



Ateam Inc.

# Business Report FY2017 Q1

December 9, 2016

# Index

- 1. FY2017 Q1 Financial Results**
- 2. FY2017 Q1 Business Details**
- 3. FY2017 Q2 Progress**
- 4. FY2017 Guidance**
- 5. Medium- and Long-Term Outlook**

- APPENDIX A: Company Overview
- APPENDIX B: Supplementary Financial Data

# 1. FY2017 Q1 Financial Results

- 2. FY2017 Q1 Business Details
- 3. FY2017 Q2 Progress
- 4. FY2017 Guidance
- 5. Medium- and Long-Term Outlook

# FY2017 Q1 Financial Summary (Aug - Oct 2016)

## Overall

### Revenue Up But Profit Down Y/Y & Q/Q, Record High Revenue

- Revenue: 7,136 million JPY (Y/Y 154.8%, Q/Q 105.6%)
- Operating income: 293 million JPY (Y/Y 56.3%, Q/Q 39.2%)
- Net income: 138 million JPY (Y/Y 47.4%, Q/Q 27.4%)

\*Net income = Net income attributable to shareholders of parent company (holds the same meaning on all following pages)

## Entertainment

### Revenue Up But Profit Down Y/Y & Q/Q, Record High Revenue

- Revenue: 4,089 million JPY (Y/Y 175.5%, Q/Q 106.0%)
- Profit: 302 million JPY (Y/Y 55.0%, Q/Q 42.8%)

% of Revenue  
**57.3**  
%

**Valkyrie Connect and Unison League Performance Drove Revenue Rise**

## Lifestyle Support

### Both Revenue and Profit Up Y/Y, Record High Revenue

- Revenue: 2,652 million JPY (Y/Y 128.4%, Q/Q 105.5%)
- Profit: 369 million JPY (Y/Y 101.9%, Q/Q 86.6%)

% of Revenue  
**37.2**  
%

**Excluding Seasonal Factors, Sub-Segments Performed Well Overall**

## EC

### Both Revenue and Profit Up Y/Y & Q/Q, Record High Revenue

- Revenue: 393 million JPY (Y/Y 183.6%, Q/Q 102.0%)
- Profit: -34 million JPY (Y/Y -, Q/Q -)

% of Revenue  
**5.5**  
%

**Trended Favorably Despite Off Season**

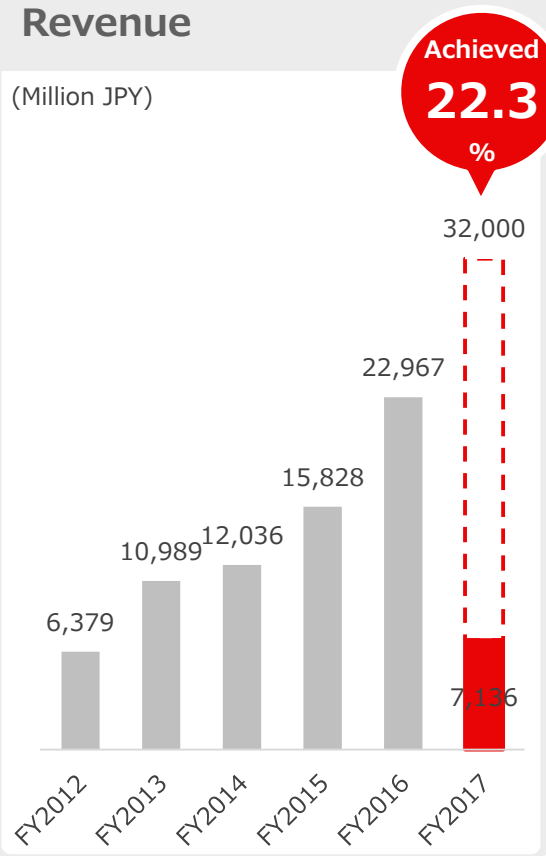
# FY2017 Q1 Financial Results vs. Forecasts

## Q1 Results Almost in Line With Full-Year Forecasts

- (Reference) Full-year forecasts announced Sep 9, 2016: Revenue: 32 billion JPY; Operating income: 3.3 billion JPY; Net income: 2.15 billion JPY

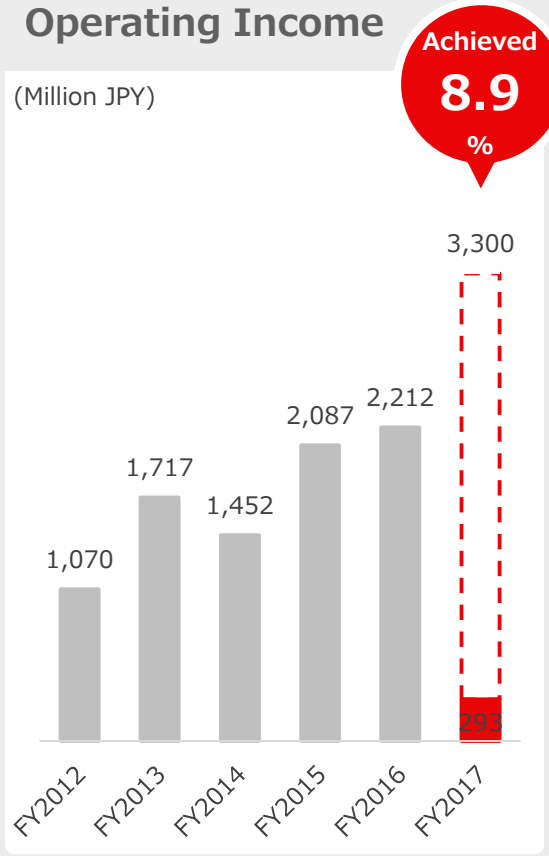
### Revenue

(Million JPY)



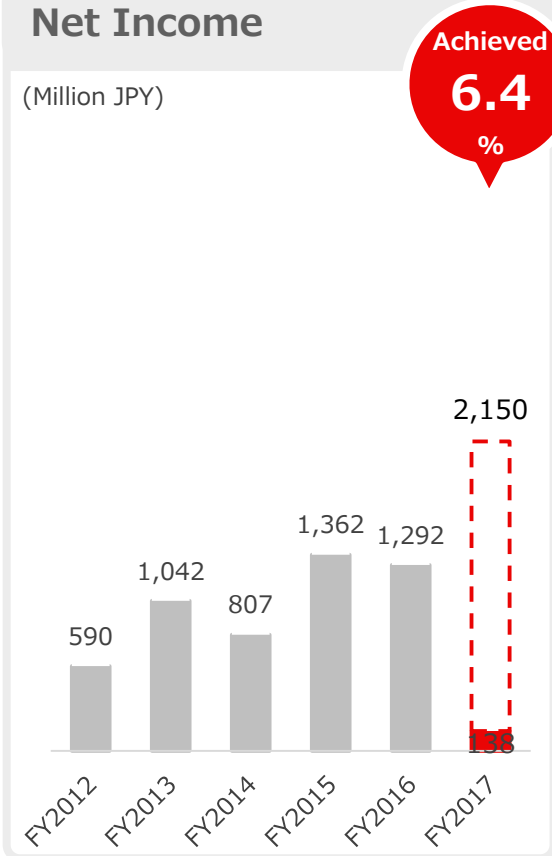
### Operating Income

(Million JPY)



### Net Income

(Million JPY)



# FY2017 Q1 Financial Results

Unspent Advertising Budget and Increased Profit from Higher-Than-Anticipated Revenue Led to Q1 Income Above Forecasts

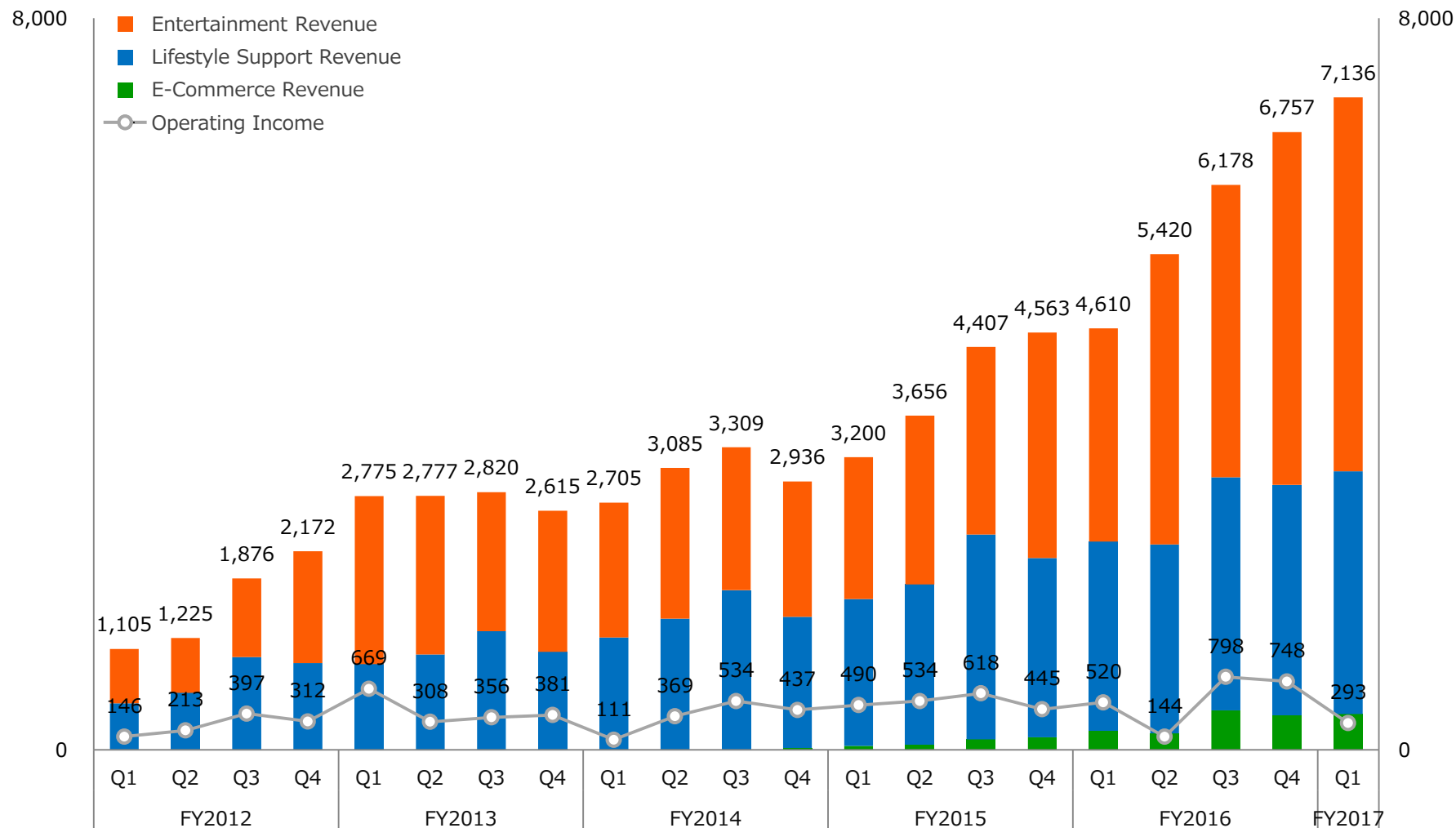
(Million JPY)

