



Ateam Inc.

Business Report

Fiscal Year 2016 Q2

March 11, 2016

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2. FY2016 Q2 Business Details

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Notice

Relocation of Headquarters



Ateam headquarters were relocated to two connected floors in the newly constructed Dai Nagoya building, directly across from the Nagoya Station.

The objectives of the relocation are to strengthen communication between departments which were previously separated by floors or in different buildings altogether, to facilitate the growing Ateam workforce, and to attract more skilled potential employees.

New Location: Dai Nagoya Building 32F, 28-12 Meieki 3-chome, Nakamura-ku, Nagoya 450-6432 Japan

Access: Connected directly to Nagoya Station

Contact : Tel. +81-52-747-5550 Fax +81-52-747-5560

IR Inquires: Tel. [+81-52-747-5573](tel:+81-52-747-5573) E-mail ir@a-tm.co.jp

1. FY2016 Q2 Financial Results

- 2. FY2016 Q2 Business Details
- 3. FY2016 Q3 Progress
- 4. Medium- and Long-Term Outlook

Overall

Revenue Up Y/Y & Q/Q but Operating Income Down Y/Y & Q/Q, Record Quarterly Revenue Achieved

- Revenue: 5,420 million JPY (Y/Y 148.3%, Q/Q 117.6%)
- Operating Income: 144 million JPY (Y/Y 27.1%, Q/Q 27.8%)
- Net Income: 17 million JPY (Y/Y 4.8%, Q/Q 5.9%)

Entertainment

Revenue Up Y/Y & Q/Q, but Income Down Y/Y & Q/Q

- Revenue: 3,713 million JPY (Y/Y 171.8%, Q/Q 136.2%)
- Operating Income: 440 million JPY (Y/Y 81.4%, Q/Q 80.1%)

Three Kingdoms Smash! performance jumped, Unison League and Derby Impact performed well. Income decreased due to large promotion.

Q2
Revenue Ratio

58.5
%

Lifestyle Support

Both Revenue and Income Up Y/Y, but Down Q/Q

- Revenue: 2,247 million JPY (Y/Y 124.2%, Q/Q 98.6%)
- Operating Income: 231 million JPY (Y/Y 124.6%, Q/Q 72.5%)

Sugukon Navi rebounded well, achieved record quarterly revenue. Automobile-related business struggled. Each service made investments.

Q2
Revenue Ratio

41.5
%

FY2016 Q2 Financial Results

Three-Month Financial Results (Nov 2015 – Jan 2016)



- Revenue Up Y/Y and Q/Q Due to Continued Positive Trends
- Income Down Y/Y, Q/Q Due to Increase in Standing Costs Related to Headquarters Relocation and Opening of Tokyo Studio (100m JPY Y/Y), Relocation Costs (200m JPY Transient Cost), and Large-Scale Entertainment Advertising Investments

Million JPY

FY2016 Q2 (Nov 2015 – Jan 2016)

| | FY2016 | | FY2015 | Y/Y | FY2016 | Q/Q |
|------------------|--------|--------|--------|--------|--------|--------|
| | Q2 | % | Q2 | | Q1 | |
| Revenue | 5,420 | 100.0% | 3,656 | 148.3% | 4,610 | 117.6% |
| Operating income | 144 | 2.7% | 534 | 27.1% | 520 | 27.8% |
| Ordinary income | 112 | 2.1% | 565 | 19.9% | 493 | 22.8% |
| Net income | 17 | 0.3% | 353 | 4.8% | 291 | 5.9% |

FY2016 Q2 Financial Results

Six-Month Financial Results (Aug 2015 – Jan 2016)



- Q2 Three-month Operating Income Was Forecasted to Be Around Zero Due to Factoring in of Relocation Costs, But Steady Business Performance Led to Revenue and Operating Income Above Interim Forecasts
- Net Income Short of Forecasts Due to Impairment Loss from Software Assets

Million JPY

FY2016 Q2 (Aug 2015 – Jan 2016)

| | FY2016 | | FY2015 | Y/Y | FY2016 | Q2 | FY2016 | Achievement ratio vs. interim forecasts |
|------------------|--------|--------|--------|--------|---------------------|---|-------------------|---|
| | Q2 | % | Q2 | | Full year forecasts | Achievement ratio vs. full year forecasts | Interim forecasts | |
| Revenue | 10,031 | 100.0% | 6,857 | 146.3% | 20,000 | 50.2% | 9,500 | 105.6% |
| Operating income | 665 | 6.6% | 1,024 | 65.0% | 2,100 | 31.7% | 550 | 121.0% |
| Ordinary income | 606 | 6.0% | 1,060 | 57.1% | 2,100 | 28.9% | 550 | 110.2% |
| Net income | 308 | 3.1% | 682 | 45.2% | 1,400 | 28.6% | 360 | 85.7% |

I Deviation Between Results and Forecasts

- Consolidated Financial Results for the Six Months Ended January 31, 2016 (Aug 2015 – Jan 2016)

| | Revenue (million JPY) | Operating income (million JPY) | Ordinary income (million JPY) | Net income (million JPY) | Net income per share (JPY) |
|--|--------------------------|-----------------------------------|----------------------------------|-----------------------------|-------------------------------|
| Interim forecasts (A) | 9,500 | 550 | 550 | 360 | 19.11 |
| Six-month results (B) | 10,031 | 665 | 606 | 308 | 16.38 |
| Change (B-A) | 531 | 115 | 56 | -51 | - |
| Change (%) | 5.6% | 21.0% | 10.2% | -14.3% | - |
| (Reference) FY2015 Q2 six-month results | 6,857 | 1,024 | 1,060 | 682 | 35.24 |

I Reasons for Deviation

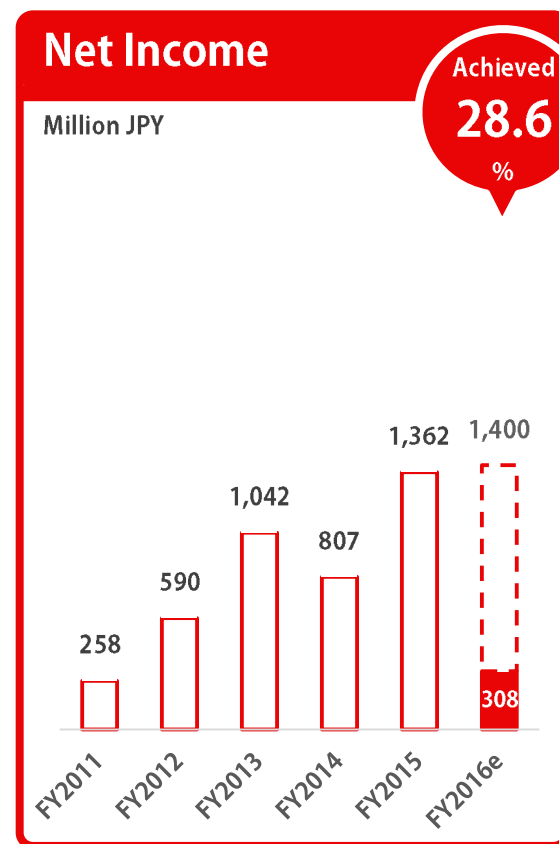
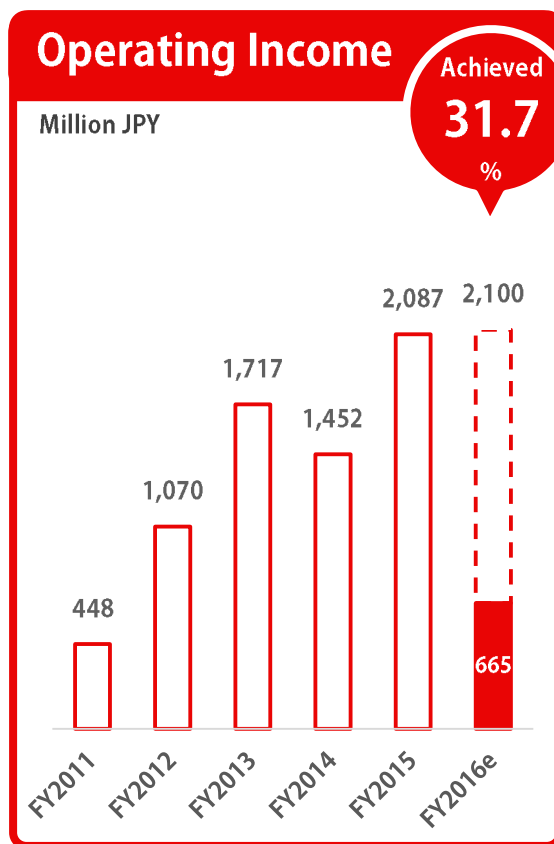
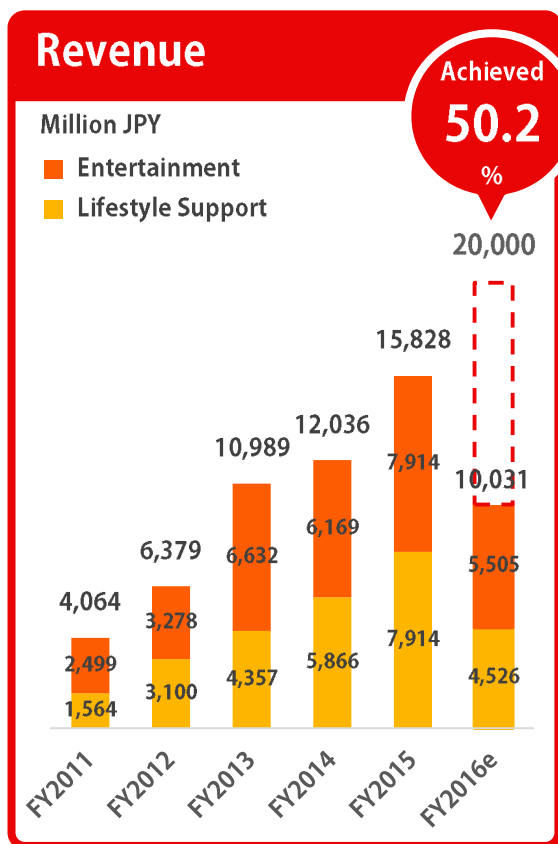
- Smartphone game “Three Kingdoms Smash!”, “Unison League”, and “Derby Impact” performed well, revenue and operating income above forecasts.
- Factored in extraordinary loss of JPY 91 million from losses incurred from several apps (game cancelled during development and released apps), leading to large deviation in net income from forecasts.

