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Consolidated Financial Results for the Nine Months Ended April 30, 2023 (Japan GAAP)



June 9, 2023

Company name: Ateam Inc.
Stock exchange listing: Tokyo Stock Exchange
Securities code: 3662
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Scheduled date of filing securities report: June 9, 2023
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, 2023 (August 1, 2022 – April 30, 2023)

(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, 2023	21,245	-9.8	373	—	422	—	1	—
Nine months ended April 30, 2022	23,541	0.1	-963	—	-935	—	-834	—

Note: Comprehensive income (million JPY)

Nine months ended April 30, 2023: -94 [—%]

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

	Net earnings per share (basic)	Net earnings per share (diluted)
	JPY	JPY
Nine months ended April 30, 2023	0.09	—
Nine months ended April 30, 2022	-44.63	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million JPY	Million JPY	%
As of April 30, 2023	14,205	9,526	67.1
Fiscal Year ended July 31, 2022	14,762	9,882	66.9

Note: Shareholders' equity (million JPY)

As of April 30, 2023: 9,526

Fiscal Year ended July 31, 2022: 9,882

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Q4	Total
Fiscal year ended July 31, 2022	JPY —	JPY 0.00	JPY —	JPY 16.00	JPY 16.00
Fiscal year ending July 31, 2023	—	0.00	—		
Fiscal year ending July 31, 2023 (forecast)				16.00	16.00

Note: No revisions to dividend forecasts

3. Forecasts for the Fiscal Year Ending July 31, 2023 (August 1, 2022 - July 31, 2023)

(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	28,000	-11.9	500	—	500	—	0	—	0.00

Note: Revisions to the forecasts for the fiscal year ending July 31, 2023: No

*Notes

(1) Significant changes in scope of consolidation during the current quarter : Yes

Changes in scope of consolidation of specified subsidiaries:

Newly consolidated: (—)

Newly excluded companies: 1 (company name: cyma Inc.)

Note: For more details, please refer to “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto (3) Notes on Quarterly Consolidated Financial Statements (Business Combinations)” on page 12 of the attachments to this financial results report.

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

(3) Changes in accounting policies, accounting projections, or restatements

(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 “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto (3) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting 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)

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

(iii) Average number of shares during the period

As of April 30, 2023	19,789,200	As of July 31, 2022	19,789,200
As of April 30, 2023	1,236,421	As of July 31, 2022	1,256,188
Nine months ended April 30, 2023	18,550,546	Nine months ended April 30, 2022	18,691,801

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 "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 purpose, “Combining Creativity and Tech to Deliver More Convenience and More Fun to All”. Operating in various technical and business fields, the corporate officers and employees unite under this corporate purpose to plan, develop and operate comparison and information websites, game content, and e-commerce sites that are supported and used by users via the internet. Specifically, we operate businesses in three core segments.

The Lifestyle Support Business engages in the planning, development and operation of various online services. The Entertainment Business engages in the planning, development and operation of game and tool applications. The E-Commerce Business engages in the planning, development and operation of multiple e-commerce websites that handle various products.

We have reclassified the cosmetic brand “lujo” and the healthcare supplement “minorie”, which had been assigned to the sub-segment “other business” in the Lifestyle Support Business, as part of the E-Commerce Business from the beginning of the first quarter of the current consolidated fiscal year.

During the three months ended April 30, 2023, cyma Inc. succeeded the bicycle retail business which had operated online bicycle store “cyma”, and all of its shares were transferred on March 1, 2023 (hereafter “transfer of the bicycle retail business”). Therefore, revenue and costs regarding the business are no longer recorded after the date of share transfer.

During the nine months ended April 30, 2023, overall revenue decreased from the same quarter of the previous fiscal year mainly due to the transfer of the bicycle retail business in the E-Commerce Business. Operating income, ordinary income, and net profit attributable to shareholders of the parent company remarkably increased from the same quarter of the previous fiscal year due to increases in the Lifestyle Support Business and the Entertainment Business despite a decrease in the E-Commerce Business.

