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## Consolidated Financial Results for the Three Months Ended October 31, 2023 (Japan GAAP)



December 8, 2023

Company name: Ateam Inc.  
Stock exchange listing: Tokyo Stock Exchange  
Securities code: 3662  
URL: <https://www.a-tm.co.jp/en/>  
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Scheduled date of filing securities report: December 8, 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 Three Months Ended October 31, 2023 (August 1, 2023 - October 31, 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	%
Three months ended October 31, 2023	5,974	-16.3	-170	—	-137	—	-142	—
Three months ended October 31, 2022	7,134	-2.7	213	—	223	—	120	—

Note: Comprehensive income (million JPY)

Three months ended October 31, 2023: -74 [—%]

Three months ended October 31, 2022: 225 [—%]

	Net earnings per share (basic)	Net earnings per share (diluted)
	JPY	JPY
Three months ended October 31, 2023	-7.67	—
Three months ended October 31, 2022	6.48	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million JPY	Million JPY	%
As of October 31, 2023	13,582	9,347	68.8
Fiscal Year ended July 31, 2023	13,855	9,704	70.0

Note: Shareholders' equity (million JPY)

As of October 31, 2023: 9,347

Fiscal Year ended July 31, 2023: 9,704

## 2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Q4	Total
Fiscal year ended July 31, 2023	JPY —	JPY 0.00	JPY —	JPY 16.00	JPY 16.00
Fiscal year ending July 31, 2024	—				
Fiscal year ending July 31, 2024 (forecast)		0.00	—	16.00	16.00

Note: No revisions to dividend forecasts

## 3. Forecasts for the Fiscal Year Ending July 31, 2024 (August 1, 2023 - July 31, 2024)

(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	28,700	4.2	600	10.3	600	-15.7	780	444.2	42.05

Note: No revisions to the forecasts for the fiscal year ending July 31, 2024

### \*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 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 Account Policies)” on page 8 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 October 31, 2023	19,789,200	As of July 31, 2023	19,789,200
As of October 31, 2023	1,227,221	As of July 31, 2023	1,236,421
Three months ended October 31, 2023	18,558,879	Three months ended October 31, 2022	18,533,012

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 Three Months (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” on page 3 of the attachments to this financial results report.

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## 1. Qualitative Information Regarding Results for the Three 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.

During the three months ended October 31, 2023, revenue decreased compared to the same quarter of the previous fiscal year due to a significant decrease in the E-Commerce Business following the transfer of the bicycle retail business in March 2023. Due to an increase in loss in the Entertainment Business and a decrease in profit in the Lifestyle Support Business, there were operating losses, ordinary losses, and net losses attributable to shareholders of the parent company despite a significant reduction in loss in the E-Commerce Business compared to the same quarter of the previous year.

Because of the above, during the three months ended October 31, 2023, Ateam posted revenue of 5,974 million JPY (down 16.3% year-on-year), operating loss of 170 million JPY (compared to an operating income of 213 million JPY in the same quarter of the previous fiscal year), ordinary loss of 137 million JPY (compared to an ordinary income of 223 million JPY in the same quarter of the previous fiscal year), and net loss attributable to shareholders of parent company of 142 million JPY (compared to net income attributable to shareholders of parent company of 120 million JPY in the same quarter of the previous fiscal year).

The operating performance by segment for the three months ended October 31, 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 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” is a business model that supports the selection and decision-making of partner clients and receives compensation by presenting appropriate information and options based on users' challenges and concerns. By integrating advertising management, content management, and media management in-house, we've realized digital marketing capabilities that other companies do not have. At the same time, we are working to build a competitive edge in the market by increasing unique value while accumulating and utilizing user data.

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.

During the three months ended October 31, 2023, revenue slightly declined from the same quarter of the previous fiscal year. This was mainly due to the significant impact of limited/suspended numbers of customer referrals to electric utility companies and telecommunications carriers due to changes in market conditions including surging

resource prices and intense competition to obtain customers in the telecommunication-related market despite the continuous growth in our recruitment media service and insurance agency business. As for segment profit, in addition to the decrease in customer referrals leading to revenue decreases, expenses increased due to intensified competition to acquire customers in our automobile related business as well as investment in advertising to strengthen the brand power of our wedding venue information website "Hanayume." As a result, overall segment profit decreased significantly compared to the same quarter of the previous fiscal year.

As a result, during the three months ended October 31, 2023, the Lifestyle Support Business posted revenue of 4,387 million JPY (down 3.4% year-on-year), and an operating income of 158 million JPY (down 73.4% year-on-year).

#### Entertainment Business

The Entertainment Business strives to deliver 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 striving for multi-platform releases. 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 three months ended October 31, 2023, revenue decreased from the same quarter of the previous fiscal year due to the continued downward trend in existing game titles and the service termination of "FINAL FANTASY VII THE FIRST SOLDIER" on January 11, 2023, in the previous fiscal year. Segment losses increased from the same quarter of the previous fiscal year due to lower profits resulting from lower revenue in existing game applications despite efforts to improve the efficiency of operations in existing game applications.