FY2016 Q2 Financial Results

Six-Month Financial Result Trends and Performance vs. Forecasts



- Revenue and Operating Income Above Forecasts Announced Sep 11, but Net Income Performed Lower than Forecasts
- No Revision to Full-Year Forecasts Announced Sep 11, 2015



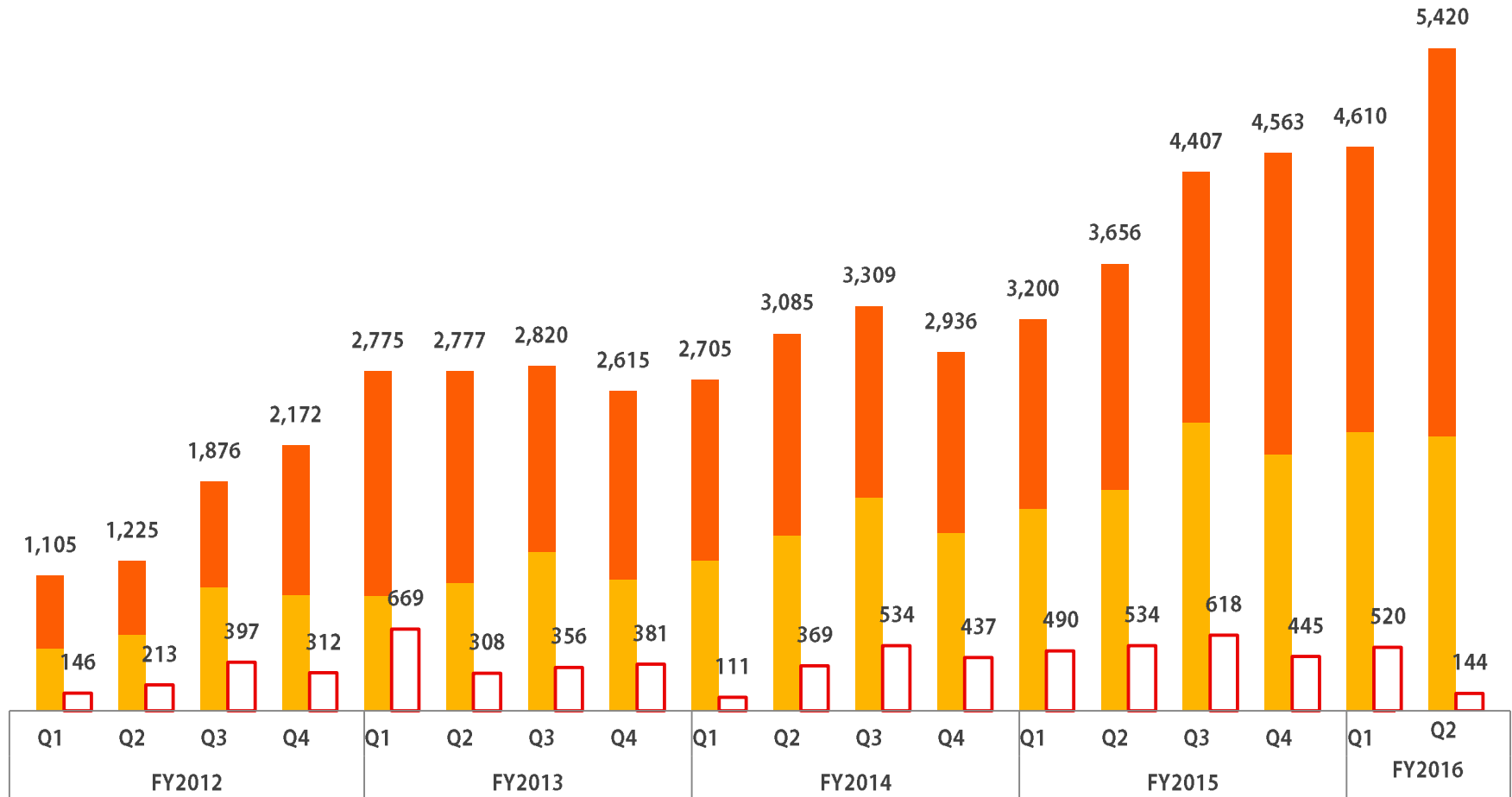
FY2016 Q2 Financial Results

Consolidated Quarterly Revenue and Operating Income Trends



Million JPY

■ Entertainment Revenue
■ Lifestyle Support Revenue □ Operating Income



* Lifestyle Support revenue peaks in Q3 (Feb - Apr) each year due to seasonal factors (moving-related service peak business period is Feb - Apr, bicycle- and automobile-related service peak business period is Dec - Feb).

FY2016 Q2 Financial Results

Entertainment Quarterly Revenue and Operating Income Trends

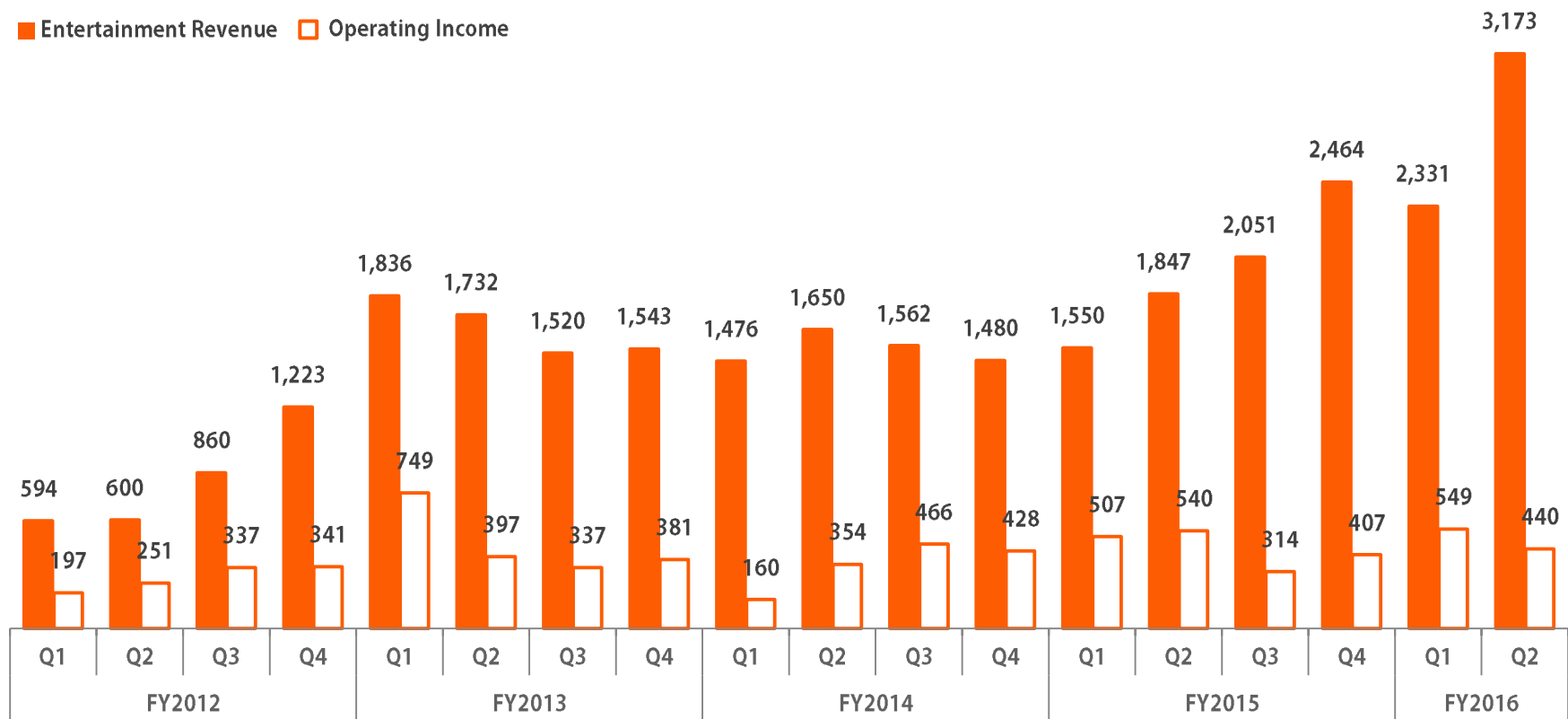


Revenue Up Y/Y & Q/Q, but Operating Income Down Y/Y & Q/Q

- Q/Q increase due to “Three Kingdoms Smash!”, “Unison League”, and “Derby Impact” contributions
- Y/Y and Q/Q operating income decrease due to large-scale advertising investments

Million JPY

■ Entertainment Revenue ■ Operating Income



FY2016 Q2 Financial Results

Lifestyle Support Quarterly Revenue and Operating Income Trends

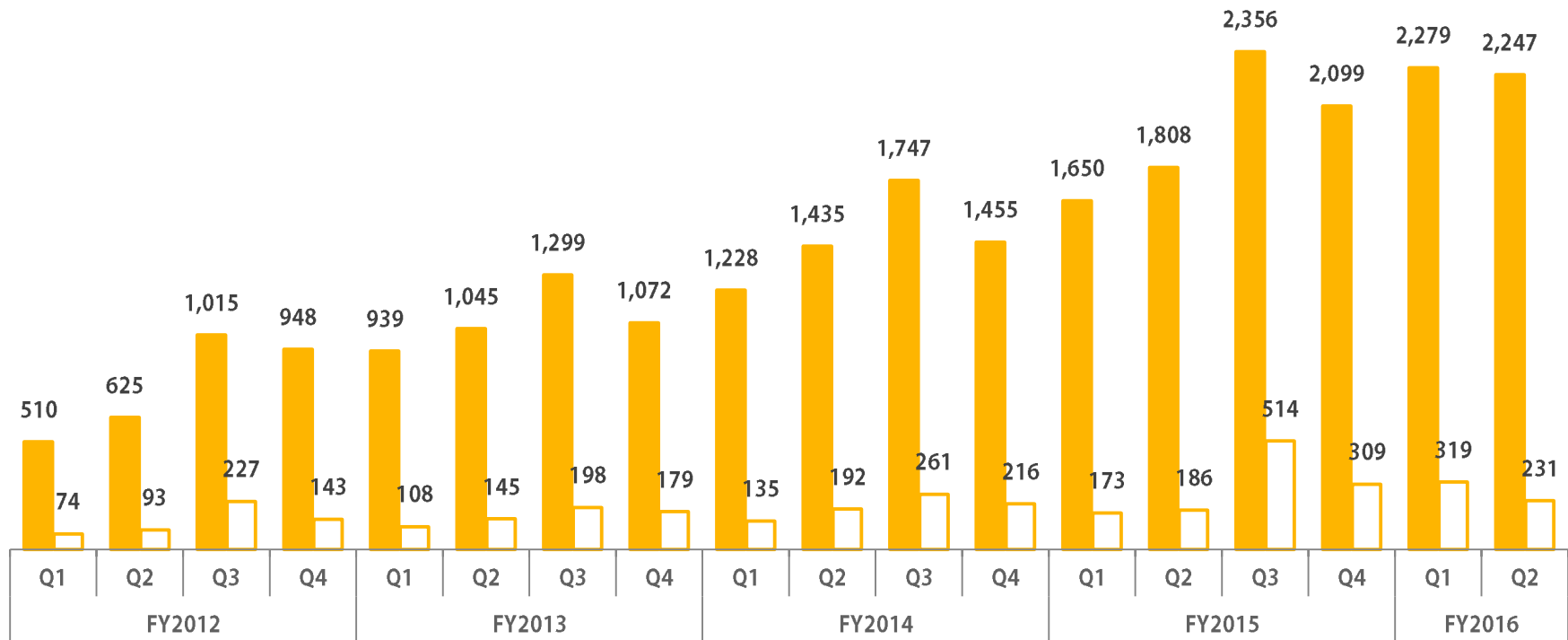


Both Revenue & Operating Income Up Y/Y, Down Q/Q

- Q/Q revenue decrease due to “NaviNavi Cashing” and “cyma” decreased due to off-peak season

Million JPY

■ Lifestyle Support Revenue □ Operating Income



* Lifestyle Support revenue peaks in Q3 (Feb - Apr) each year due to seasonal factors (moving-related service peak business period is Feb - Apr, bicycle- and automobile-related service peak business period is Dec - Feb).