## FY2017 Q1 (Aug - Oct 2016)

|                  | FY2017       |        | FY2016 | Y/Y           | FY2016 | Q/Q           | FY2017   | %<br>to full-year<br>forecast | FY2017         | %<br>to Q1<br>forecast |
|------------------|--------------|--------|--------|---------------|--------|---------------|----------|-------------------------------|----------------|------------------------|
|                  | Q1           | %      | Q1     |               | Q4     |               | Forecast |                               | Q1<br>forecast |                        |
| Revenue          | <b>7,136</b> | 100.0% | 4,610  | <b>154.8%</b> | 6,757  | <b>105.6%</b> | 32,000   | 22.3%                         | 7,000          | 101.9%                 |
| Operating income | <b>293</b>   | 4.1%   | 520    | <b>56.3%</b>  | 748    | <b>39.2%</b>  | 3,300    | 8.9%                          | 10             | 2,934.1%               |
| Ordinary income  | <b>292</b>   | 4.1%   | 493    | <b>59.2%</b>  | 736    | <b>39.7%</b>  | 3,250    | 9.0%                          | 10             | 2,924.2%               |
| Net income       | <b>138</b>   | 1.9%   | 291    | <b>47.4%</b>  | 504    | <b>27.4%</b>  | 2,150    | 6.4%                          | 6              | 2,303.2%               |

# Consolidated Quarterly Financial Trends

(Million JPY)



\*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).

# Quarterly Trend of Key Management Indicators

(Million JPY)

|                                      | FY2014 |       |       |       | FY2015 |       |       |       | FY2016 |       |       |       | FY17         |
|--------------------------------------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------------|
|                                      | Q1     | Q2    | Q3    | Q4    | Q1     | Q2    | Q3    | Q4    | Q1     | Q2    | Q3    | Q4    | Q1           |
| Revenue                              | 2,705  | 3,085 | 3,309 | 2,936 | 3,200  | 3,656 | 4,407 | 4,563 | 4,610  | 5,420 | 6,178 | 6,757 | <b>7,136</b> |
| Operating income                     | 111    | 369   | 534   | 437   | 490    | 534   | 618   | 445   | 520    | 144   | 798   | 748   | <b>293</b>   |
| Promotional expenses                 | 1,029  | 1,123 | 1,213 | 912   | 1,132  | 1,439 | 1,903 | 1,955 | 1,817  | 2,326 | 2,433 | 2,758 | <b>3,432</b> |
| Labor costs, recruitment expenses    | 647    | 650   | 649   | 691   | 684    | 682   | 695   | 736   | 745    | 805   | 814   | 884   | <b>872</b>   |
| Commission fees, etc.                | 356    | 434   | 461   | 484   | 484    | 559   | 671   | 869   | 841    | 1,171 | 1,177 | 1,401 | <b>1,468</b> |
| Subcontractor expenses, server fees  | 276    | 236   | 153   | 159   | 162    | 190   | 197   | 235   | 257    | 267   | 275   | 235   | <b>254</b>   |
| Office rental fees, utility expenses | 102    | 107   | 108   | 100   | 110    | 105   | 105   | 111   | 138    | 235   | 177   | 177   | <b>178</b>   |
| Employees (people)                   | 485    | 502   | 538   | 541   | 531    | 533   | 533   | 530   | 548    | 559   | 574   | 583   | <b>605</b>   |

\*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)



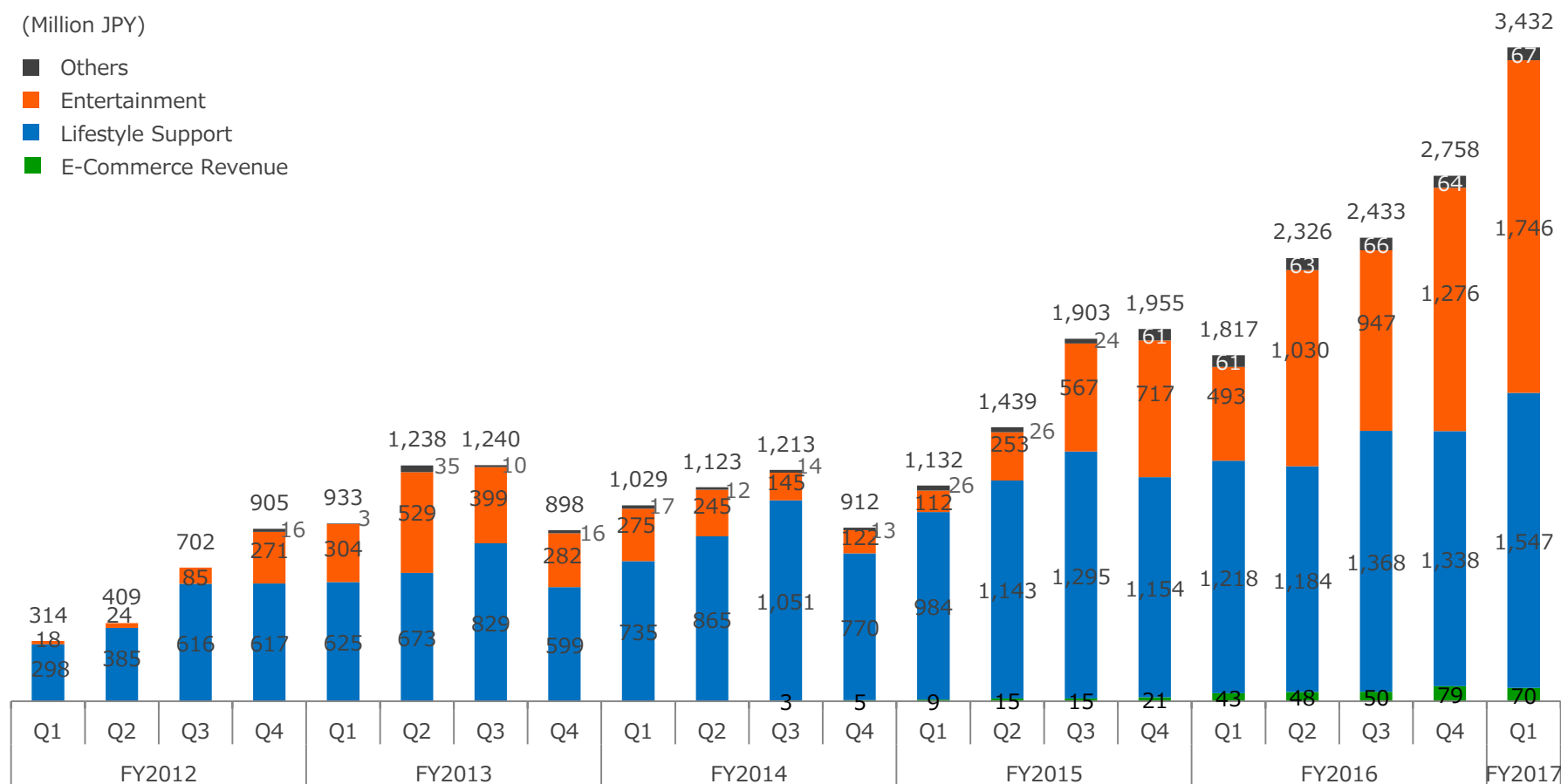
# Quarterly Promotional Expense Trends

Entertainment Increased Due to Unison League TV Commercial, Valkyrie Connect Online Promotion, Etc.