As a result of the above, during the three months ended October 31, 2023, the Entertainment Business posted revenue of 1,039 million JPY (down 19.6% year-on-year) and an operating loss of 86 million JPY (compared to an operating loss of 4 million JPY in the same quarter of the previous 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 applying a continuous sales model. Going forward, we will continue to improve our product lineup, sales methods, and delivery quality, and provide services that allow users to experience shopping that greatly exceeds their expectations.

During the three months ended October 31, 2023, although the number of customers for "lujo" and "OBREMO" steadily increased and revenue increased, revenue decreased significantly compared to the same quarter of the previous fiscal year due to the transfer of the bicycle retail business in March 2023. Segment loss decreased significantly compared with the same quarter of the previous fiscal year due to a decrease in operating expenses after the transfer of the bicycle retail business mentioned above and "lujo" continuing to be profitable.

As a result of the above, during the three months ended October 31, 2023, the E-Commerce Business posted revenue of 547 million JPY (down 57.8% year-on-year) and operating loss of 47 million JPY (compared to an operating loss of 145 million JPY in the same quarter of the previous year).

## (2) Explanation of Financial Position

### (i) Assets

As of the end of the first quarter under review, we posted total assets of 13,582 million JPY, a decrease of 272 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 404 million JPY in cash and deposits.

### (ii) Liabilities

As of the end of the first quarter under review, we posted liabilities of 4,234 million JPY, an increase of 83 million JPY compared with the previous fiscal year. This was mainly due to an increase of 512 million JPY in accounts payable, despite a decrease of 178 million JPY in income taxes payable.

### (iii) Net Assets

As of the end of the first quarter under review, we posted net assets of 9,347 million JPY, a decrease of 356 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 439 million JPY in retained earnings.

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

In order to achieve sustainable growth and increase corporate value over the medium to long term, in the fiscal year ending July 2024, Ateam will continue to select and focus on each business segment, and as described in "Notice Regarding Progress of Plan to Meet the Continued-Listing Criteria for the Prime Market and Partial Changes in the Plan" disclosed on October 13, 2023 (available only in Japanese), we are making efforts to implement a renewed growth strategy, grow our investment businesses, and focus on recovery for businesses where the profitability deteriorated in order to comply with the criteria for maintaining listing status on the prime market by the fiscal year ending July 2025. 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 three months ended October 31, 2023, each segments' earnings progressed in-line with the revised forecasts disclosed on October 24, 2023. Therefore, we will not be making any changes to the forecast at this time. If any changes to our forecasts occur, a prompt announcement will be made via a public notice.

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 going forward.

Full Year forecast for the fiscal year ending July 31, 2024 (August 1, 2023 - July 31, 2024)

Revenue	28,700 million JPY (up 4.2% year-on-year)
Operating income	600 million JPY (up 10.3% year-on-year)
Ordinary income	600 million JPY (down 15.7% year-on-year)
Net income attributable to shareholders of parent company	780 million JPY (up 444.2% year-on-year)

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheets

(Million JPY)

	As of July 31, 2023	As of October 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	5,992	5,588
Accounts receivable – trade	3,001	2,912
Inventories	220	196
Other	1,052	1,155
Allowance for doubtful accounts	-2	-3
Total current assets	10,264	9,848
Non-current assets		
Property, plant and equipment		
Buildings, net	318	336
Other, net	70	74
Total property, plant and equipment	389	410
Intangible assets		
Goodwill	152	141
Other	64	56
Total intangible assets	216	198
Investments and other assets		
Investment securities	2,449	2,611
Leasehold and guarantee deposits	527	504
Other	11	12
Allowance for doubtful accounts	-3	-3
Total investments and other assets	2,985	3,124
Total non-current assets	3,591	3,733
Total assets	13,855	13,582

	As of July 31, 2023	As of October 31, 2023
Liabilities		
Current liabilities		
Accounts payable – trade	95	110
Accounts payable – other	2,363	2,876
Income taxes payable	182	3
Provision for bonuses	-	21
Provision for sales promotion expenses	77	62
Provision for share awards	18	-
Provision for share awards for directors (and other officers)	-	8
Other	885	473
Total current liabilities	3,621	3,557
Non-current liabilities		
Asset retirement obligations	313	313
Other	215	363
Total non-current liabilities	529	677
Total liabilities	4,151	4,234
Net assets		
Shareholders' equity		
Share capital	838	838
Capital surplus	832	832
Retained earnings	9,161	8,721
Treasury shares	-1,862	-1,846
Total shareholders' equity	8,969	8,545
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	797	871
Deferred gains or losses on hedges	-93	-102
Foreign currency translation adjustment	30	32
Total accumulated other comprehensive income	734	801
Total net assets	9,704	9,347
Total liabilities and net assets	13,855	13,582



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income (Cumulative)

(Million JPY)