FY2016 Q2 Financial Results

Quarterly Trend of Key Management Indicators



Million JPY

| | FY2014 | | | | FY2015 | | | | FY2016 | |
|--------------------------------------|--------|-------|-------|-------|--------|-------|-------|-------|-----------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Revenue | 2,705 | 3,085 | 3,309 | 2,936 | 3,200 | 3,656 | 4,407 | 4,563 | 4,610 | 5,420 |
| Operating income | 111 | 369 | 534 | 437 | 490 | 534 | 618 | 445 | 520 | 144 |
| Promotional expenses | 1,029 | 1,123 | 1,213 | 912 | 1,132 | 1,439 | 1,903 | 1,955 | 1,817 | 2,326 |
| Labor costs, recruitment expenses | 647 | 650 | 649 | 691 | 684 | 682 | 695 | 736 | 745 | 805 |
| Commission fees, etc. | 356 | 434 | 461 | 484 | 484 | 559 | 671 | 869 | 841 | 1,171 |
| Subcontractor expenses, server fees | 276 | 236 | 153 | 159 | 162 | 190 | 197 | 235 | 257 | 267 |
| Office rental fees, utility expenses | 102 | 107 | 108 | 100 | 110 | 105 | 105 | 111 | 138 | 235 |
| Employees (unit: people) | 485 | 502 | 538 | 541 | 531 | 533 | 533 | 530 | 548 *1 | 559 |

*1: FY2016 Q1 figures printed in red are corrected values (see page 15)

* Number of employees includes directors, auditors, full-time employees, contract employees, and part-time workers of all Ateam Group companies.

* The number of part-time employees is calculated in FTE (Full-Time Equivalent).

FY2016 Q2 Financial Results

Operating Cost and Expenses Breakdown



Million JPY

| | Segment | FY2016 Q2 | | FY16 Q1 | Q/Q | Operating Expense Details |
|--------------------------------------|-----------|-----------|--------------|---------|---------|---|
| | | Amount | % of Revenue | Amount | | |
| Promotional expenses | Ent. | 1,030 | 19.0% | 493 | +109.0% | Increased due to advertising investments of "Three Kingdoms Smash!" and other titles' New Year events |
| | Lifestyle | 1,232 | 22.7% | 1,262 | -2.4% | Decreased due to reduced Navikuru advertisement costs |
| Labor costs, recruitment expenses | Ent. | 323 | 6.0% | 297 | +8.5% | Increased due to increasing employees |
| | Lifestyle | 324 | 6.0% | 291 | +11.4% | Increased due to active recruiting |
| Commission fees, etc. | Ent. | 936 | 17.3% | 650 | +44.1% | Increased due to revenue increase in smartphone games published by Ateam |
| | Lifestyle | 139 | 2.6% | 141 | -1.5% | - |
| Sub-contractor expenses, server fees | Ent. | 240 | 4.4% | 222 | +7.8% | Increased due to several existing game titles' sub-contractor expenses |
| | Lifestyle | 19 | 0.4% | 27 | -29.4% | - |
| Office rental fees, utility expenses | Ent. | 111 | 2.1% | 56 | +97.4% | Increased due to relocation of headquarters |
| | Lifestyle | 104 | 1.9% | 72 | +44.5% | Same as above |
| Others | Ent. | 91 | 1.7% | 61 | +49.0% | Increased due to rise in development expenses of new titles |
| | Lifestyle | 194 | 3.6% | 164 | +18.4% | Increased due to rise in expenses related to relocation of headquarters |

FY2016 Q2 Financial Results

Quarterly Promotional Expense Trends



■ **Entertainment: Q/Q Increased Due to Large-scale Advertising Investment into “Three Kingdoms Smash!”**

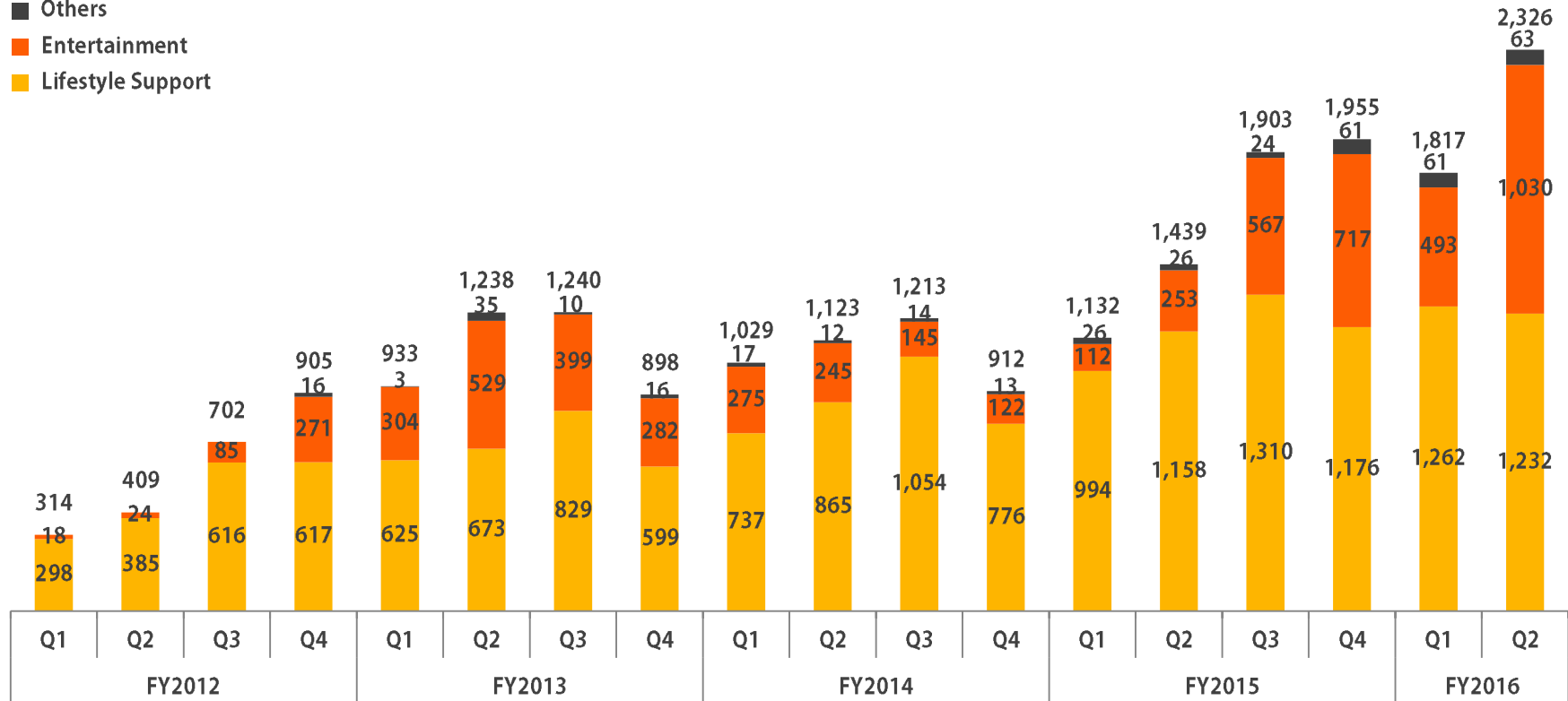
■ **Lifestyle Support: Q/Q Decreased Due to Reduced “Navikuru” Advertising Costs**

Million JPY

■ Others

■ Entertainment

■ Lifestyle Support

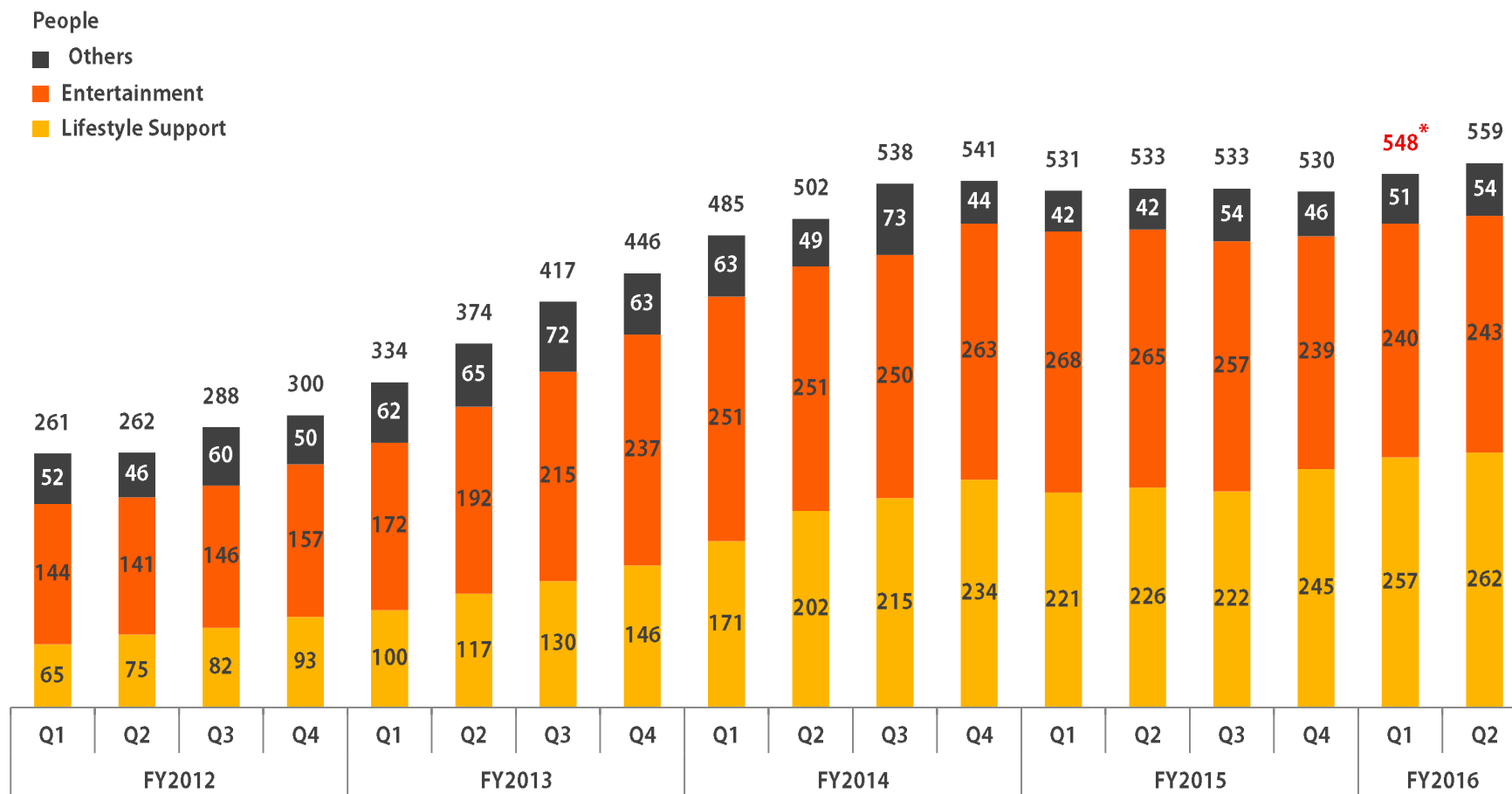


FY2016 Q2 Financial Results

Number of Employees



Overall Personnel Increased Through Active Recruiting



* The business report released on Dec 11, 2015 listed an incorrect number of employees for FY2016 Q1. The figure printed above is the corrected number.

