sale of receivables	13	18
Other	9	1
Total non-operating expenses	26	23
Ordinary income (loss)	733	-935
Extraordinary income		
Gain on reversal of share acquisition rights	—	14
Gain on sale of investment securities	770	—
Total extraordinary income	770	14
Extraordinary losses		
Impairment losses	33	7
Loss on sale of investment securities	—	12
Total extraordinary losses	33	19
Profit (loss) before income taxes	1,470	-939
Income taxes	489	-105
Net income (loss)	981	-834
Net income (loss) attributable to shareholders of parent company	981	-834

Quarterly Consolidated Statements of Comprehensive Income (Cumulative)

(Million JPY)

	Nine months ended April 30, 2021	Nine months ended April 30, 2022
Net income (loss)	981	-834
Other comprehensive income		
Valuation difference on available-for-sale securities	164	504
Deferred gains or losses on hedges	—	-12
Foreign currency translation adjustment	3	12
Total other comprehensive income	168	504
Comprehensive income	1,149	-329
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,149	-329

(3) Notes on Quarterly Consolidated Financial Statements

Notes on Premise of Going Concern

Not applicable.

Notes on Substantial Changes in the Amount of Shareholder's Equity

Ateam acquired 114,600 shares of treasury stock based on a resolution of the Board of Directors meeting held on March 12, 2021, as well as acquiring 350,000 shares of treasury stock based on a resolution of the Board of Directors meeting held on September 10, 2021. As a result, treasury stock increased by 502 million JPY during the nine months ended April 30, 2022, and treasury stock increased by 1,896 million JPY at the end of the third quarter upon review.

Changes in Account Policies

(Application of the Accounting Standards for Revenue Recognition, etc.)

"Account Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020. Hereafter "Accounting Standards for Revenue Recognition") etc. has been applied from the beginning of the first quarter of the current consolidated fiscal year. In accordance with this accounting standard, we recognize revenue as the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer. The major changes in relation to application of the Account Standards are stated below:

(1) Revenue Recognition for Sales of Goods Transactions

As for the sales of goods transactions in the E-Commerce service, although we previously recognize revenue when the goods and/or services are shipped, we have changed to the new manner of which we recognize revenue at the expected time when the customer detected the goods.

(2) Revenue Recognition for Item Billing Transactions

As for the item billing transactions in game service, although we previously recognize revenue when the currency in the game app is consumed, we have changed to the new manner of which we recognize revenue based upon the estimated period of use after the customer exchanges items.

Operating Accounting Standards for Revenue Recognition follows the proviso of Paragraph 84 of the Accounting Standards for Revenue Recognition; accumulated amount of impact is added and subtracted in retained earnings of the first quarter of the current consolidated fiscal year, thus, we have applied the new accounting policy from the first quarter of this fiscal year. However, we applied Paragraph 86 of the Accounting Standards for Revenue Recognition, we have not retroactively applied the new accounting policy to the contract with recognition of almost all the amount of profit which follows the previous manner before the first quarter of the current consolidated fiscal year. Also, we applied the proviso of Paragraph 86 of the Accounting Standards for Revenue Recognition; we performed accounting process based upon Terms and Conditions with contract renewal, and then we added and subtracted the accumulated amount of impact in retained earnings of the first quarter of the current consolidated fiscal year.

Because of the above, during the nine months ended April 30, 2022, revenue of Ateam decreased 53 million JPY, cost of sales decreased 0 million JPY, and operating loss, ordinary loss, and quarterly loss before tax adjustment each increased 53 million JPY. In addition, there is no impact of retained earnings on the balance at the beginning of the period.

(Application of Accounting Standards for Calculating of Fair Value, etc.)

"Application of Accounting Standards for Calculating of Fair Value" (ASBJ Statement No. 30, July 4, 2019. Hereafter "Fair Value Accounting Standards") etc. has been applied from the beginning of the first quarter of the current

consolidated fiscal year, and we have decided to operate the new accounting policy prescribed by Fair Value Accounting Standards over the future by following the transitional treatment prescribed by Paragraph 19 of Fair Value Accounting Standards and Section 44-2 of “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no effect of this change on the quarterly consolidated financial statements.