	Three months ended October 31, 2022	Three months ended October 31, 2023
Revenue	7,134	5,974
Cost of sales	1,492	894
Gross profit	5,642	5,079
Selling, general and administrative expenses	5,428	5,250
Operating income (loss)	213	-170
Non-operating income		
Interest and dividend income	0	0
Foreign exchange gains	29	22
Commission income	6	7
Gain on investments in investment partnerships	-	7
Other	3	4
Total non-operating income	40	42
Non-operating expenses		
Interest expenses	0	-
Loss on sale of receivables	7	7
Loss on investments in investment partnerships	21	-
Other	1	1
Total non-operating expenses	30	9
Ordinary income (loss)	223	-137
Profit (loss) before income taxes	223	-137
Income taxes	103	5
Net income (loss)	120	-142
Net income (loss) attributable to shareholders of parent company	120	-142

Quarterly Consolidated Statements of Comprehensive Income (Cumulative)

(Million JPY)

	Three months ended October 31, 2022	Three months ended October 31, 2023
Net income (loss)	120	-142
Other comprehensive income		
Valuation difference on available-for-sale securities	104	74
Deferred gains or losses on hedges	-0	-8
Foreign currency translation adjustment	2	2
Total other comprehensive income	105	67
Comprehensive income	225	-74
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	225	-74

### (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 Accounting Policies

##### (Application of Accounting Treatment and Disclosure Relating to Issuance and Holding of Electronically Recorded Transferable Rights to Be Indicated on Securities)

We have applied the "Accounting for and Disclosure of Issuance and Holding of Electronically Recorded Transferable Rights to Be Indicated on Securities" (ASBJ PITF No. 43, issued by the Accounting Standards Board of Japan on August 26, 2022) from the beginning of the first quarter of the current consolidated fiscal year under. This change has no effect on the quarterly consolidated financial statements.

#### Additional Information

##### (Business Divestiture by Consolidated Subsidiaries)

Ateam Inc. resolved at the Board of Directors meeting held on October 24, 2023 that MEDLEY Inc. will succeed assets, liabilities, contracts, and other rights and obligations of the Lalune Business (hereafter "the Business"), a women's health consultation application developed and managed in its consolidated subsidiary, Ateam Wellness Inc., by a company split (simplified absorption-type demerger) (hereafter "the Transaction").

##### (1) Purpose of Business Divestiture

In order to meet the listing criteria for the Prime Market in the TSE by the fiscal year ending July 31, 2025, we defined that digital marketing skills and know-how are our strength, so we have been conducting reorganizations and initiatives based on the new growth strategy as well as optimizing management resources to increase business value.

With the recent increase in competing services and changes in the advertising industry, it was necessary for the business to implement new functions and establish a new revenue model to realize business growth, but there was no prospect of creating synergy to increase earnings within our group.

Therefore, we concluded that divesting the business would maximize its value as MEDLEY Inc. has abundant knowledge in the healthcare field and a mission to "Creating the Future of Medical/Healthcare". We will continue to optimize our management resources and reallocate them to areas where we can better demonstrate our group's strengths.

##### (2) Name of Succeeding Company

MEDLEY Inc.

### 3. Details Regarding Business and its Scale

#### (i) Business Overview

Business which develops and manages the women's health consultation application “Lalune”

(ii) Revenue (as of the fiscal year ended July 31, 2023)

Revenue of 175 million JPY

(iii) Amount of Assets and Liabilities (as of July 31, 2023)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	37 million JPY	Current liabilities	23 million JPY
Fixed Assets	1 million JPY	Fixed Liabilities	- million JPY
Total	38 million JPY	Total	23 million JPY

(4) Date of Business Divestiture

February 1, 2024 (tentative)

(5) Other Matters Related to the Outline of the Transaction Including the Legal Form

By means of an absorption-type demerger (simplified absorption-type demerger), Ateam Wellness Inc. will be the splitting company and MEDLEY Inc. will be the succeeding company. MEDLEY Inc. will succeed assets, liabilities, contracts and other rights and obligations attributable to the business within the scope set forth in the Business Succession Agreement through the Transaction.

Ateam Wellness Inc. will receive 500 million JPY from MEDLEY Inc. as consideration for the Transaction. The amount includes the consideration for the Transaction mentioned above. In addition, Ateam has determined there will be no problems with the ability to fulfill its obligations under the Transaction.

(6) Name of the Reporting Segment in which the business to be transferred is included

Lifestyle Support Business

## Segment Information

Three months ended October 31, 2022 (from August 1, 2022 to October 31, 2022)

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

	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						
External customers	4,543	1,293	1,297	7,134	-	7,134
Inter-segment sales and transfers	-	-	-	-	-	-
Total	4,543	1,293	1,297	7,134	-	7,134
Segment profit (loss)	595	-4	-145	444	-231	213

(Notes) 1. Adjustment of minus 231 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

Not applicable.

Three months ended October 31, 2023 (from August 1, 2023 to October 31, 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						
External customers	4,387	1,039	547	5,974	–	5,974
Inter-segment sales and transfers	–	–	–	–	–	–
Total	4,387	1,039	547	5,974	–	5,974
Segment profit (loss)	158	-86	-47	24	-194	-170

(Notes) 1. Adjustment of minus 194 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

Not applicable.