* Number of employees includes directors, auditors, full-time employees, contract employees, and part-time workers of all Ateam Group companies.

* The number of part-time employees is calculated in FTE (Full-Time Equivalent).

FY2016 Q2 Financial Results

Balance Sheet



- **Cash and Cash Equivalents Reduced Due to Costs of Headquarters Relocation**
- **Tangible Assets Rose Due to Increase in Facilities and Equipment Related to Headquarters Relocation**
- **Asset Retirement Obligations Increased Non-current Liabilities**

Million JPY

| | FY2016 Q2 | FY2016 Q1 |
|------------------------------|-----------|-----------|
| Current assets | 5,713 | 5,883 |
| Cash and cash equivalents | 1,648 | 2,469 |
| Accounts receivable | 2,275 | 1,958 |
| Non-current assets | 2,568 | 1,535 |
| Tangible assets | 1,405 | 220 |
| Intangible assets (software) | 535 | 562 |
| Total assets | 8,281 | 7,419 |

| | FY2016 Q2 | FY2016 Q1 |
|----------------------------|-----------|-----------|
| Current liabilities | 3,718 | 3,260 |
| Non-current liabilities | 385 | 0 |
| Total liabilities | 4,104 | 3,260 |
| Short-term loans payable | 1,408 | 1,554 |
| Shareholder's equity | 4,069 | 4,051 |
| Total net assets | 4,177 | 4,159 |
| Liabilities and net assets | 8,281 | 7,419 |

- Interim Dividend: 5 Yen Per Share, Flat Y/Y**
- Aiming for Payout Ratio of 20% Subject to Full Year Performance**

| | FY2015 | | FY2016 | |
|--------------------------|------------------|------------------|------------------|----------|
| | Interim | Year-end | Interim | Year-end |
| Date of right allotment | January 31, 2015 | July 31, 2015 | January 31, 2016 | Pending |
| Date of distribution | April 3, 2015 | October 13, 2015 | April 4, 2016 | Pending |
| Dividend per share | JPY 5.00 | JPY 7.50 | JPY 5.00 | Pending |
| Total dividend amount | JPY 238,021,850 | | JPY 95,590,400 | - |
| Payout ratio (full year) | 17.7% | | - | |

* The company carried out a 2-for-1 split of its common stock with May 1, 2015 as the effective date. The dividend per share figures listed above reflect this split.

2. FY2016 Q2 Business Details

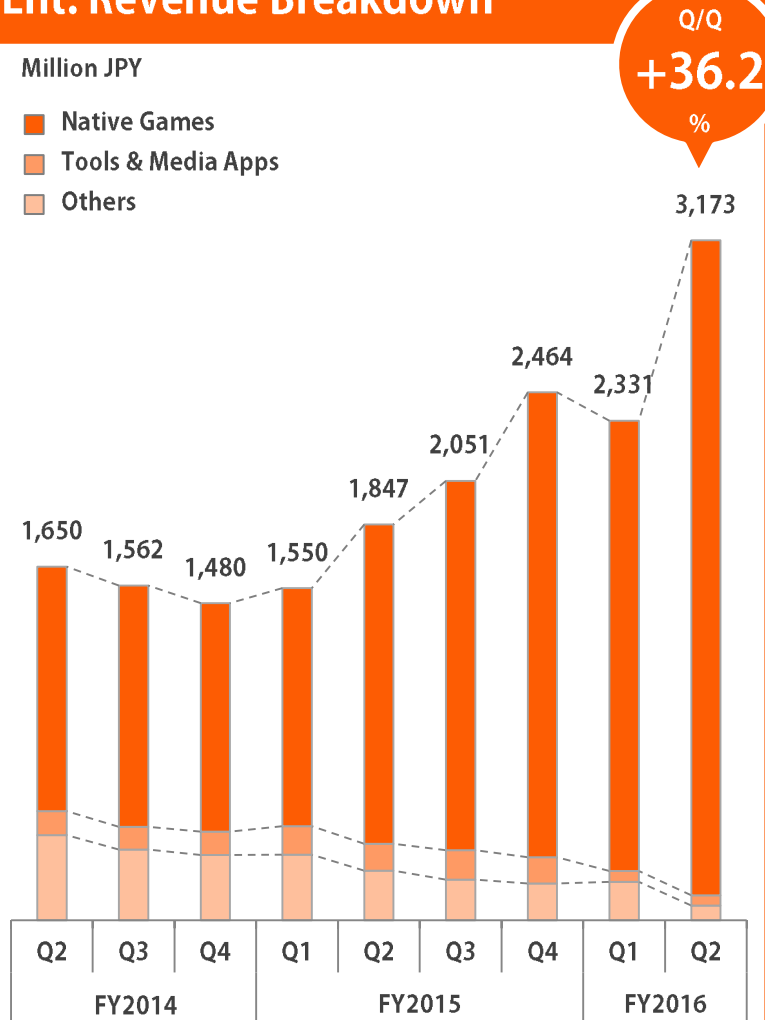
3. FY2016 Q3 Progress

4. Medium- and Long-Term Outlook

Ent. Revenue Breakdown

Million JPY

- Native Games
- Tools & Media Apps
- Others



Native Games

Up Y/Y, Up Q/Q



Revenue leapt due to year-end events and success of large-scale advertising investments started in Nov

- Surpassed 2 million downloads on Jan 21



“Unison League” performed well both in Japan and overseas, contributed to overseas revenue increase

- Surpassed 3 million downloads on Dec 2



New TV commercials began airing Nov 27

Performed collaboration event with Tokyo Sports newspaper in Nov, trended well

- Surpassed 6.5 million downloads on Jan 21



“Dark Summoner” surpassed 8 million downloads on Jan 29, continued trending well

Tools & Media Apps

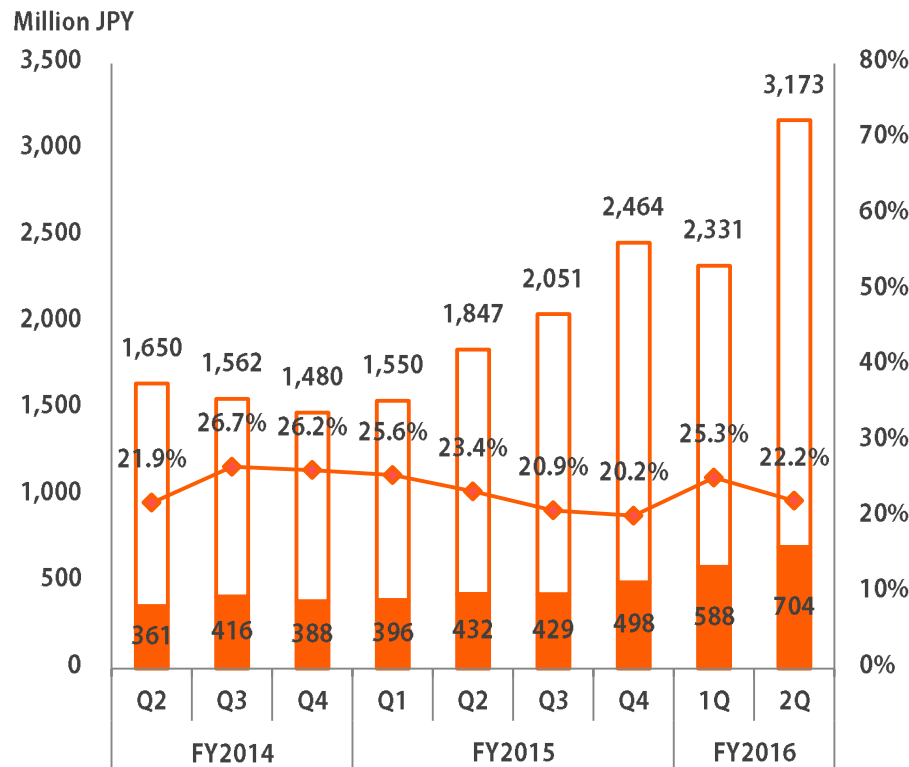
Down Y/Y, Down Q/Q

Notice

Revenue decreased Y/Y & Q/Q due to a halt in collaboration of a jointly operated title

Overseas Revenue Up Both Y/Y & Q/Q, but Revenue Jump of “Three Kingdoms Smash!” (Available Only in Japan) Led to Decrease in Ratio

Overseas Revenue Quarterly Trends

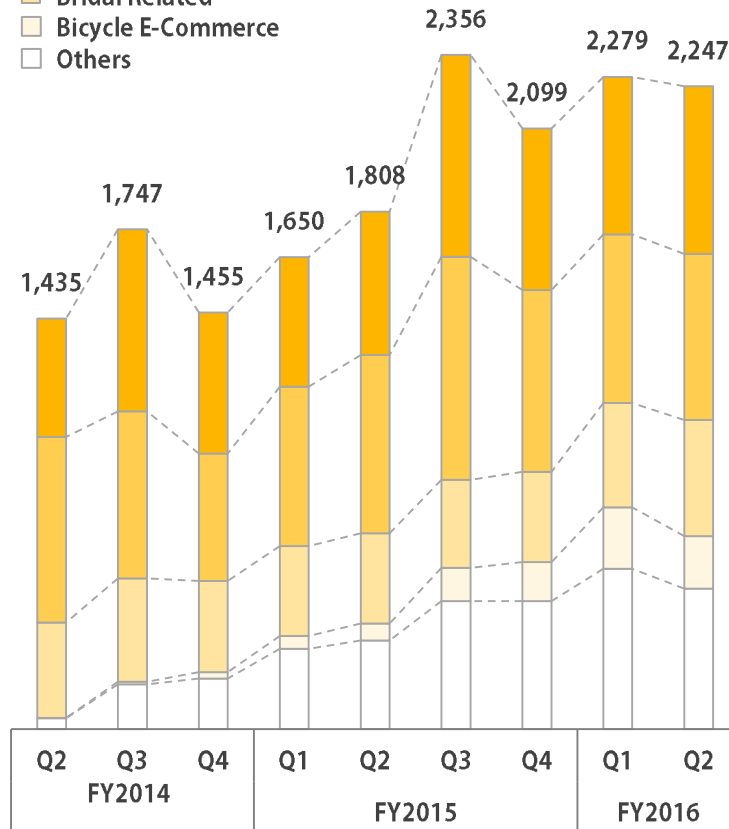


| Title | Version | Release Country/Area |
|-----------------|---|---|
| Unison League | <ul style="list-style-type: none"> Japanese Global Traditional Chinese TH, SG, MY, ID | <ul style="list-style-type: none"> Japan 145 countries Hong Kong, Taiwan, Macau South-east Asia |
| Dark Summoner | <ul style="list-style-type: none"> Japanese English | <ul style="list-style-type: none"> Japan 153 countries |
| War of Legions | <ul style="list-style-type: none"> Japanese English | <ul style="list-style-type: none"> Japan 150 countries |
| Derby Impact | <ul style="list-style-type: none"> Japanese Traditional Chinese | <ul style="list-style-type: none"> Japan Hong Kong, Taiwan, Macau, Singapore, Malaysia |
| Big Bang Galaxy | <ul style="list-style-type: none"> Global | <ul style="list-style-type: none"> 141 countries |
| Trivia Saga | <ul style="list-style-type: none"> Japanese English | <ul style="list-style-type: none"> Japan 144 countries |