Lifestyle Support Increased Mainly Due to Bridal Advertising

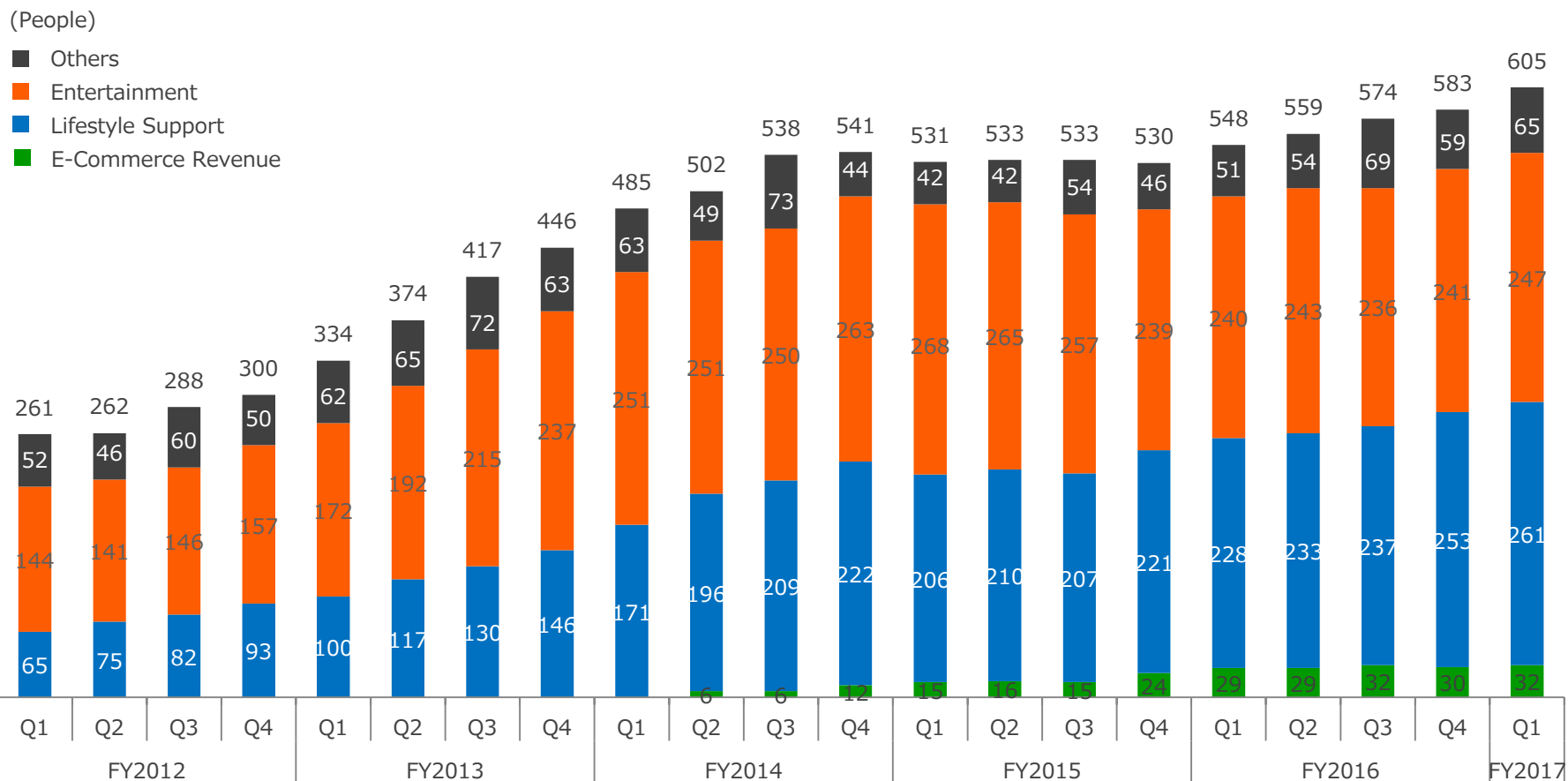
(Million JPY)

- Others
- Entertainment
- Lifestyle Support
- E-Commerce Revenue



# Number of Employees

Number of Employees Increased Through Active Recruiting



\*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)

# Balance Sheet

- Cash and Cash Equivalents Decreased Due to Payment of Corporate Tax and Dividends
- Liabilities Decreased Due to Decrease in Short-Term Loans and Accounts Payable
- Net Assets Increased Due to Reduction in Treasury Stock for Share-Based Compensation

(Million JPY)

|                              | FY2017<br>Q1 | FY2016<br>Q4 |
|------------------------------|--------------|--------------|
| Current assets               | <b>6,548</b> | 6,918        |
| Cash and cash equivalents    | <b>3,372</b> | 3,505        |
| Accounts receivable          | <b>2,481</b> | 2,724        |
| Non-current assets           | <b>2,763</b> | 2,668        |
| Tangible assets              | <b>1,275</b> | 1,321        |
| Intangible assets (software) | <b>694</b>   | 622          |
| Total assets                 | <b>9,311</b> | 9,586        |

|                            | FY2017<br>Q1 | FY2016<br>Q4 |
|----------------------------|--------------|--------------|
| Current liabilities        | <b>3,809</b> | 4,127        |
| Non-current liabilities    | <b>388</b>   | 387          |
| Total liabilities          | <b>4,197</b> | 4,514        |
| Short-term loans payable   | <b>1,070</b> | 1,166        |
| Shareholder's equity       | <b>5,013</b> | 4,971        |
| Total net assets           | <b>5,113</b> | 5,072        |
| Liabilities and net assets | <b>9,311</b> | 9,586        |

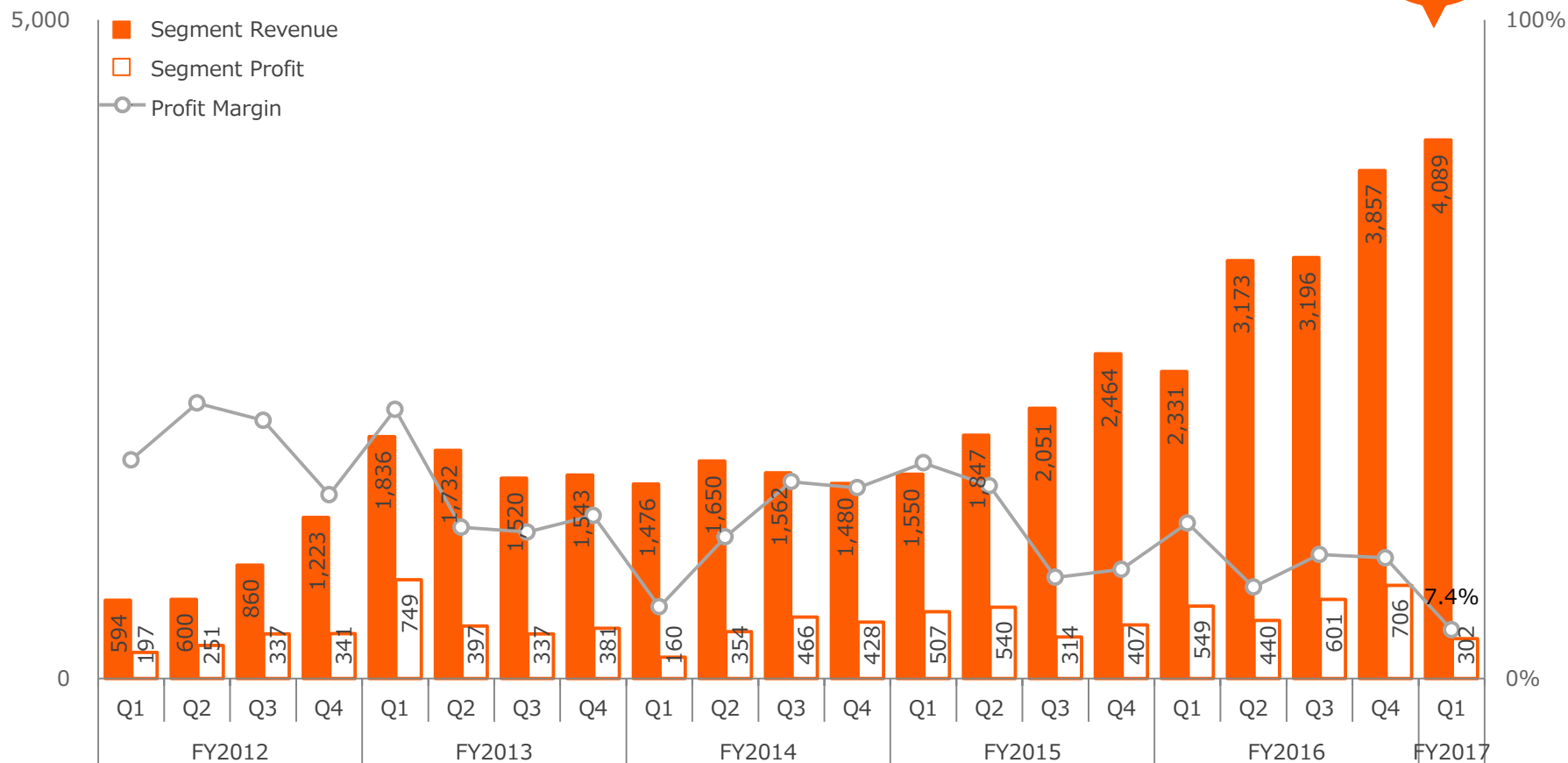
## **2. FY2017 Q1 Business Details**

- 3. FY2017 Q2 Progress
- 4. FY2017 Guidance
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# Entertainment Business Performance Trends

Contributions from Valkyrie Connect and Unison League Led to Record Revenue, But Profit Decreased Due to TV Commercials and Online Promotion Costs

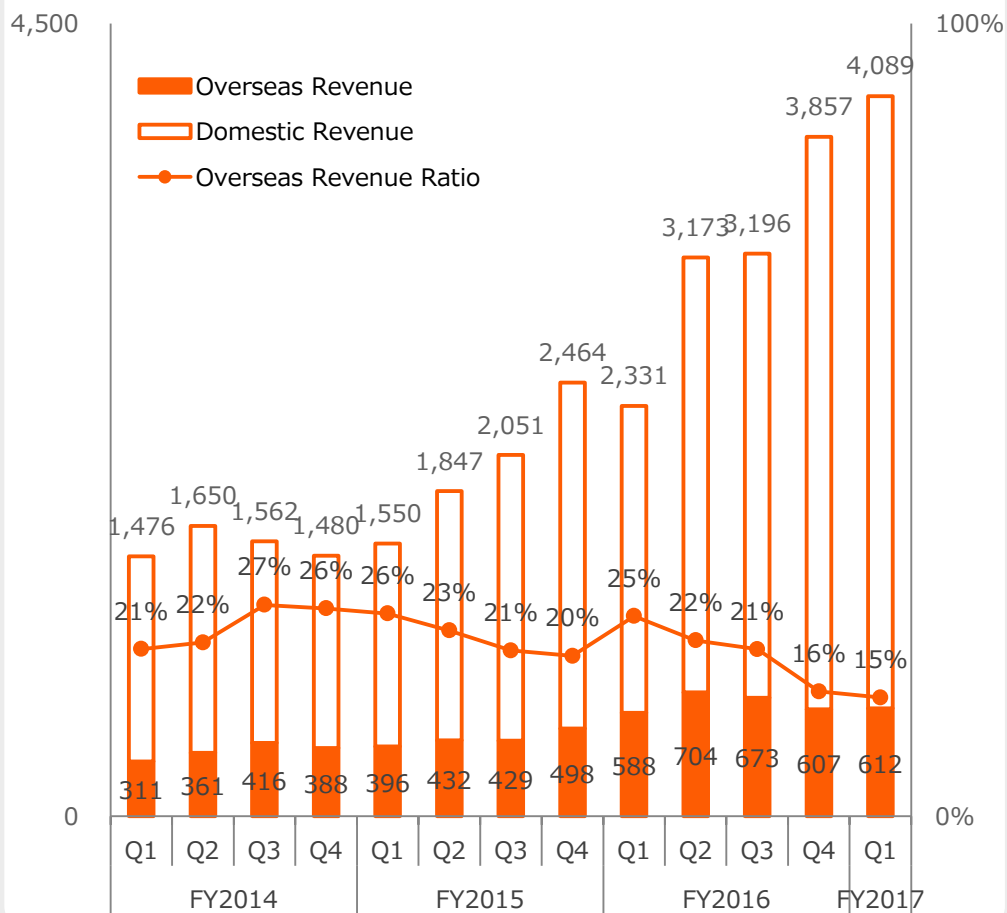
(Million JPY)