Additional Information

(Application of handling related to the application of tax effect accounting related to the transition from Consolidated Taxation System to group total system)

Ateam and some of Ateam’s domestic consolidated subsidiaries will shift to the established group total system based on the “Law for Partial Revision of Income Tax Law, etc.” (Act No. 8 of 2nd Year of Ordinance). As for items for which the non-consolidated tax payment system has been reviewed upon the “Handling of Application of Tax Effect Accounting Related to the Transition from the Consolidated Taxation System to the Group Total System” (Practical Response Report No. 39, March 31, 2020) Paragraph 3, the provisions of Paragraph 44 of “Application Guideline No. 28, February 16, 2018) are not applied, and deferred tax assets and deferrals are determined based on the provisions of the tax law before the revision.

Segment Information

Nine months ended April 30, 2021 (from August 1, 2020 to April 30, 2021)

1. Information regarding the amounts of revenue, and income or loss by reportable segment

(Million JPY)

	Reportable segment				Adjustment (Note) 1	Amount on the quarterly consolidated statements of income (Note) 2
	Entertainment Business	Lifestyle Support Business	E-Commerce Business	Total		
Revenue						
Outside customers	5,505	15,338	2,664	23,509	–	23,509
Inter-segment sales and transfers	–	–	–	–	–	–
Total	5,505	15,338	2,664	23,509	–	23,509
Segment profit (loss)	322	1,012	133	1,468	-887	580

(Notes)1. Adjustment of negative 887million JPY for segment loss is corporate expenses not attributable to reportable segments.
2. Adjustments are made between segment (profit) loss and operating income reported in the quarterly consolidated statements of income.

2. Impairment loss on non-current assets and goodwill by reportable segment

(Significant Impairment Loss on Fixed Assets)

The profitability of a fixed asset within the Entertainment Business segment declined, setting the recoverable value to zero, and the entire book value recorded as an impairment loss. The amount recorded for the impairment loss was 33 million JPY in the nine months under review.

(Significant Fluctuation in the Amount of Goodwill)

Due to the share acquisition of Links Inc. within the Lifestyle Support Business segment, we have included the

company in the scope of consolidation. The amount of increase in goodwill due to this event was 261 million JPY in the nine months under review. Since the allocation of the acquisition cost for this transaction has not been completed, the amount of goodwill is a provisionally calculated amount.

Nine months ended April 30, 2022 (from August 1, 2021 to April 30, 2022)

1. Information regarding the amounts of revenue, and income or loss by reportable segment

(Million JPY)

	Reportable segment				Adjustment (Note) 1	Amount on the quarterly consolidated statements of income (Note) 2
	Entertainment business	Lifestyle Support business	E-Commerce business	Total		
Revenue						
Outside customers	4,608	15,574	3,358	23,541	–	23,541
Inter-segment sales and transfers	–	–	–	–	–	–
Total	4,608	15,574	3,358	23,541	–	23,541
Segment profit (loss)	-1,059	861	-34	-231	-731	-963

(Notes) 1. Adjustment of negative 731 million JPY for segment loss is corporate expenses not attributable to reportable segments.
 2. Adjustments are made between segment profit (loss) and operating income reported in the quarterly consolidated statements of income.

2. Impairment loss on non-current assets and goodwill by reportable segment

(Significant Impairment Loss on Fixed Assets)

A desk asset that is determined to be closed with the Lifestyle Support Business was recorded as an impairment loss. As a result, the recording of impairment loss during the nine months ended April 30, 2022 was 7 million JPY.

3. Matters concerning changes in reportable segment

As mentioned in Changes in Account Policies, “Account Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020. Hereafter “Accounting Standards for Revenue Recognition”) etc. has been applied from the beginning of the first quarter of the current consolidated fiscal year, resulting in a change in the method of measuring profits/losses in business segments.

Due to this change of method, compared to the conventional method, during the nine months ended April 30, 2022, the Entertainment Business segment revenue declined 15 million JPY and segment loss increased 15 million JPY, the Lifestyle Support Business segment revenue declined 22 million JPY and segment profit decreased 22 million JPY, and the E-Commerce Business segment revenue declined 14 million JPY and segment loss increased 14 million JPY.