Lifestyle Revenue Breakdown

Million JPY

- Moving Related
- Automobile Related
- Bridal Related
- Bicycle E-Commerce
- Others



Moving Related

Up Y/Y, Up Q/Q

- Maintained top market share
- Increased user counts in advance of coming peak business period (Feb – Mar), trended well

Automobile Related

Down Y/Y, Flat Q/Q

- Maintained top market share
- Y/Y decreased due to advertising cost management trends of suppliers from automobile industry
- Focused on expanding peripheral services

Bridal Related

Up Y/Y, Up Q/Q

- Increased both Y/Y and Q/Q due to success from TV commercials and other measures
- Record quarterly revenue achieved

Bicycle E-Commerce

Up Y/Y, Down Q/Q

- Q/Q decreased due to off-peak season
- Analyzed KPI, overhauled website in Dec
- Added new payment method, "Amazon Payment"

Others

Up Y/Y, Down Q/Q

- "NaviNavi Cashing" decreased Q/Q due to off-peak season
- * "Lalune" has changed segments from Entertainment to Lifestyle Support as of FY2016 Q1

3. FY2016 Q3 Progress

4. Medium- and Long-Term Outlook

Native Games

NEW



After School Girls Tribe

- “After School Girls Tribe”, planned for summer 2016 release, will have a booth at “AnimeJapan 2016” convention in Mar
- “Girls Tribe TV” broadcast aired live on streaming site “Niconico Live”



Unison League

- Will launch in South Korea on Mar 24 through publisher Perfect World Korea
- Added support for Italian, German, French, Spanish, and Portuguese languages on Mar 10
- Surpassed 3.5 million downloads on Feb 17



Derby Impact

- “Derby Impact” marked 1,000 days after release on Feb 17
- Continuing stable trend



Three Kingdoms Smash!

- Surpassed 3 million downloads on Mar 9, continuing positive trend
- Strategy guide book went on sale Mar 5
- First TV commercial of “Three Kingdoms Smash!” airing from Feb 19



Moving-Related Business



Hikkoshi Samurai

- Maintaining top market share
- Continuing focus on peripheral services expansion, trending stably

Automobile-Related Business



Navikuru

- Maintaining top market share
- Focusing on expanding peripheral services and increasing ARPU by introducing used-car sales information, etc.

Bridal-Related Business



Sugukon Navi

- Improving management structure, grooming advisors, and strengthening marketing in advance of next peak season (Aug-Sep)
- Continuing focus on strengthening branding

Bicycle E-Commerce



cyma

- KPI trending up after website overhaul
- Continuing focus on improvement of usability, CVR, ARPU
- Focusing on bicycle stock management and improving shipping structure in advance of coming peak business season (Mar – Apr)

Others



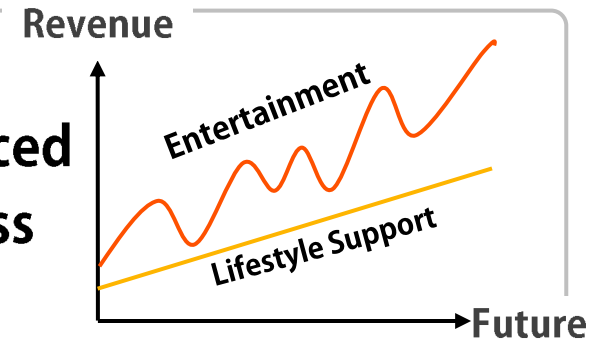
Lalune

- Women's health consultation application "Lalune" surpassed 4 million registered female users, receives over 100 million monthly page views on smartphones

4. Medium- and Long-Term Outlook

Overall

Running Two Businesses with Different Focuses to Achieve Balanced Financial Stability and High Business Growth For the Next 100 Years



Entertainment

- While blockbuster titles can generate massive revenues, they require continuous updating to keep them appealing to users
- Able to provide titles all over the world based on the common technical specifications of smartphones

Lifestyle Support

- Stable and continuous improvement in earnings is expected if these services spread further and become household names
- Enrich new services one after another so that people can use them in various stages of their entire lives

Overall

While Maintaining the Success of the Entertainment and Lifestyle Support Businesses, We Hope to Venture into Various New Businesses Henceforth to Create New Revenue Sources

Entertainment

We Plan, Develop, and Operate From Japan, but Will Provide Our Services to Countries All Over the Globe

- In addition to North America, we will target large European markets and Asian areas

We Aim to Develop Applications that Achieve Monthly Revenue of Over JPY 1 Billion Worldwide

- Achieve yearly revenue in the tens of billions of yen from countries all over the world
- Gain more than 50% of revenue from overseas

Lifestyle Support

Aim to Generate Yearly Revenue of JPY 2 to 5 Billion From Each of Our Existing 5 Main Businesses

- JPY 20 billion to 30 billion total annual revenue from these services

Develop and Grow New Services

APPENDIX A:

Company Overview

Company Overview

Profile (as of January 31, 2016)



| Company Name | Ateam Inc. |
|---|--|
| Stocks Listed on | Section 1 of the Tokyo Stock Exchange (Code: 3662) |
| Head Office | Dai Nagoya Building 32F |
| Osaka Studio | Umeda Hankyu Bldg. Office Tower 26F |
| Tokyo Studio | Shinagawa East One Tower 8F |
| Incorporated on | February 29, 2000 |
| Account Settled in | July |
| Affiliated Banks | The Bank of Tokyo Mitsubishi UFJ Nagoya Main Office SMBC Nagoya Ekimae Branch |
| Auditor | Deloitte Touche Tohmatsu (DTT) |
| Group Companies (Fully owned subsidiaries) | A.T.brides Inc. Hikkoshi Samurai Inc. Ateam Lifestyle Inc. A.T.Support Inc. |
| Consolidated Revenue | JPY 15,828,582 thousand (year ended July 31, 2015) |
| Consolidated Ordinary Income | JPY 2,164,076 thousand (year ended July 31, 2015) |
| Number of Employees | 509 (excluding part-time employees), 10 directors |



Dainagoya Building



Headquarters Reception Area

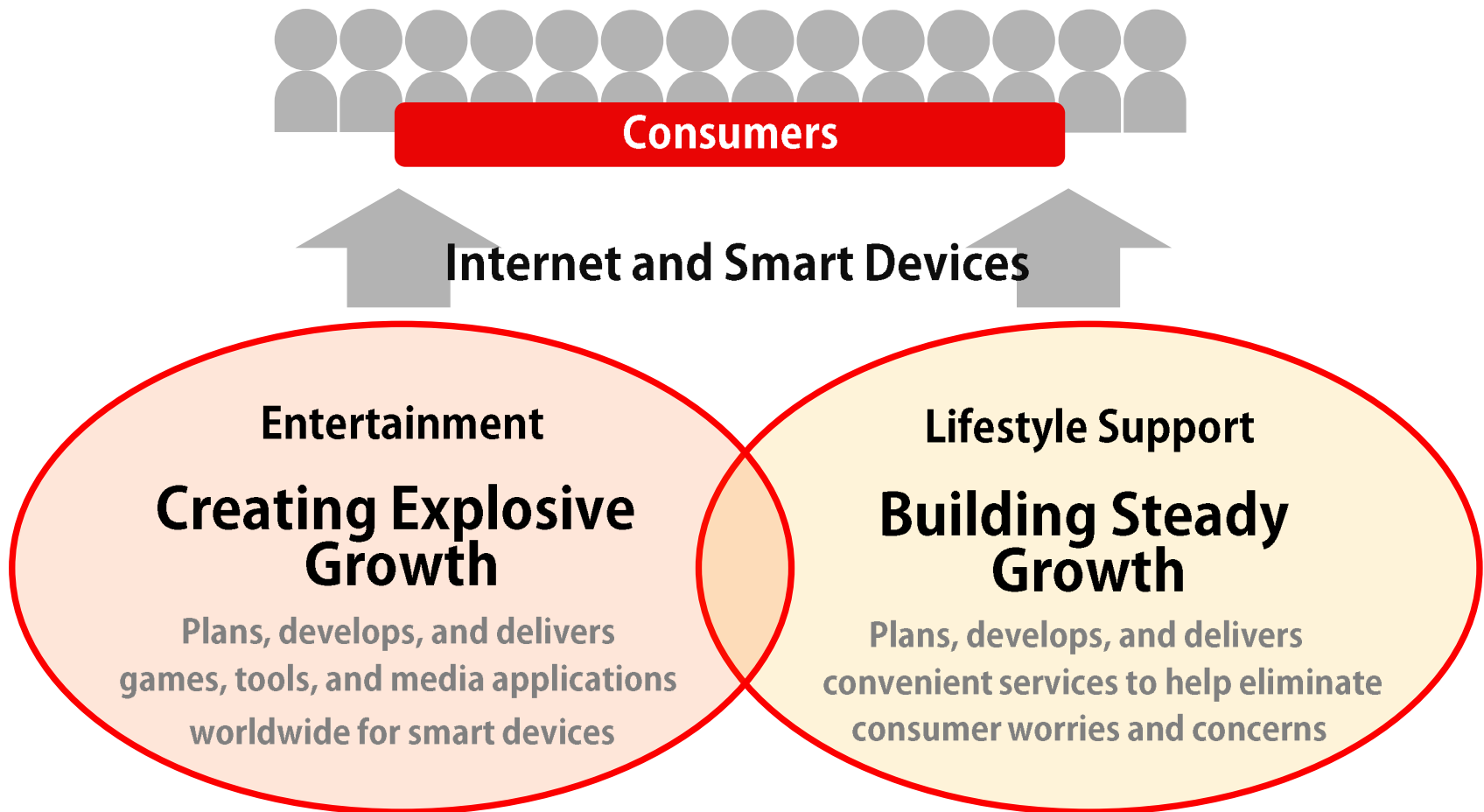


Umeda Hankyu Bldg.