# Entertainment Overseas Revenue Ratio Trends

## Overseas Revenue Ratio Down Y/Y & Q/Q

(Million JPY)



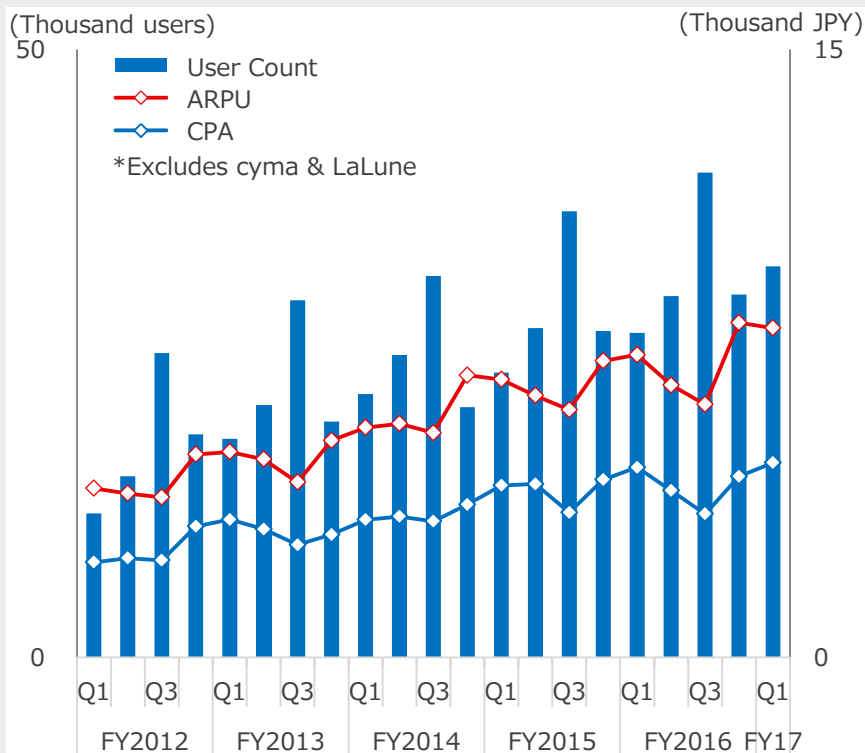
| Region:   | JP | NA                             | EU | TW<br>HK<br>MO | S.<br>KR | SE.<br>Asia |
|---|----|--------------------------------|----|----------------|----------|-------------|
| <br>Unison   | ●  | ●                              | ●  | ●              | ●        | ●           |
| <br>Valkyrie | ●  | *Language support added Oct 20 |    |                |          |             |
| <br>Summoner | ●  | English Version                |    |                |          |             |
| <br>Legions  | ●  | English Version                |    |                |          |             |
| <br>Derby  | ●  |                                |    | ●              |          | ●           |
| <br>Smash! | ●  |                                |    | ●              |          |             |

# Lifestyle Support Key Performance Indicator Trends

## User Count, ARPU, CPA

Q3 Always Sees Peak User Count

ARPU & CPA Trending Stably

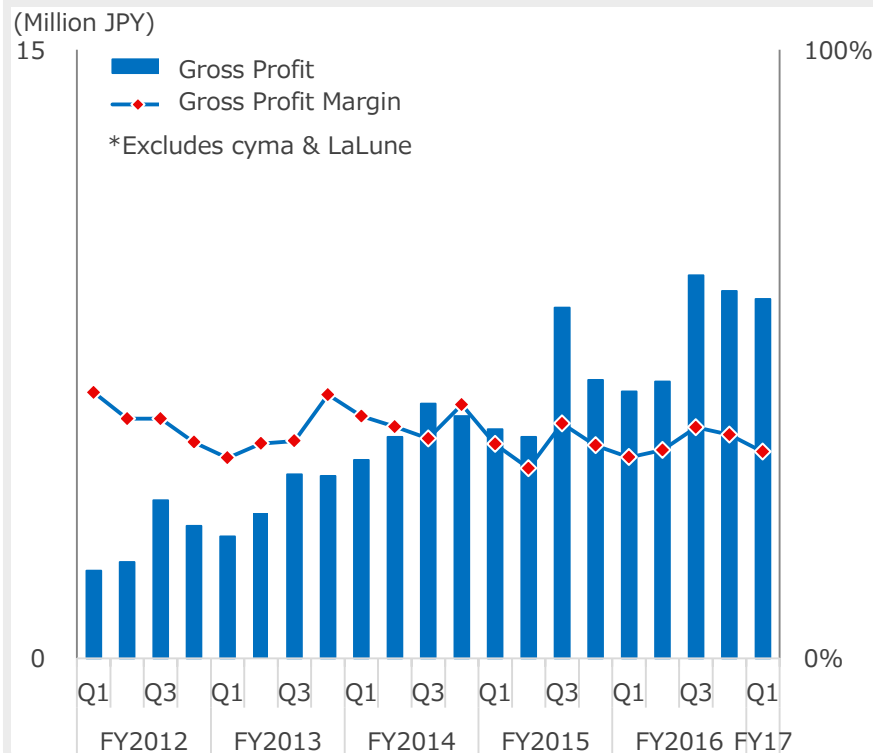


- [① User count]=total users from 4 main sub-segment businesses (users that generated segment revenue)
- [② ARPU: Revenue per user]=segment revenue÷[① User count]
- [③ CPA: Cost per user acquisition]=advertising cost÷[① User count]

## Gross Profit, Gross Profit Margin

Profit Up Y/Y

Gross Profit Margin Trends Around 30-40%



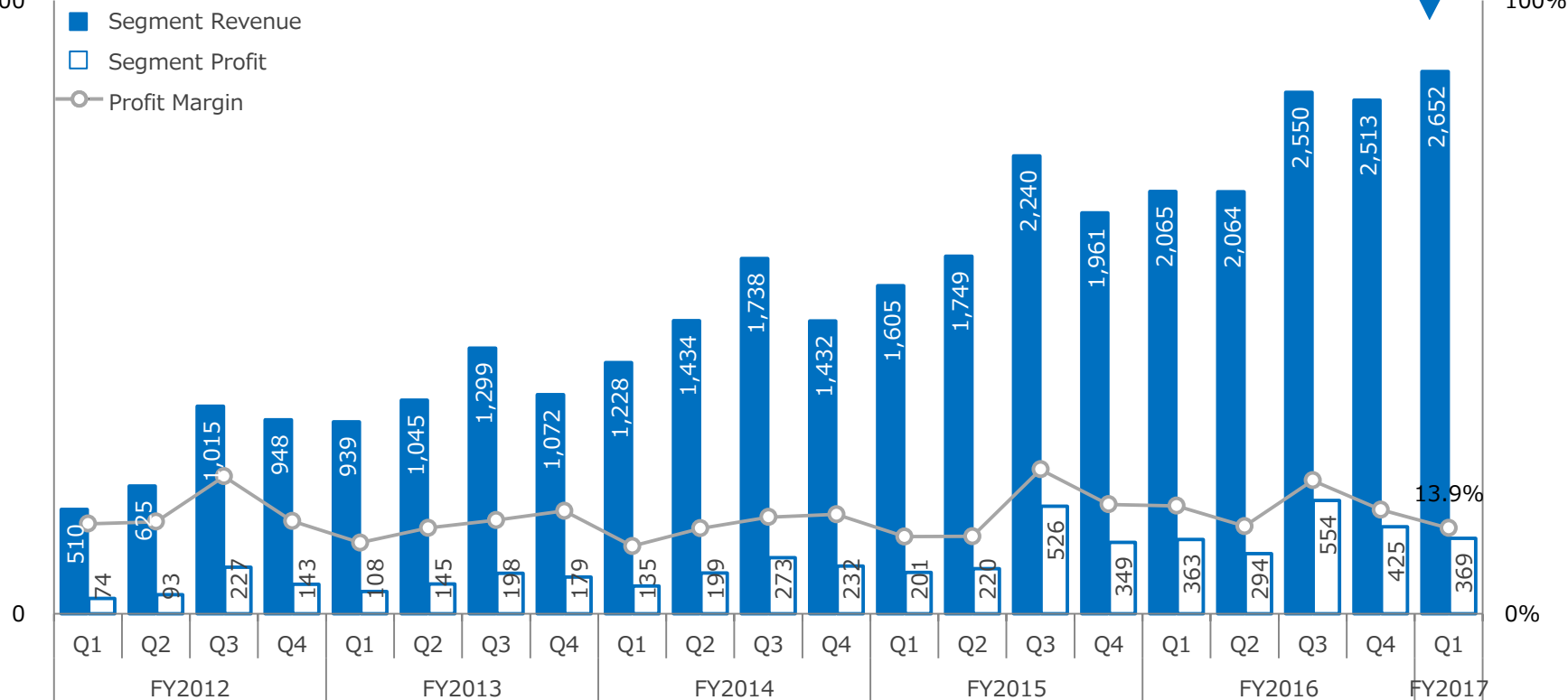
- [④ Gross profit]=segment revenue-(advertising + purchase costs)
- [⑤ Gross profit margin]=[④ Gross profit]÷segment revenue
- \*Purchase costs include A/C, bridal rings, Hanayume photo purchase costs, A/C installation fees, and bridal deferred payment package costs

# Lifestyle Support Business Performance Trends

Each Sub-Segment Performed Well, Record Segment Revenue Achieved

Profit Margin Decreased Due to Bridal Advertising Investments

(Million JPY)  
3,000



\*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

\*E-Commerce performance is no longer included in Lifestyle Support business figures, please refer to page 17.