Because of the above, during the nine months ended April 30, 2023, Ateam posted revenue of 21,245 million JPY (down 9.8% year on year), operating income of 373 million JPY (compared to an operating loss of 963 million JPY in the same quarter of the previous fiscal year), ordinary income of 422 million JPY (compared to an ordinary loss of 935 million JPY in the same quarter of the previous year), and a net income attributable to shareholders of the parent company of 1 million JPY (compared to a net loss attributable to shareholders of parent company of 834 million JPY in the same quarter of the previous fiscal year).

The operating performance by segment for the nine months ended April 30, 2023 follows below.

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 revolving 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.

From the first quarter of the current consolidated fiscal year, there are two sub-segments in the Lifestyle Support Business (the “Digital Marketing Support Business” and “Platform Business”) due to the segment reclassification of the cosmetic brand “lujo” and the healthcare supplement “minorie”, reassigned to be part of the E-Commerce Business from the “Other business” sub-segment in the Lifestyle Support Business.

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 numerous business areas.

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

The “Platform Business” provides a “hub” where information gathered through applications and websites can accumulate and be utilized to enhance unique value to build a 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 solutions.

The Platform Business provides Healthcare Services and Engineering Services.

During the nine months ended April 30, 2023, regarding revenue, despite continuous increases in the car appraisal website “Navikuru” and the recruitment media service which were in their peak period during the third quarter, limited/suspended numbers of customer referrals to electric utility companies and telecommunications carriers in the moving-adjacent business due to changes in market conditions including surging resource prices and intense competition to obtain customers in the telecommunication-related market resulted in overall revenue to decrease from the same quarter of the previous fiscal year. Segment profit significantly increased from the same quarter of the previous fiscal year mainly due to profit increases alongside the revenue increases in the recruitment media service and financial media service, even with a profit decrease in the moving-adjacent business due to the revenue decline.

As a result, during the nine months ended April 30, 2023, the Lifestyle Support Business posted revenue of 14,176 million JPY (down 2.3% year on year) and an operating income of 1,477 million JPY (up 74.5% year on year).

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 the App Store and Google Play). Although most of our game and tool products are free to 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 focus not only on smartphone games but on global digital game distribution in general, including mobile devices, PC, and home digital distribution. We aim for long-term future growth by collaborating with popular global IPs while also incorporating multi-platform deployment. Moreover, we strive to plan, develop, and operate games in new markets, such as NFTs (non-fungible tokens) with skills and know-how cultivated through previous game app development.

During the nine months ended April 30, 2023, revenue decreased from the same quarter of the previous fiscal year due to continued decreases in existing game titles. Regarding segment profit, in addition to efficient operation of existing game titles, advertisement and development costs for “FINAL FANTASY VII THE FIRST SOLDIER” were eliminated as it was terminated on January 11, 2023, resulting in overall segment profit to increase from the same quarter of the previous fiscal year.

As a result, during the nine months ended April 30, 2023, the Entertainment Business posted revenue of 3,945 million JPY (down 14.4% year on year) and an operating income of 25 million JPY (compared to an operating loss of 1,059 million JPY in the same quarter of the previous fiscal year).

E-Commerce Business

The E-Commerce Business operates multiple e-commerce websites that handle various products including the cosmetic brand “lujo”. The E-Commerce Business plans, develops, and promotes products within the group while

using OEM (Original Equipment Manufacturers) to outsource manufacturing, and applies a continuous sales model.

Going forward, we will continue to improve our product lineup, sales methods, quality of delivery, and provide services that allow users to experience shopping that greatly exceeds their expectations.

During the nine months ended April 30, 2023, revenue significantly decreased from the same quarter of the previous fiscal year due to the transfer of the bicycle retail business despite an outstanding increase in “lujo”. Segment loss increased from the same quarter of the previous fiscal year due to a profit decrease along with the transfer of the bicycle retail business as well as an investment in the pet food brand “Obremo”.

As a result, during the nine months ended April 30, 2023, the E-Commerce Business posted revenue of 3,123 million JPY (down 29.4% year on year) and an operating loss of 366 million JPY (compared with an operating loss of 19 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 14,205 million JPY, a decrease of 556 million JPY compared with the previous fiscal year. This was mainly due to decreases of 407 million JPY in inventories, of 362 million in buildings (net), and of 312 million JPY in accounts receivable - trade despite an increase of 758 million in cash and deposit.