Shinagawa East One Tower










We Provide a Variety of Services to Consumers via the Internet and Smart Devices (Smartphones and Tablets)



Games

| Mid-Core RPG | | | Simulation | Action | Quiz RPG |
|---|---|--|---|---|---|
|  |  |  |  |  |  |
| Unison League | War of Legions | Dark Summoner | Derby Impact | Three Kingdoms Smash! | Trivia Saga |
| Strategy | Puzzle | Mahjong | Feature Phone | | |
|  |  |  |  |  | |
| Big Bang Galaxy | Pongo Combo | Mahjong - Rising - | Eternal Zone | Million Versus | |

Tools & Media Apps

| Social Networks | | Customization | ZeroApp Series | | | | | |
|---|---|---|---|--|---|---|---|---|
|  |  |  |  |  |  |  |  |  |
| Jam | Whoop | [+]HOME | Good Night's Sleep Alarm | Quick Calorie Control | Eye Training 3D | 3 minute workout | fast flashcards | customizable mirror |

Company Overview

Lifestyle Support Service Line-up



Moving-Related Business



Hikkoshi Samurai

- Users can receive quotations from up to 10 moving companies by filling out an online form detailing their moving needs
- In partnership with more than 230 moving companies nationwide
- Provides various moving related services

Automobile-Related Business



Navikuru

- Users can receive quotations from up to 10 car dealers by filling out an online form detailing their car information
- In partnership with carefully chosen top used car dealers
- Runs automobile rating service "Kuruvia" and used car information site "Navikuru+"

Bridal-Related Business



Sugukon Navi

- Website and free consultation desks provide referrals to over 700 wedding halls
- Wedding consultation desks located in Kanto, Tokai, Kansai, and Kyushu areas
- Various payment options available, including deferred payment

Financial Media Business



NaviNavi Cashing

- Thorough comparisons of select top banks and consumer credit services
- Allows users to easily find a service that matches their needs
- Offers several features to help first-time users make informed decisions

Bicycle E-Commerce



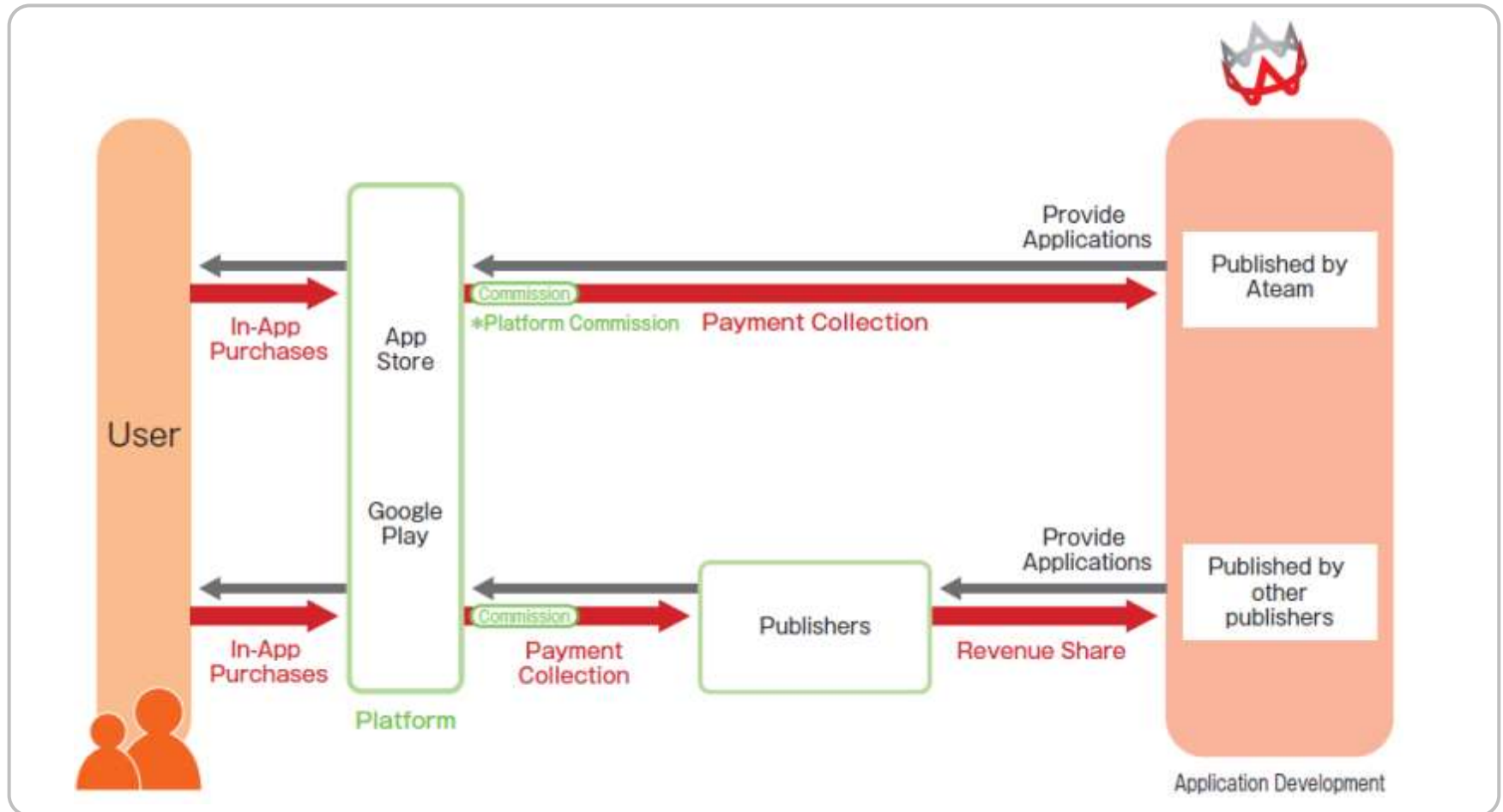
cyma

- Selection of over 200 bicycle types
- Bicycles assembled and prepared by specialists, shipped ready-to-ride
- Cyma support includes one year of free maintenance and repair, etc.

APPENDIX B:

Detailed Business Model

- Develop, Publish, and Operate Applications for Smart Devices
- Titles Free to Download and Play, Offer In-App Purchases



Detailed Business Model

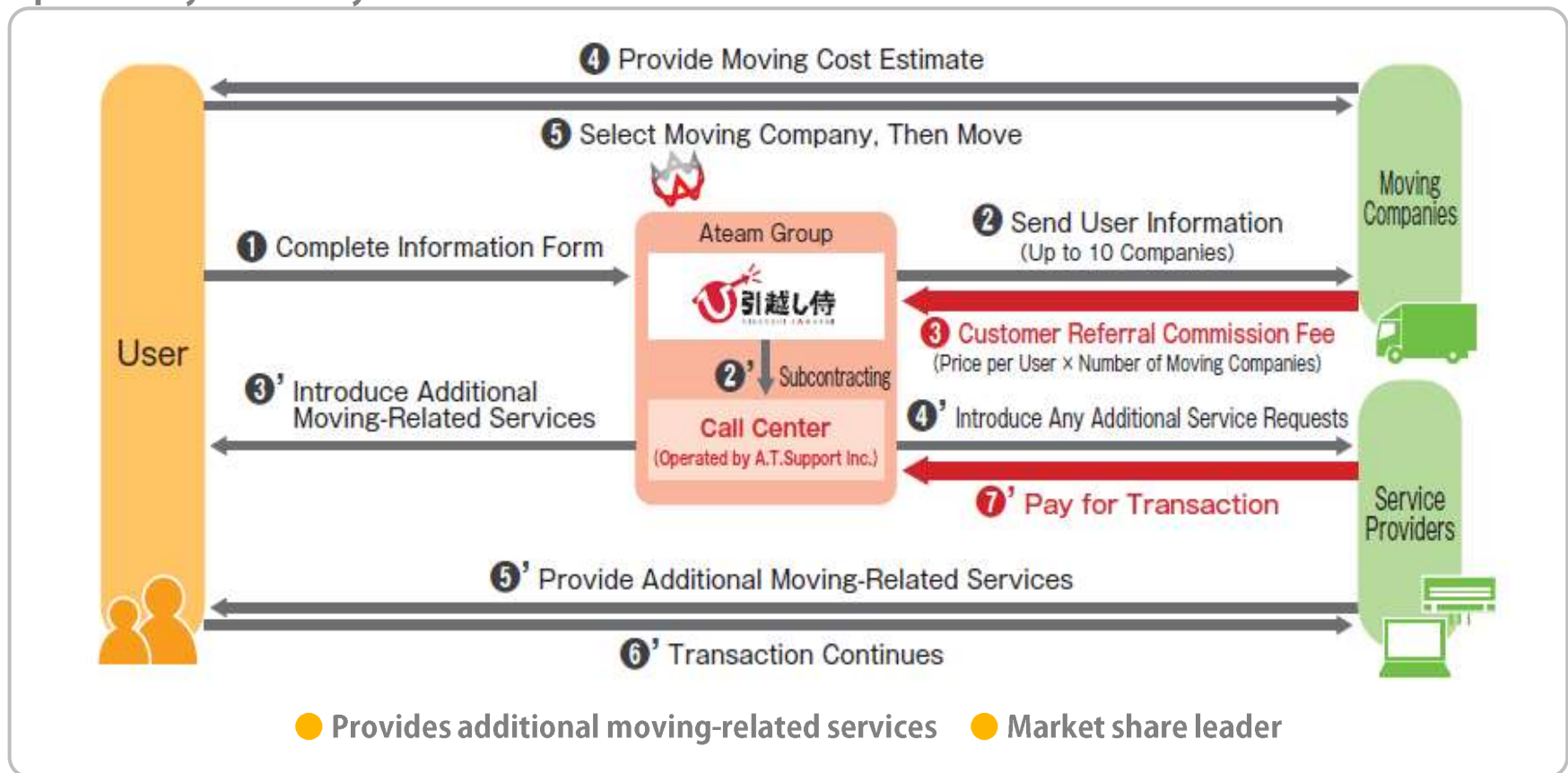
Lifestyle Support (Moving-Related Business)



| Service Name: “Hikkoshi Samurai”

| Service Description: Moving Company Estimate Comparison & Reservation

Operated by subsidiary Hikkoshi Samurai Inc.