# Lifestyle Support Sub-Segment Businesses Trends

(Million JPY)

Y/Y Q/Q

 Moving-Related Business



 Automobile-Related Business



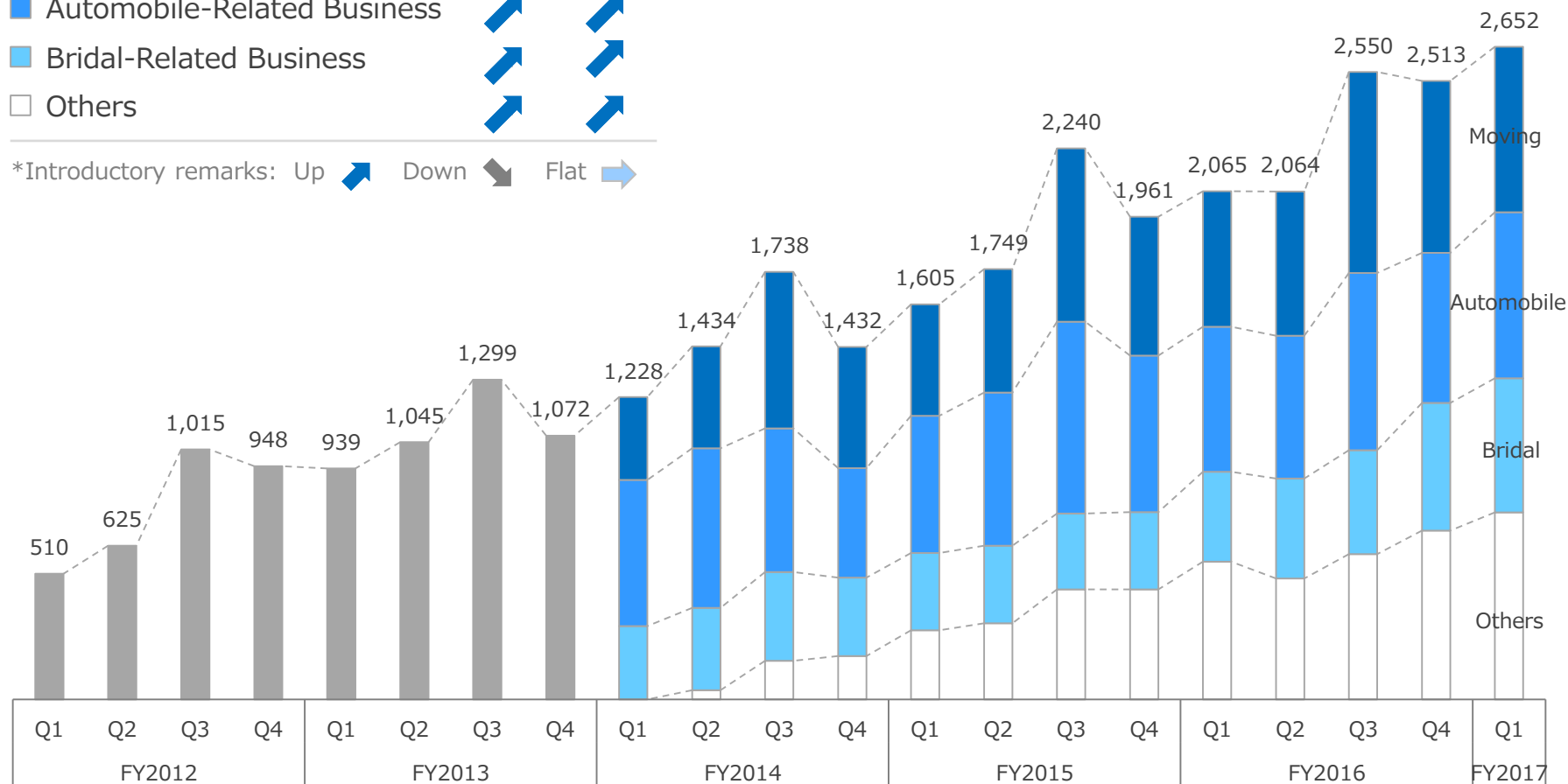
 Bridal-Related Business



 Others




\*Introductory remarks: Up  Down  Flat 



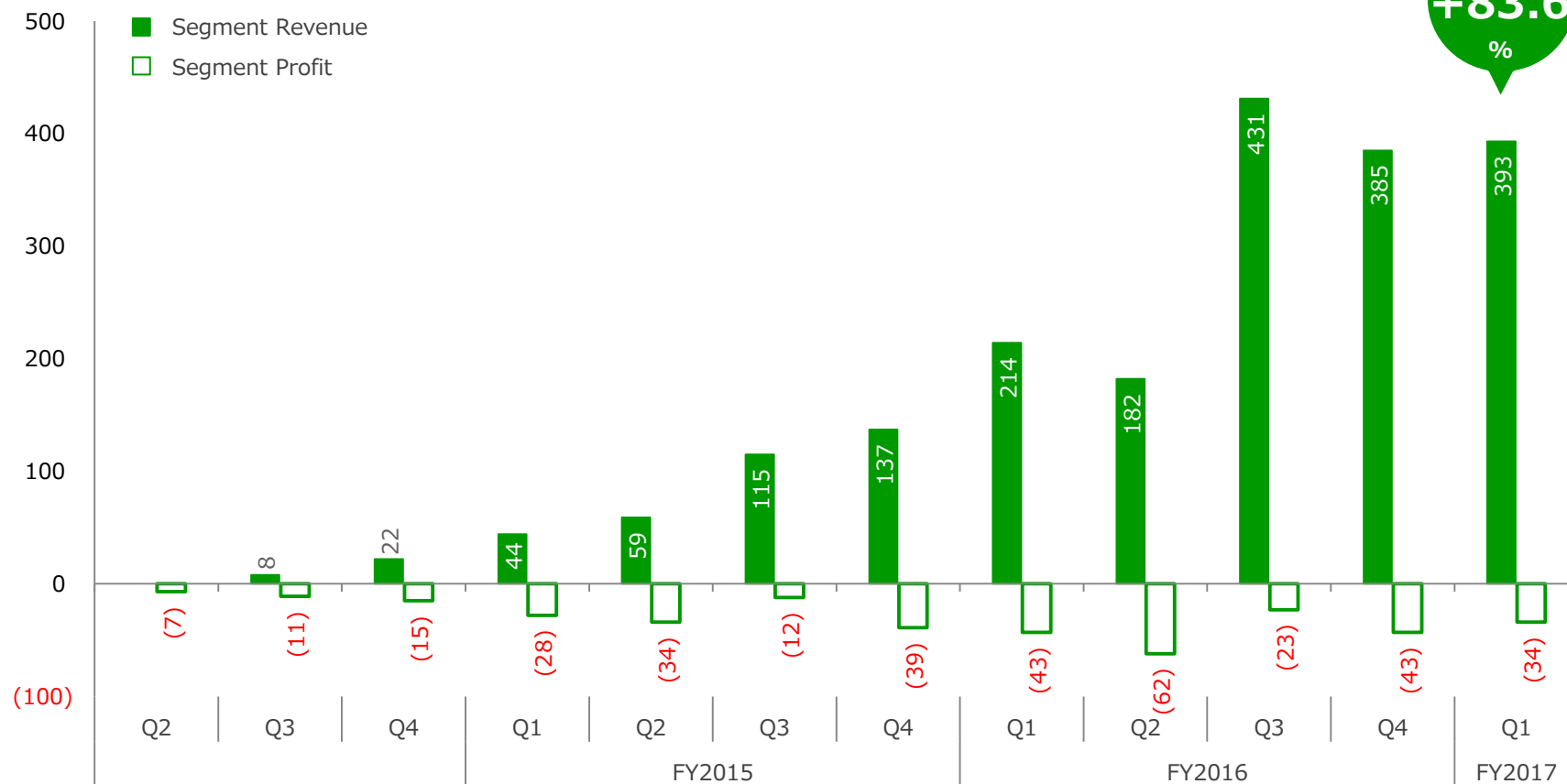
\*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

\*E-Commerce performance is no longer included in Lifestyle Support business figures, please refer to page 17.

# E-Commerce Business Performance Trends

Revenue Greatly Up Y/Y, Slightly Up Q/Q Due to Off Season

(Million JPY)



\*From FY2017 (Aug 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

\*\*"cyma" launched service in Dec 2013. FY2014 Q2 revenue was below 1 million JPY. Peak business period is Mar – Apr (Q3).