(ii) Liabilities

As of the end of the third quarter under review, we posted liabilities of 4,679 million JPY, a decrease of 200 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 337 million JPY in accounts payable - trade despite an increase of 205 million in accounts payable - other.

(iii) Net Assets

As of the end of the third quarter under review, we posted net assets of 9,526 million JPY, a decrease of 356 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 294 million JPY in retained earnings.

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

In the fiscal year ending July 31, 2023, for our sustained growth and medium- to long-term corporate value accretion, Ateam intends to focus on strengths of each segment while removing resources from weaker areas, and to strengthen its business portfolio while continuously investing in businesses to expand. Additionally, by realizing diverse working styles including working from home, we will continue to focus on optimizing fixed costs, including reevaluation of our rented office space.

As for the nine months ended April 30, 2023, each segments' earnings progressed in-line with the revised forecasts disclosed on March 10, 2023. Therefore, we will not be making any changes to the forecast at this time, and if any change in forecast is to occur, a prompt announcement will be made via a public notice.

The forward-looking statements 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 various factors in the future.

Full Year forecast for the fiscal year ending July 31, 2023 (August 1, 2022 - July 31, 2023)

Revenue	28,000 million JPY (down 11.9% year on year)
Operating income	500 million JPY (—)
Ordinary income	500 million JPY (—)
Net income attributable to shareholders of parent company	0 million JPY (—)

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Million JPY)

	As of July 31, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	5,223	5,982
Accounts receivable - trade	3,437	3,125
Inventories	667	260
Other	1,144	1,191
Allowance for doubtful accounts	-1	-3
Total current assets	10,471	10,556
Non-current assets		
Property, plant and equipment		
Buildings, net	685	322
Other, net	158	95
Total property, plant and equipment	844	418
Intangible assets		
Goodwill	195	163
Other	195	187
Total intangible assets	391	350
Investments and other assets		
Investment securities	2,461	2,325
Leasehold and guarantee deposits	575	539
Other	21	19
Allowance for doubtful accounts	-3	-3
Total investments and other assets	3,055	2,880
Total non-current assets	4,290	3,649
Total assets	14,762	14,205

	As of July 31, 2022	As of April 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	446	108
Accounts payable - other	2,712	2,918
Income taxes payable	80	143
Provision for bonuses	—	76
Provision for sales promotion expenses	76	55
Provision for share awards	35	18
Other	854	661
Total current liabilities	4,205	3,982
Non-current liabilities		
Asset retirement obligations	499	518
Other	174	178
Total non-current liabilities	674	697
Total liabilities	4,880	4,679
Net assets		
Shareholders' equity		
Share capital	838	838
Capital surplus	832	832
Retained earnings	9,315	9,020
Treasury shares	-1,896	-1,862
Total shareholders' equity	9,088	8,828
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	827	731
Deferred gains or losses on hedges	-60	-57
Foreign currency translation adjustment	27	24
Total accumulated other comprehensive income	793	697
Total net assets	9,882	9,526
Total liabilities and net assets	14,762	14,205

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (Cumulative)

(Million JPY)

	Nine months ended April 30, 2022	Nine months ended April 30, 2023
Revenue	23,541	21,245
Cost of sales	6,513	4,093
Gross profit	17,027	17,152
Selling, general and administrative expenses	17,990	16,778
Operating income (loss)	-963	373
Non-operating income		
Interest and dividend income	0	0
Foreign exchange gains	21	9
Commission income	21	20
Gain on investments in investment partnerships	3	9
Gain on sale of non-current assets	—	20
Other	5	12
Total non-operating income	51	72
Non-operating expenses		
Interest expenses	0	1
Loss on retirement of non-current assets	2	0
Loss on sale of receivables	18	20
Other	1	0
Total non-operating expenses	23	24
Ordinary income (loss)	-935	422
Extraordinary income		
Gain on reversal of share acquisition rights	14	—
Gain on sale of investment securities	—	6
Total extraordinary income	14	6
Extraordinary losses		
Impairment losses	7	41
Loss on sale of investment securities	12	—
Loss on sale of shares of subsidiaries and associates	—	121
Other	—	16
Total extraordinary losses	19	179
Profit (loss) before income taxes	-939	248
Income taxes	-105	246
Net income (loss)	-834	1
Net income (loss) attributable to shareholders of parent company	-834	1

Quarterly Consolidated Statements of Comprehensive Income (Cumulative)

(Million JPY)

	Nine months ended April 30, 2022	Nine months ended April 30, 2023
Net income (loss)	-834	1
Other comprehensive income		
Valuation difference on available-for-sale securities	504	-96
Deferred gains or losses on hedges	-12	3
Foreign currency translation adjustment	12	-3
Total other comprehensive income	504	-95
Comprehensive income	-329	-94
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	-329	-94

(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

Not applicable.