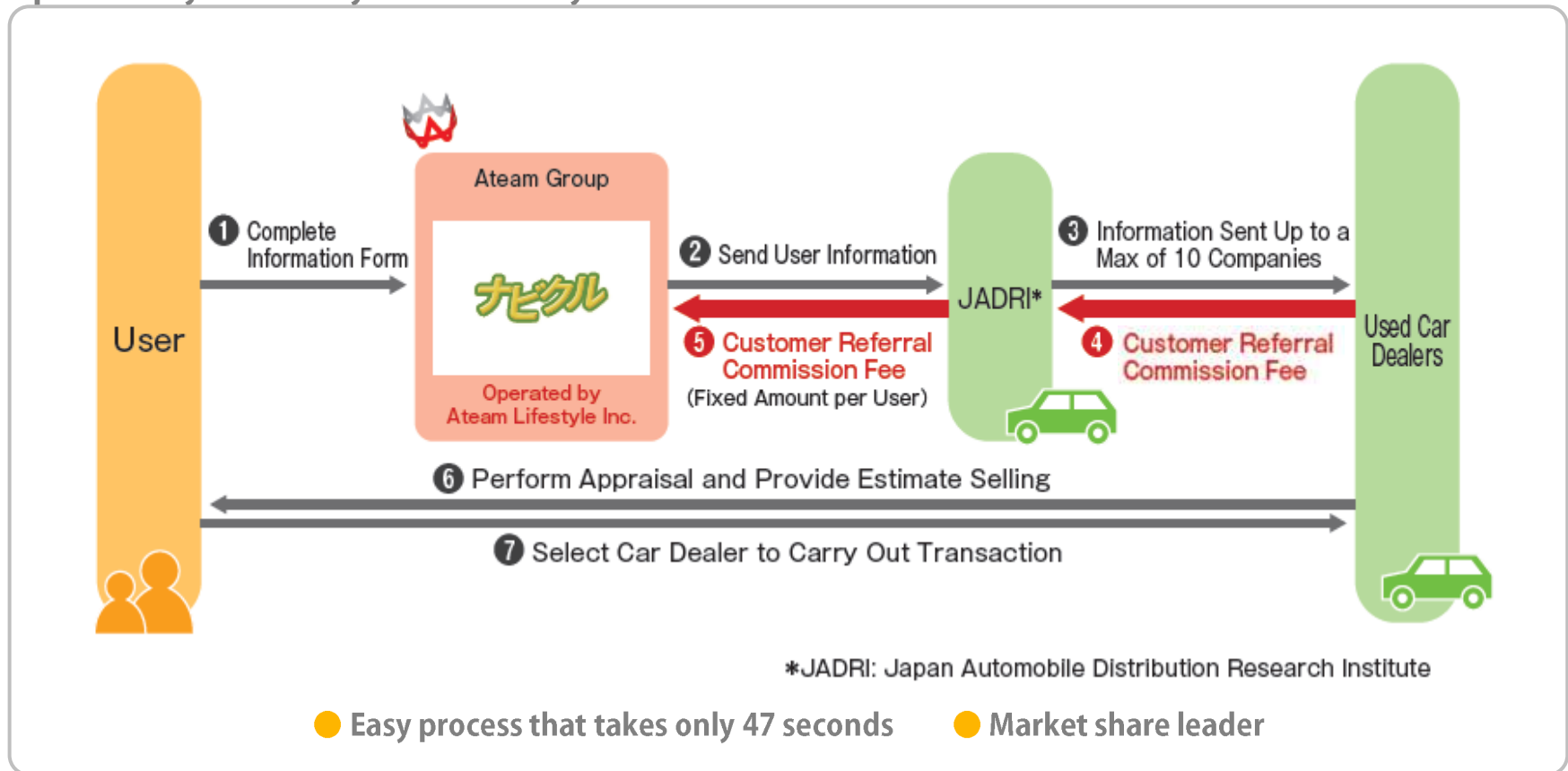
Detailed Business Model

Lifestyle Support (Automobile-Related Business)



- | Service Name: “Navikuru”
- | Service Description: Used Car Appraisal Comparison

Operated by subsidiary Ateam Lifestyle Inc.



Detailed Business Model

Lifestyle Support (Bridal-Related Business)

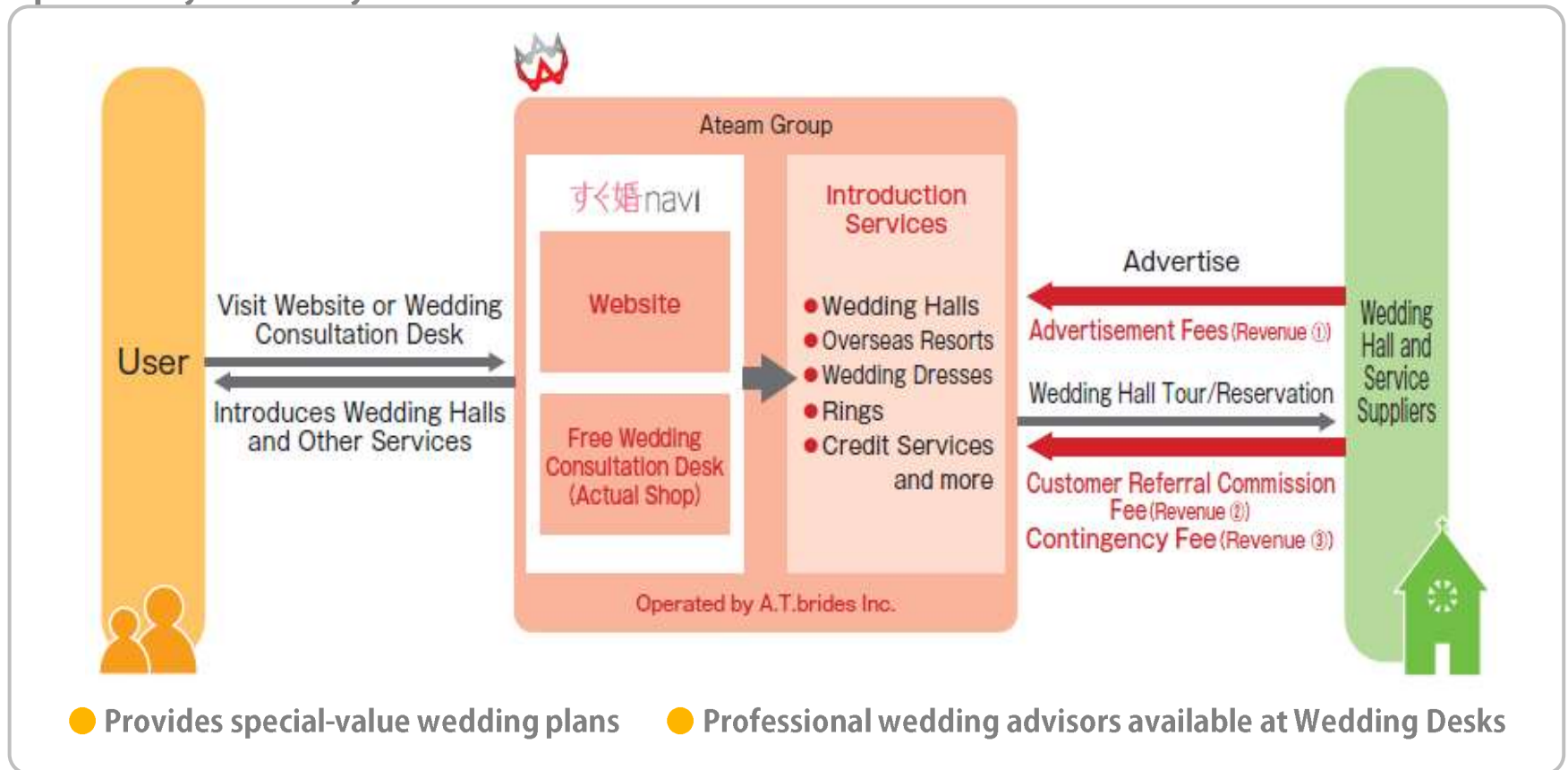


すぐ婚navi

Service Name: "Sugukon Navi"

Service Description: Short-Notice Wedding Hall Search, Reservation, and Information

Operated by subsidiary A.T.brides Inc.



Detailed Business Model

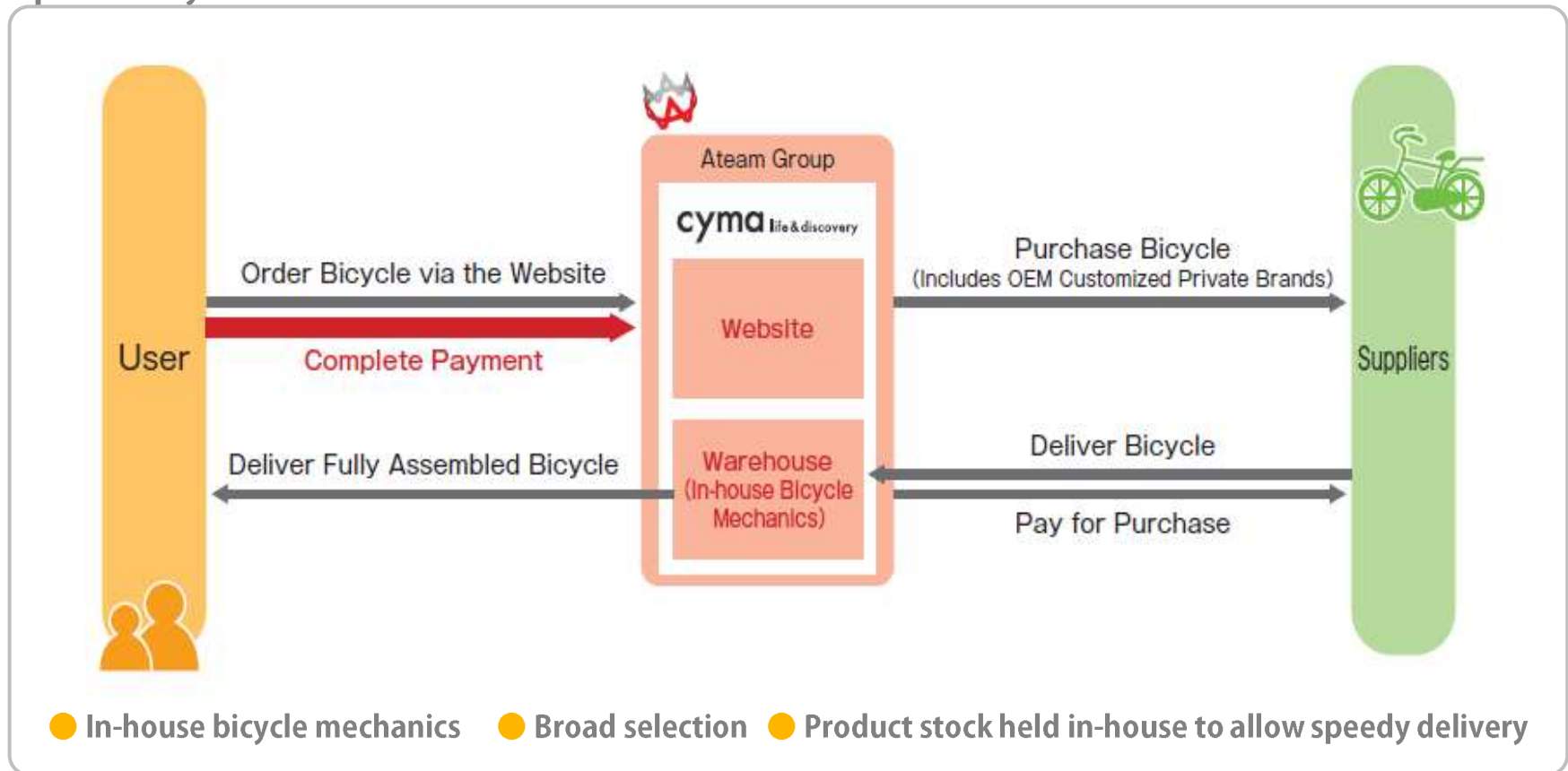
Lifestyle Support (Bicycle E-Commerce)

cyma life&discovery

| Service Name: “Cyma”

| Service Description: Online Bicycle Vendor

Operated by Ateam Inc.