## 3. FY2017 Q2 Progress

- 4. FY2017 Guidance
- 5. Medium- and Long-Term Outlook

# Segment Topics

## Entertainment

### After School Girls Tribe

- ▶ Over 500,000 pre-registrations
- ▶ Began airing TV commercials and released gameplay videos with a popular YouTuber on Dec 2



### Valkyrie Connect

- ▶ Support for 9 languages added on Nov 24, now available for download in 153 countries
- ▶ In Feb 2017, will have a booth at popular convention "Toukaigi 2017"

### Unison League

- ▶ 2-year anniversary event began Nov 30

### Derby Impact

- ▶ Ran collaboration with sports newspaper, new TV commercial airing from Nov 25

### Three Kingdoms Smash!

- ▶ Surpassed 5 million downloads on Nov 10

## Lifestyle Support

### Bridal

- ▶ Wedding hall information site "Sugukon Navi" underwent a name change to "Hanayume" on Nov 8, website overhauled



### Moving

- ▶ New popular series of radio commercials began airing from Nov 1

### Automobile

- ▶ Maintaining top market share

## EC

### Bicycle EC

- ▶ Opening a new distribution center in Hyogo, will begin operation in December

## **4. FY2017 Guidance**

5. Medium- and Long-Term Outlook

# FY2017 Consolidated Financial Forecasts

As Many Uncertain Factors Remain, There is No Revision to Either Interim or Full-Year Forecasts at This Time

(Million JPY)

|                   | FY2016 Result  |                  | FY2017 (Aug 2016 – Jul 2017) |                   |                     |              |                         |
|-------------------|----------------|------------------|------------------------------|-------------------|---------------------|--------------|-------------------------|
|                   | Interim Result | Full-Year Result | Q1 Results                   | Interim Forecasts | Full-Year forecasts | % of Revenue | % to Full-year forecast |
| Revenue           | 10,031         | 22,967           | <b>7,136</b>                 | <b>14,800</b>     | <b>32,000</b>       | 100.0%       | <b>22.3%</b>            |
| Entertainment     | 5,505          | 12,559           | <b>4,089</b>                 | -                 | <b>19,000</b>       | 59.4%        | <b>21.5%</b>            |
| Lifestyle Support | 4,526          | 9,193            | <b>2,652</b>                 | -                 | <b>11,200</b>       | 35.0%        | <b>23.7%</b>            |
| E-Commerce        | -              | 1,214            | <b>393</b>                   | -                 | <b>1,800</b>        | 5.6%         | <b>21.9%</b>            |
| Operating income  | 665            | 2,212            | <b>293</b>                   | <b>300</b>        | <b>3,300</b>        | 10.3%        | <b>8.9%</b>             |
| Ordinary income   | 606            | 2,094            | <b>292</b>                   | <b>300</b>        | <b>3,250</b>        | 10.2%        | <b>9.0%</b>             |
| Net income        | 308            | 1,292            | <b>138</b>                   | <b>180</b>        | <b>2,150</b>        | 6.7%         | <b>6.4%</b>             |

\*From FY2017 (Aug 1, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and EC.

# Notes on FY2017 Q2 Forecasts

## Overall

### Investments Planned in Each Business

## Ent.

### Planning Large Promotional Efforts in Japan and Abroad

- | After School Girl's Tribe TV commercial began airing Dec 2
- | Advertising campaigns planned in various regions for Valkyrie Connect's global release

## Lifestyle Support

### Planning Promotion to Increase Brand Recognition

- | Bridal: Promotion planed for increasing new brand recognition and upcoming peak season
- | Promotions planned for some services entering near-peak business period in Feb

## EC

### Planning Promotion to Increase Brand Recognition and Improve Corporate Structure

- | Promotion will be aimed at increasing brand recognition
- | Management structure strengthening includes human resource for Hyogo distribution center

## FY2016 Dividends and FY2017 Dividend Forecasts

FY2016 Full-Year Dividend: 12.5 JPY Per Share; Pay Out Ratio: 18.2%

FY2017 Full-Year Dividend Forecast: 20 JPY Per Share

Aiming for Payout Ratio of 20% Subject to Full-Year Performance

|                         | FY2015 Result   |              | FY2016 Result   |              | FY2017 Forecasts              |                               |
|-------------------------|-----------------|--------------|-----------------|--------------|-------------------------------|-------------------------------|
|                         | Interim         | Year-End     | Interim         | Year-End     | Interim                       | Year-End                      |
| Date of right allotment | Jan 31, 2015    | Jul 31, 2015 | Jan 31, 2016    | Jul 31, 2016 | <b>Jan 31, 2017</b>           | <b>Jul 31, 2017</b>           |
| Date of distribution    | Apr 3, 2015     | Oct 13, 2015 | Apr 4, 2016     | Oct 7, 2016  | <b>Apr 2017<br/>(Planned)</b> | <b>Oct 2017<br/>(Planned)</b> |
| Dividend per share      | 5.00            | 7.50         | 5.00            | 7.50         | <b>5.00</b>                   | <b>15.00</b>                  |
| Total dividend amount   | 238,021,850 JPY |              | 239,196,500 JPY |              | -                             | -                             |
| Full year pay out ratio | 17.7%           |              | 18.2%           |              | <b>Around 20% (Planned)</b>   |                               |

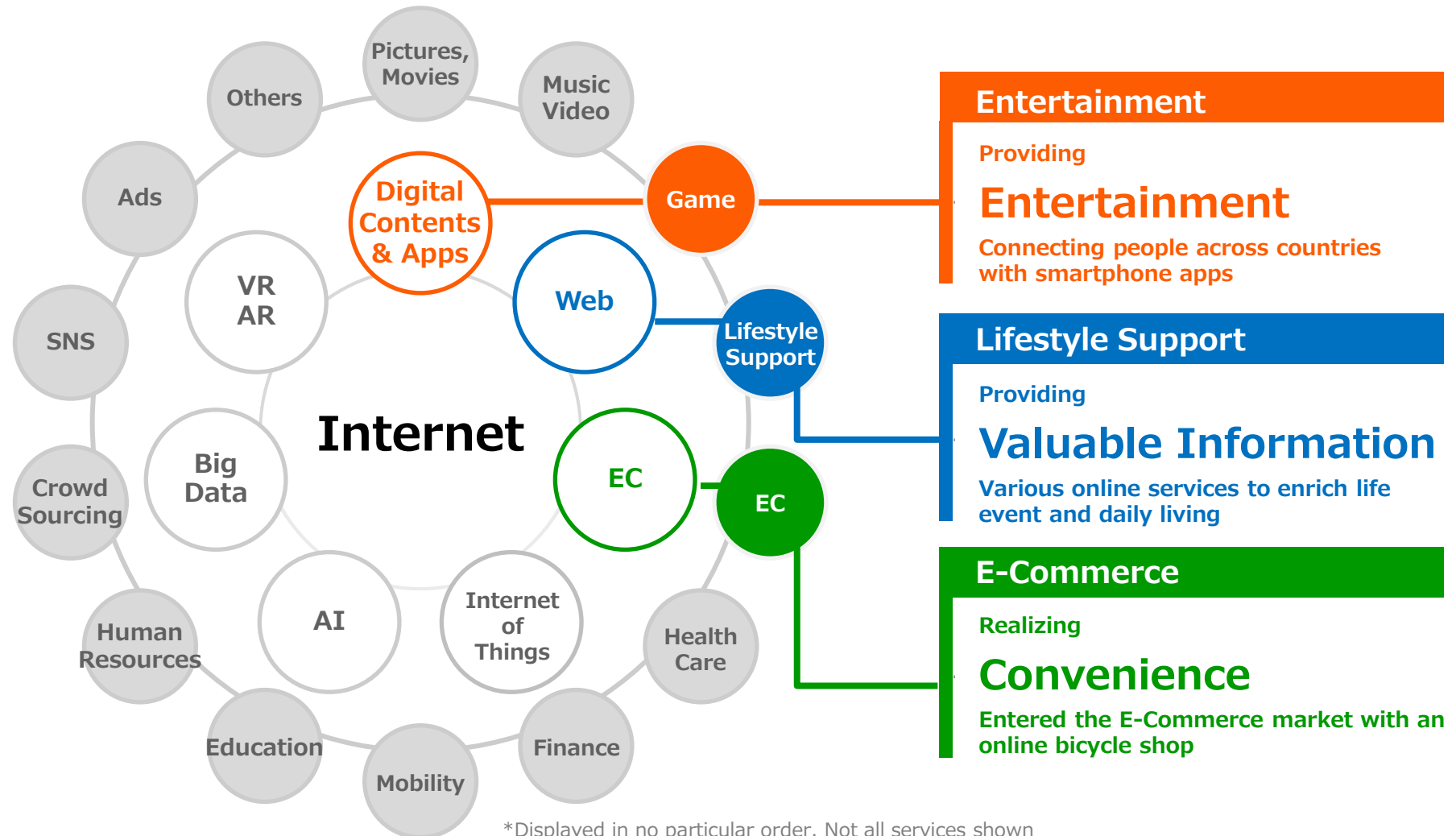
\*The company carried out a 2-for-1 split of its common stock with May 1, 2015 as the effective date. The dividend per share figures listed above reflect this split



# **5. Medium- and Long-Term Outlook**

# Our Vision of the Future

We Will Continue to Challenge Varied Businesses that Utilize the Internet



# Medium- and Long-Term Business Outlook

## Overall

Pursue New Markets and Generate New Revenue Sources in Three Core Segments

## Entertainment

- | Provide Entertainment to the World
  - Expand beyond North America into European and Asian markets
- | Create Several Game Titles with 1b JPY+ Monthly Revenue
  - Aim to increase overseas revenue ratio above 50%

## Lifestyle Support

- | Expand Four Main Services to 5b JPY Annual Revenue
  - Total annual revenue of 20-30b JPY from four main services
- | Introduce More Convenient Services to Enrich Users' Lives

## EC

- | Aim to be the Number One Bicycle EC Site
  - Target a 3% domestic bicycle EC market share within 3 years
- | Attempt Sales of Products Not Yet Readily Available from EC

## APPENDIX A

# **Company Overview**

# Company Profile as of October 31, 2016

| Company Name                                  | Ateam Inc.   |
|---|--|
| Stocks listed on                              | Section 1 of the Tokyo Stock Exchange (3662)   |
| Headquarters                                  | Dai Nagoya Building 32F  |
| Osaka studio                                  | Umeda Hankyu Building 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<br>SMBC Nagoya Ekimae Branch               |
| Auditor                                       | Deloitte Touche Tohmatsu (DTT)   |
| Group companies<br>(Fully owned subsidiaries) | Ateam Brides Inc.<br>Ateam Hikkoshi Samurai Inc.<br>Ateam Lifestyle Inc.<br>Ateam Connect Inc. |
| Consolidated revenue                          | 22,967,773 thousand JPY (FY2016)   |
| Consolidated ordinary income                  | 2,094,629 thousand JPY (FY2016)  |
| Number of employees                           | 559 (excluding part-time employees),<br>8 directors  |