Changes in Scope of Consolidation of Specified Subsidiaries

The newly established company, cyma Inc., which had been included in the scope of consolidation from the second quarter of the current consolidated fiscal year, was excluded from the scope along with the transfer of all shares of cyma Inc. during the third quarter of the current consolidated fiscal year.

Changes in Accounting Policies

(Implementation Guidance on Accounting Standard for Fair Value Measurement.)

"Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021. Hereafter "Fair Value Accounting Standard") has been applied from the beginning of the first quarter of the current consolidated fiscal year, and we have decided to operate under the new accounting policy prescribed by the Fair Value Accounting Standard for the foreseeable future by following the transitional treatment prescribed by Paragraph 27-2 of the Fair Value Accounting Standard. This change has no effect on the quarterly consolidated financial statements.

Additional Information

(Application of handling related to the Group Total System)

Ateam and Ateam's domestic consolidated subsidiaries shifted from the Consolidated Taxation System to the Group Total System from the first quarter of the current consolidated fiscal year. In accordance with the application, for accounting and disclosure of income taxes and local taxes as well as tax effect accounting, we follow the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No.42, August 12, 2021). Also, based upon the Practical Solution No.42 Paragraph 32 (1), we consider that there is no effect of this change associated with application of Practical Solution No.42.

Segment Information

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
	Lifestyle Support Business	Entertainment Business	E-Commerce Business	Total		
Revenue						
Outside customers	14,508	4,608	4,424	23,541	–	23,541
Inter-segment sales and transfers	–	–	–	–	–	–
Total	14,508	4,608	4,424	23,541	–	23,541
Segment profit (loss)	846	-1,059	-19	-231	-731	-963

(Notes) 1. Adjustment of minus 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.

Nine months ended April 30, 2023 (from August 1, 2022 to April 30, 2023)

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
	Lifestyle Support Business	Entertainment Business	E-Commerce business	Total		
Revenue						
Outside customers	14,176	3,945	3,123	21,245	–	21,245
Inter-segment sales and transfers	–	–	–	–	–	–
Total	14,176	3,945	3,123	21,245	–	21,245
Segment profit (loss)	1,477	25	-366	1,136	-762	373

(Notes) 1. Adjustment of minus 762 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)

The profitability of a fixed asset within the E-Commerce Business segment declined, setting the recoverable value to zero, and the entire book value recorded as an impairment loss. As a result, the recording of impairment loss during the nine months ended April 30, 2023 was 41 million JPY.

3. Matters concerning changes in reportable segment

From the first quarter of the current consolidated fiscal year, the cosmetic and healthcare brands are assigned to the E-Commerce Business from the Lifestyle Support Business. By reassessing the segment classification based upon similarities and commonalities of business strategy and performance evaluation methods, we determined that the change helps evaluate business performance more appropriately.

The segment information during the nine months ended April 30, 2022 is recalculated in a reclassified segment.

Business Combinations

(Company Split and Share Transfer)

Ateam resolved at the Board of Directors meeting held on December 16, 2022 to transfer the bicycle retail business (hereafter “the business”) of our consolidated subsidiary Ateam CommerceTech Inc. to cyma Inc. (hereafter “the new company”), which was newly established as a consolidated subsidiary of Ateam CommerceTech Inc. on December 20, 2022 in a manner of a company split (hereafter “the company split”), and then transfer all shares of cyma Inc. to Y. International, Inc. (hereafter “the transaction” along with the company split).

Based on this, the company split and share transfer were completed on March 1, 2023.

1. Purpose of the Transaction

Under our corporate purpose of “Combining Creativity and Tech to Deliver More Convenience and More Fun to All”, Ateam aims to continue delivering added value services with high creativity to realize a sustainable and better society. Therefore, we have been working on creating an organization to achieve this purpose and optimizing our management resources by reassessing our business portfolio.