APPENDIX C:

Supplementary Financial Data

Supplementary Financial Data

P/L (FY2014 Q2 - FY2016 Q2)



Million JPY

| | FY2014 | | | FY2015 | | | | FY2016 | |
|--------------------------------------|--------|-------|-------|--------|-------|-------|-------|--------|-------|
| | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Revenue | 3,085 | 3,309 | 2,936 | 3,200 | 3,656 | 4,407 | 4,563 | 4,610 | 5,420 |
| Q/Q (%) | 14.1 | 7.3 | -11.3 | 9.0 | 14.2 | 20.6 | 3.5 | 1.0 | 17.6 |
| Entertainment | 1,650 | 1,562 | 1,480 | 1,550 | 1,847 | 2,051 | 2,464 | 2,331 | 3,173 |
| Lifestyle Support | 1,435 | 1,747 | 1,455 | 1,650 | 1,808 | 2,356 | 2,099 | 2,279 | 2,247 |
| Cost of revenues | 547 | 489 | 475 | 521 | 533 | 615 | 718 | 763 | 825 |
| Cost rate (%) | 17.8 | 14.8 | 16.2 | 16.3 | 14.6 | 14.0 | 15.8 | 16.6 | 15.2 |
| Selling, G&A expenses | 2,168 | 2,285 | 2,023 | 2,189 | 2,587 | 3,173 | 3,399 | 3,326 | 4,450 |
| Selling, G&A expenses ratio (%) | 70.3 | 69.1 | 68.9 | 68.4 | 70.8 | 72.0 | 74.5 | 72.1 | 82.1 |
| Total cost and G&A expenses | 2,715 | 2,774 | 2,499 | 2,710 | 3,121 | 3,789 | 4,118 | 4,089 | 5,276 |
| Labor costs & recruitment expenses | 650 | 649 | 691 | 684 | 682 | 695 | 736 | 745 | 805 |
| Promotional expenses | 1,123 | 1,213 | 912 | 1,132 | 1,439 | 1,903 | 1,955 | 1,817 | 2,326 |
| Entertainment | 245 | 145 | 122 | 112 | 253 | 567 | 717 | 493 | 1,030 |
| Lifestyle Support | 865 | 1,054 | 776 | 994 | 1,158 | 1,310 | 1,176 | 1,262 | 1,232 |
| Commissions, etc. | 434 | 461 | 484 | 484 | 559 | 671 | 869 | 841 | 1,171 |
| Subcontractor expenses, server fees | 236 | 153 | 159 | 162 | 190 | 197 | 235 | 257 | 267 |
| Office rental fees, utility expenses | 107 | 108 | 100 | 110 | 105 | 105 | 111 | 138 | 235 |
| Other expenses | 162 | 187 | 150 | 136 | 145 | 215 | 209 | 289 | 470 |
| Operating income | 369 | 534 | 437 | 490 | 534 | 618 | 445 | 520 | 144 |
| Q/Q (%) | 232.3 | 44.7 | -18.2 | 12.0 | 9.0 | 15.7 | -28.0 | 17.0 | -72.2 |
| Entertainment | 354 | 466 | 428 | 507 | 540 | 314 | 407 | 549 | 440 |
| Lifestyle Support | 192 | 261 | 216 | 173 | 186 | 514 | 309 | 319 | 231 |
| Operating income margin | 12.0 | 16.1 | 14.9 | 15.3 | 14.6 | 14.0 | 9.8 | 11.3 | 2.7 |
| Ordinary income | 379 | 541 | 437 | 495 | 565 | 650 | 452 | 493 | 112 |
| Net Income | 209 | 326 | 215 | 328 | 353 | 401 | 278 | 291 | 17 |

* Figures listed in red above and on following pages have been adjusted from those included in materials made public on Dec 11, 2015.

Supplementary Financial Data

P/L (FY2011 - FY2015)



Million JPY

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | Y/Y (%) |
|--------------------------------------|--------|--------|--------|--------|--------|---------|
| Revenue | 4,064 | 6,379 | 10,989 | 12,036 | 15,828 | 31.5 |
| Y/Y (%) | 15.5 | 57.0 | 72.3 | 9.5 | 31.5 | — |
| Entertainment | 2,499 | 3,278 | 6,632 | 6,169 | 7,914 | 28.3 |
| Lifestyle Support | 1,564 | 3,100 | 4,357 | 5,866 | 7,914 | 34.9 |
| Cost of revenues | 906 | 927 | 1,392 | 2,132 | 2,389 | 12.0 |
| Cost rate (%) | 22.3 | 14.5 | 12.7 | 17.7 | 15.1 | -2.6 |
| Selling, G&A expenses | 2,709 | 4,381 | 7,880 | 8,451 | 11,351 | 34.3 |
| Selling, G&A expense ratio (%) | 66.7 | 68.7 | 71.7 | 70.2 | 71.7 | 1.5 |
| Total cost and G&A expenses | 3,615 | 5,309 | 9,272 | 10,583 | 13,740 | 29.8 |
| Labor costs & recruitment expenses | 1,297 | 1,540 | 2,083 | 2,638 | 2,798 | 6.1 |
| Promotional expenses | 1,035 | 2,331 | 4,310 | 4,279 | 6,430 | 50.3 |
| Entertainment | 125 | 399 | 1,571 | 789 | 1,651 | 109.3 |
| Lifestyle Support | 907 | 1,914 | 2,673 | 3,431 | 4,640 | 35.2 |
| Commissions, etc. | 530 | 624 | 1,600 | 1,737 | 2,586 | 48.8 |
| Subcontractor expenses, server fees | 218 | 250 | 528 | 826 | 785 | -5.0 |
| Office rental fees, utility expenses | 151 | 190 | 337 | 420 | 433 | 3.3 |
| Other expenses | 383 | 371 | 411 | 682 | 706 | 3.3 |
| Operating income | 448 | 1,070 | 1,717 | 1,452 | 2,087 | 43.8 |
| Y/Y (%) | 82.7 | 138.5 | 60.4 | -15.4 | 43.8 | — |
| Entertainment | 705 | 1,126 | 1,866 | 1,409 | 1,770 | 25.6 |
| Lifestyle Support | 178 | 539 | 632 | 805 | 1,183 | 46.9 |
| Operating income margin | 11.0 | 16.8 | 15.6 | 12.1 | 13.2 | 1.1 |
| Ordinary income | 446 | 1,047 | 1,718 | 1,470 | 2,164 | 47.2 |
| Pre-tax income | 435 | 1,008 | 1,688 | 1,364 | 2,091 | 53.3 |
| Net income | 258 | 590 | 1,042 | 807 | 1,362 | 68.6 |

* From FY2013 Q3, Ateam Group releases consolidated financial statements that contain figures for businesses spun off through absorption-type demerger into wholly-owned subsidiaries. All figures listed above therefore include data from the same businesses, and are listed for easier comparison to past fiscal years.

Supplementary Financial Data

B/S (FY2011 - FY2015)



Million JPY

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|---|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | |
| Current assets | 1,340 | 2,709 | 3,760 | 4,034 | 6,334 |
| Cash and cash equivalents | 553 | 1,339 | 1,944 | 2,217 | 3,097 |
| Non-current assets | 460 | 443 | 881 | 1,470 | 1,322 |
| Tangible assets | 40 | 45 | 102 | 120 | 125 |
| Intangible assets | 159 | 120 | 410 | 355 | 460 |
| Investments and other assets | 261 | 277 | 367 | 994 | 736 |
| Total assets | 1,801 | 3,153 | 4,641 | 5,504 | 7,656 |
| Liabilities | | | | | |
| Current liabilities | 657 | 1,153 | 1,136 | 1,305 | 3,648 |
| Non-current liabilities | 105 | 0 | 0 | 0 | 0 |
| Total liabilities | 763 | 1,153 | 1,136 | 1,305 | 3,648 |
| Interest-bearing liabilities | 270 | 100 | 0 | 0 | 1,700 |
| Net assets | | | | | |
| Shareholder's equity | 1,038 | 1,999 | 3,500 | 4,130 | 3,900 |
| Treasury stock | 0 | 0 | 0 | 0 | -1,403 |
| Stock option | 0 | 0 | 5 | 67 | 108 |
| Total net assets | 1,038 | 1,999 | 3,505 | 4,198 | 4,008 |
| Total liabilities and net assets | 1,801 | 3,153 | 4,641 | 5,504 | 7,656 |

* From FY2013 Q3, Ateam Group releases consolidated financial statements that contain figures for businesses spun off through absorption-type demerger into wholly-owned subsidiaries. All figures listed above therefore include data from the same businesses, and are listed for easier comparison to past fiscal years.

Supplementary Financial Data

Others (FY2011 - FY2015)



Million JPY

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|--|------------|------------|------------|------------|------------|
| Number of shares issued (year-end) | 16,050,000 | 18,393,000 | 19,195,000 | 19,349,200 | 19,405,600 |
| Treasury stock (shares) | 0 | 0 | 0 | 0 | 580,020 |
| Average number of shares during the FY | 16,050,000 | 16,882,352 | 18,933,262 | 19,255,641 | 19,310,191 |
| EPS (yen) | 16.09 | 34.99 | 55.04 | 41.96 | 70.54 |
| EPS Y/Y (%) | — | 117.5 | 57.3 | -23.8 | 68.1 |
| ROA (Ordinary income on Total Assets, %) | 25.9 | 42.3 | 44.1 | 29.0 | 32.9 |
| Net assets per share (yen) | 64.7 | 108.7 | 182.4 | 213.5 | 207.2 |
| Dividend per share (yen) | 0.00 | 0.00 | 10.61 | 10.00 | 12.50 |
| Interim dividend (yen) | 0.00 | 0.00 | 5.00 | 5.00 | 5.00 |
| Total dividend amount | 0.00 | 0.00 | 203 | 192 | 238 |
| Payout ratio (%) | 0 | 0 | 19.3 | 23.8 | 17.7 |
| Shareholder's equity ratio (%) | 57.6 | 63.4 | 75.4 | 75.0 | 50.9 |
| Equity ratio (%) | 57.6 | 63.4 | 75.4 | 75.1 | 50.9 |
| ROE (%) | 28.4 | 38.9 | 37.9 | 21.2 | 33.9 |
| ROIC (= ① ÷ ②, %) | 20.3 | 29.9 | 30.3 | 20.8 | 24.3 |
| ① Net operating income after taxes | 266 | 626 | 1,059 | 859 | 1,359 |
| ② Invested capital (=③+④) | 1,308 | 2,099 | 3,500 | 4,130 | 5,600 |
| ③ Shareholder's equity | 1,038 | 1,999 | 3,500 | 4,130 | 3,900 |
| ④ Short-term loans payable | 270 | 100 | 0 | 0 | 1,700 |

* The company carried out common stock splits of 100-for-1 on Oct 27, 2011, 3-for-1 on Jun 1, 2012, and 2-for-1 on May 1, 2015. The per share figures listed above have been adjusted to reflect these splits, and some therefore differ from those printed in previous materials released by the company.

Our Mission Is to Produce Happiness Through Business and to Grow for the Next 100 Years



These materials contain statements made based on current conditions, assumptions of future conditions, and internal forecasts. Unforeseen events may cause actual results to differ from content printed in these materials. Such risks and uncertainties include general trade and market status, interest rate and exchange rate fluctuations, and the general economic status of Japanese and overseas markets. Ateam Inc. is not responsible for updating or modifying the forecasts contained in these materials, even in the event that such unforeseen events occur in the future.