Dai Nagoya Building



Headquarters Reception



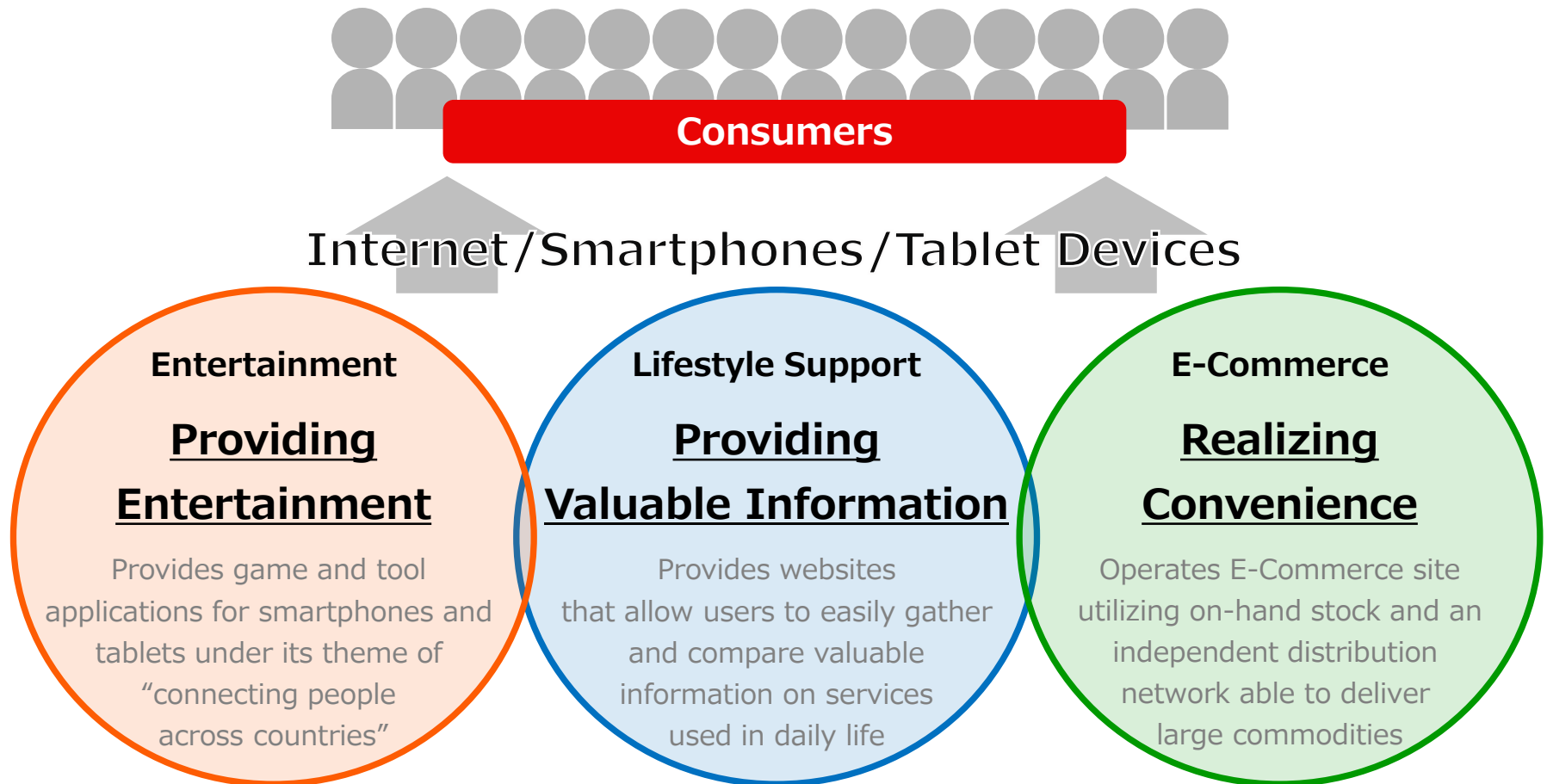
Umeda Hankyu Building



East One Tower

# Three Businesses

We Provide Various Services to Consumers Through the Internet and Smart Devices (Smartphones and Tablets)



\*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

# Business Segments



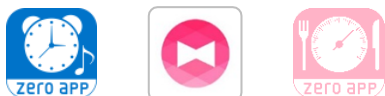
## Entertainment

Provides games and tool apps for smartphones and tablets

### Game Apps



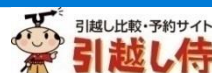
### Tool Apps



## Lifestyle Support

Provides various online services for daily living

### Moving Related



### Automobile Related



### Bridal Related



### Financial Media



## EC

Provides online bicycle shop that offers free repairs for one year from purchase



### Bicycle E-Commerce

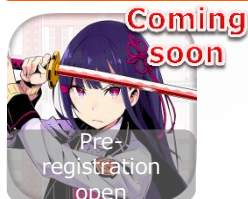


\*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

# Entertainment Product Line-up

## Game Apps

### Mid-Core Role Playing Games



After School Girls Tribe



Valkyrie Connect



Unison League



War of Legions



Dark Summoner

### Simulation



Derby Impact

### Action



Three Kingdoms Smash!

### Puzzle



Pongo Combo

### Mahjong



Mahjong - Rising -

### Feature Phone Games



Eternal Zone



Million Versus

## Tool Apps

### SNS



Jam

### Customization



[+]HOME

### ZeoApp Series (Free-Use Tool Applications)



Good Nights Sleep Alarm



Quick Calorie Control



Eye Training 3D



3 minute Workout



fast flashcards



Customizable Mirror



# 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
- Maintaining a top market share

## 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
- Maintaining a top market share

## Bridal-Related Business



Hanayume

- 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



Navi Navi Cashing

- Thorough comparisons of select top banks and consumer credit services
- Allows users to easily find a service that matches their needs

## Women's Health Consultation Business



LaLune

- Women's health consultation application
- Simple graphs and features to track daily fertility, fetal growth, body temperature, manage body weight, and more
- Discuss fertility, contraception, and more with medical professionals

# EC Service Introduction

## Bicycle EC

**cyma** -サイマ-  
life & discovery  
cyma

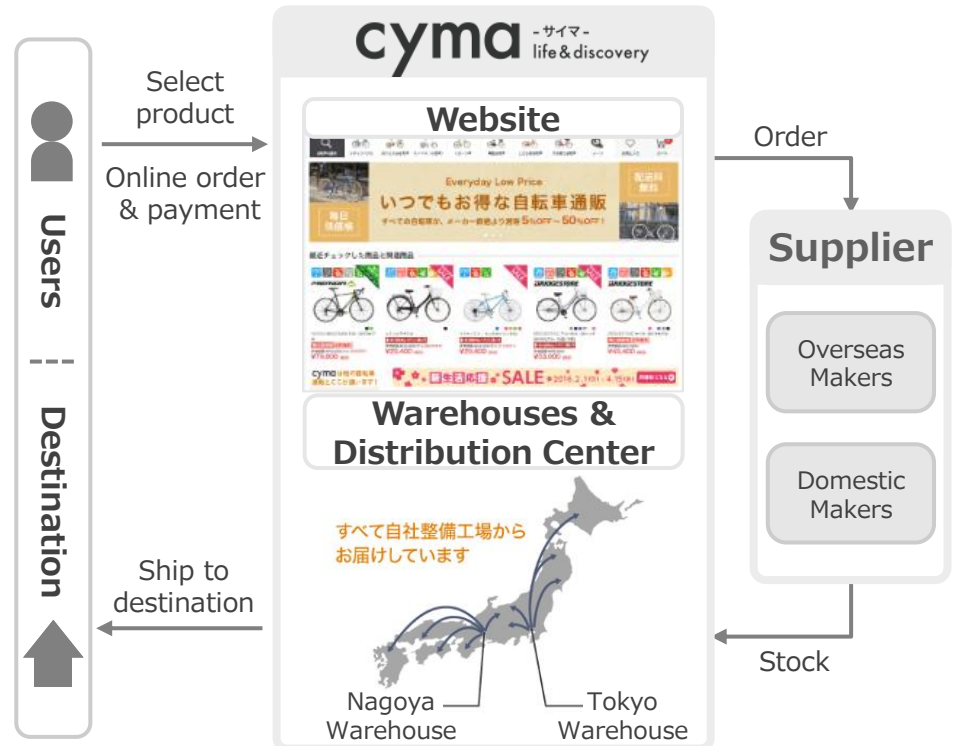
- Selection of over 200 bicycle models
- Bicycles assembled and prepared by specialists, shipped ready-to-ride
- cyma support includes one year of free maintenance and repair, etc.



**cyma** -サイマ-  
life & discovery



### [B2C] Income from Consumers (Gross)



\*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

## APPENDIX B

# **Supplementary Financial Data**

# P/L (FY2014 Q4 - FY2016 Q4)

(Million JPY)