Regarding Ateam CommerceTech Inc.’s online bicycle store “cyma”, the service was launched in 2013 with the intention of generating a new source of earnings apart from the Entertainment Business and Lifestyle Support Business. The service has grown into the No. 1 online comprehensive bicycle store in terms of annual revenue* by establishing it as a unique E-Commerce site where users can purchase fully assembled bicycles.

*As of February 10, 2020, according to ESP Research Institute, Inc.

However, our lack of retail stores is a hurdle to expand earnings and growth and it is expected that more time and investment will be necessary to resolve this issue.

Considering this situation, by transferring the business to Y. International, Inc. which has abundant experience in bicycle online and retail stores, we determined that the transaction can possibly realize sustained growth and increase earnings by fusing Y. International, Inc.’s know-how with cyma’s e-commerce operational know-how.

2. Overview of the Newly Established Company by the Company Split

Company Name	cyma Inc.
Location	28-12 Meieki 3-chome, Nakamura-ku, Nagoya, Aichi
Representative	Kazuhiro Mochizuki
Amount of Capital	50 million JPY
Amount of Net Assets	99 million JPY
Amount of Total Assets	99 million JPY
Business Overview	Bicycle retail business
Date of Establishment	December 20, 2022
Capital Ties	Ateam owned 100% of the issued shares of the new company on the effective date of the company split, however, all shares of the new company which Ateam owned were transferred to Y. International, Inc. on the same date (hereafter “the share transfer”).

3. Overview and Scale of the Business to Be Split

a. Business Overview

Bicycle retail business

b. Scale of Business (as of the fiscal year ended July 31, 2022)

Revenue of 4,302 million JPY

4. Name of the Segment in Which the Split Business Was Included in the Segment Information

E-Commerce Business

5. Date of the Company Split and Share Transfer

March 1, 2023

6. Method of the Company Split

Simplified absorption-type demerger, in which our consolidated subsidiary, Ateam CommerceTech Inc., is the split company and the new company is the succeeding company.

7. Amount of Assets and Liabilities in Relation to the Company Split and Share Transfer (as of March 1, 2023)

The Company Split (Absorption-type Demerger of Ateam CommerceTech Inc.'s Bicycle Retail Business to cyma Inc.)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	685 million JPY	Current liabilities	163 million JPY
Non-current assets	— million JPY	Non-current liabilities	— million JPY
Total assets	685 million JPY	Total liabilities	163 million JPY

The Share Transfer (Transfer of cyma Inc.'s shares to Y. International., Inc.)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	785 million JPY	Current liabilities	163 million JPY
Non-current assets	— million JPY	Non-current liabilities	— million JPY
Total assets	785 million JPY	Total liabilities	163 million JPY

8. Overview of the Counterparty to the Share Transfer

Company Name	Y. International., Inc.
Location	1-27-8 Higashi-Ikebukuro, Toshima-ku, Tokyo
Representative	Keiichiro Torii
Amount of Capital	50 million JPY
Amount of Net Assets	3,243 million JPY (as of the fiscal year ended February 2022)
Amount of Total Assets	9,051 million JPY (as of the fiscal year ended February 2022)
Business Overview	<ul style="list-style-type: none"> - Domestic sales of sports cycles, bicycle parts, and accessories - Planning, manufacturing, and sales of original products - Production of custom-made bicycles - Maintenance and tune-up of sports cycles - Purchase and sales of used sports cycles

9. Number of Shares Transferred, Transfer Value, Capital Gain/loss, and Shareholding Ratio After Transfer

Number of Shares to Be Transferred	100,000 shares (ratio of voting rights: 100.00%)
Transfer Value	499 million JPY
Capital Loss	121 million JPY
Number of Shares After Transfer	0 share (ratio of voting rights: —%)

10. Overview of Accounting Process

The company split was processed as a transaction under common control based upon “Accounting Standard for Business Combinations (ASBJ Statement No.21, January 16, 2019) and “Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Statement No.10, January 16, 2019)”.

The share transfer was processed based upon “Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013)” and “Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Statement No.10, January 16, 2019)”.