|                                      | FY2015       |              |              |              | FY2016       |              |              |              | FY2017       |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           | Q3           | Q4           | Q1           |
| Revenue                              | <b>3,200</b> | <b>3,656</b> | <b>4,407</b> | <b>4,563</b> | <b>4,610</b> | <b>5,420</b> | <b>6,178</b> | <b>6,757</b> | <b>7,136</b> |
| Q/Q (%)                              | 9.0          | 14.2         | 20.6         | 3.5          | 1.0          | 17.6         | 14.0         | 9.4          | 5.6          |
| Entertainment                        | 1,550        | 1,847        | 2,051        | 2,464        | 2,331        | 3,173        | 3,196        | 3,857        | 4,089        |
| Lifestyle Support                    | 1,605        | 1,749        | 2,240        | 1,961        | 2,065        | 2,064        | 2,550        | 2,513        | 2,652        |
| E-Commerce                           | 44           | 59           | 115          | 137          | 214          | 182          | 431          | 385          | 393          |
| Cost of revenues                     | 521          | 533          | 615          | 718          | 763          | 825          | 987          | 1,038        | 1,105        |
| Cost rate (%)                        | 16.3         | 14.6         | 14.0         | 15.8         | 16.6         | 15.2         | 16.0         | 15.4         | 15.5         |
| Selling, G&A expenses                | 2,189        | 2,587        | 3,173        | 3,399        | 3,326        | 4,450        | 4,392        | 4,969        | 5,737        |
| Selling, G&A expenses ratio (%)      | 68.4         | 70.8         | 72.0         | 74.5         | 72.1         | 82.1         | 71.1         | 73.6         | 80.4         |
| Total cost and G&A expenses          | 2,710        | 3,121        | 3,789        | 4,118        | 4,089        | 5,276        | 5,380        | 6,008        | 6,843        |
| Labor costs & recruitment expenses   | 684          | 682          | 695          | 736          | 745          | 805          | 814          | 884          | 872          |
| Promotional expenses                 | 1,132        | 1,439        | 1,903        | 1,955        | 1,817        | 2,326        | 2,433        | 2,758        | 3,432        |
| Entertainment                        | 112          | 253          | 567          | 717          | 493          | 1,030        | 947          | 1,276        | 1,746        |
| Lifestyle Support                    | 984          | 1,143        | 1,295        | 1,154        | 1,218        | 1,184        | 1,368        | 1,338        | 1,547        |
| E-Commerce                           | 9            | 15           | 15           | 21           | 43           | 48           | 50           | 79           | 70           |
| Commissions, etc.                    | 484          | 559          | 671          | 869          | 841          | 1,171        | 1,177        | 1,401        | 1,468        |
| Subcontractor expenses, server fees  | 162          | 190          | 197          | 235          | 257          | 267          | 275          | 235          | 254          |
| Office rental fees, utility expenses | 110          | 105          | 105          | 111          | 138          | 235          | 177          | 177          | 178          |
| Other expenses                       | 136          | 145          | 215          | 209          | 289          | 470          | 501          | 551          | 636          |
| Operating income                     | <b>490</b>   | <b>534</b>   | <b>618</b>   | <b>445</b>   | <b>520</b>   | <b>144</b>   | <b>798</b>   | <b>748</b>   | <b>293</b>   |
| Q/Q (%)                              | 12.0         | 9.0          | 15.7         | -28.0        | 17.0         | -72.2        | 452.0        | -6.3         | -60.8        |
| Entertainment                        | 507          | 540          | 314          | 407          | 549          | 440          | 601          | 706          | 302          |
| Lifestyle Support                    | 201          | 220          | 526          | 349          | 363          | 294          | 554          | 425          | 369          |
| E-Commerce                           | -28          | -34          | -12          | -39          | -43          | -62          | -23          | -43          | -34          |
| Operating income margin              | 15.3         | 14.6         | 14.0         | 9.8          | 11.3         | 2.7          | 12.9         | 11.1         | 4.1          |
| Ordinary income                      | 495          | 565          | 650          | 452          | 493          | 112          | 751          | 736          | 292          |
| Net income                           | <b>328</b>   | <b>353</b>   | <b>401</b>   | <b>278</b>   | <b>291</b>   | <b>17</b>    | <b>479</b>   | <b>504</b>   | <b>138</b>   |

\*From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

# P/L (FY2011 - FY2016)

(Million JPY)

|                                      | FY2011       | FY2012       | FY2013        | FY2014        | FY2015        | FY2016        | Y/Y (%)      |
|--------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|
| Revenue                              | <b>4,064</b> | <b>6,379</b> | <b>10,989</b> | <b>12,036</b> | <b>15,828</b> | <b>22,967</b> | <b>+45.1</b> |
| Y/Y (%)                              | 15.5         | 57.0         | 72.3          | 9.5           | 31.5          | 45.1          | —            |
| Entertainment                        | 2,499        | 3,278        | 6,632         | 6,169         | 7,914         | 12,559        | +58.7        |
| Lifestyle Support                    | 1,564        | 3,100        | 4,357         | 5,866         | 7,914         | 10,408        | +31.5        |
| Cost of revenues                     | 906          | 927          | 1,392         | 2,132         | 2,389         | 3,615         | +51.3        |
| Cost rate (%)                        | 22.3         | 14.5         | 12.7          | 17.7          | 15.1          | 15.7          | +0.6         |
| Selling, G&A expenses                | 2,709        | 4,381        | 7,880         | 8,451         | 11,351        | 17,139        | +51.0        |
| Selling, G&A expense ratio (%)       | 66.7         | 68.7         | 71.7          | 70.2          | 71.7          | 74.6          | +2.9         |
| Total cost and G&A expenses          | 3,615        | 5,309        | 9,272         | 10,583        | 13,740        | 20,755        | +51.0        |
| Labor costs & recruitment expenses   | 1,297        | 1,540        | 2,083         | 2,638         | 2,816         | 3,250         | +16.1        |
| Promotional expenses                 | 1,035        | 2,331        | 4,310         | 4,279         | 6,430         | 9,335         | +45.2        |
| Entertainment                        | 125          | 399          | 1,571         | 789           | 1,651         | 3,748         | +126.9       |
| Lifestyle Support                    | 907          | 1,914        | 2,673         | 3,431         | 4,640         | 5,330         | +14.9        |
| Commissions, etc.                    | 530          | 624          | 1,600         | 1,737         | 2,586         | 4,592         | +77.6        |
| Subcontractor expenses, server fees  | 218          | 250          | 528           | 826           | 785           | 1,035         | +31.8        |
| Office rental fees, utility expenses | 151          | 190          | 337           | 420           | 433           | 728           | +67.8        |
| Other expenses                       | 383          | 371          | 411           | 682           | 706           | 1,812         | +156.6       |
| Operating income                     | <b>448</b>   | <b>1,070</b> | <b>1,717</b>  | <b>1,452</b>  | <b>2,087</b>  | <b>2,212</b>  | <b>+6.0</b>  |
| Y/Y (%)                              | 82.7         | 138.5        | 60.4          | -15.4         | 43.8          | 6.0           | —            |
| Entertainment                        | 705          | 1,126        | 1,866         | 1,409         | 1,770         | 2,297         | +29.7        |
| Lifestyle Support                    | 178          | 539          | 632           | 805           | 1,183         | 1,464         | +23.7        |
| Operating income margin              | 11.0         | 16.8         | 15.6          | 12.1          | 13.2          | 9.6           | -3.6         |
| Ordinary income                      | 446          | 1,047        | 1,718         | 1,470         | 2,164         | 2,094         | -3.2         |
| Pre-tax income                       | 435          | 1,008        | 1,688         | 1,364         | 2,091         | 1,858         | -11.2        |
| Net income                           | <b>258</b>   | <b>590</b>   | <b>1,042</b>  | <b>807</b>    | <b>1,362</b>  | <b>1,292</b>  | <b>-5.1</b>  |

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

# B/S (FY2011 - FY2016)

(Million JPY)

|   | FY2011       | FY2012       | FY2013       | FY2014       | FY2015       | FY2016       |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Assets</b>                           |              |              |              |              |              |              |
| Current assets                          | 1,340        | 2,709        | 3,760        | 4,034        | 6,334        | 6,918        |
| Cash and cash equivalents               | 553          | 1,339        | 1,944        | 2,217        | 3,097        | 3,505        |
| Non-current assets                      | 460          | 443          | 881          | 1,470        | 1,322        | 2,668        |
| Tangible assets                         | 40           | 45           | 102          | 120          | 125          | 1,321        |
| Intangible assets                       | 159          | 120          | 410          | 355          | 460          | 622          |
| Investments and other assets            | 261          | 277          | 367          | 994          | 736          | 724          |
| <b>Total assets</b>                     | <b>1,801</b> | <b>3,153</b> | <b>4,641</b> | <b>5,504</b> | <b>7,656</b> | <b>9,586</b> |
| <b>Liabilities</b>                      |              |              |              |              |              |              |
| Current liabilities                     | 657          | 1,153        | 1,136        | 1,305        | 3,648        | 4,127        |
| Non-current liabilities                 | 105          | 0            | 0            | 0            | 0            | 387          |
| <b>Total liabilities</b>                | <b>763</b>   | <b>1,153</b> | <b>1,136</b> | <b>1,305</b> | <b>3,648</b> | <b>4,514</b> |
| Interest-bearing liabilities            | 270          | 100          | 0            | 0            | 1,700        | 1,166        |
| <b>Net assets</b>                       |              |              |              |              |              |              |
| Shareholder's equity                    | 1,038        | 1,999        | 3,500        | 4,130        | 3,900        | 4,971        |
| Treasury stock                          | 0            | 0            | 0            | 0            | -1,403       | -1,222       |
| Stock option                            | 0            | 0            | 5            | 67           | 108          | 100          |
| <b>Total net assets</b>                 | <b>1,038</b> | <b>1,999</b> | <b>3,505</b> | <b>4,198</b> | <b>4,008</b> | <b>5,072</b> |
| <b>Total liabilities and net assets</b> | <b>1,801</b> | <b>3,153</b> | <b>4,641</b> | <b>5,504</b> | <b>7,656</b> | <b>9,586</b> |

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

# Others (FY2011 - FY2016)

|  | FY2011       | FY2012       | FY2013       | FY2014       | FY2015       | FY2016       |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Number of shares issued (year-end)       | 16,050,000   | 18,393,000   | 19,195,000   | 19,349,200   | 19,405,600   | 19,450,000   |
| Treasury stock (shares)                  | 0            | 0            | 0            | 0            | 580,020      | 574,020      |
| Average number of shares during the FY   | 16,050,000   | 16,882,352   | 18,933,262   | 19,255,641   | 19,310,191   | 18,846,317   |
| EPS (JPY)                                | <b>16.09</b> | <b>34.99</b> | <b>55.04</b> | <b>41.96</b> | <b>70.54</b> | <b>68.58</b> |
| EPS Y/Y (%)                              | —            | 117.5        | 57.3         | -23.8        | 45.6         | -2.8         |
| ROA (Ordinary income on total assets, %) | <b>25.9</b>  | <b>42.3</b>  | <b>44.1</b>  | <b>29.0</b>  | <b>32.9</b>  | <b>24.3</b>  |
| Net assets per share (JPY)               | 64.7         | 108.7        | 182.4        | 213.5        | 207.2        | 263.4        |
| Dividend per share (JPY)                 | 0.00         | 0.00         | 10.61        | 10.00        | 12.50        | 12.50        |
| Interim dividend (JPY)                   | 0.00         | 0.00         | 5.00         | 5.00         | 5.00         | 5.00         |
| Total dividend amount (JPY)              | 0.00         | 0.00         | 203          | 192          | 238          | 239          |
| Payout ratio (%)                         | <b>0</b>     | <b>0</b>     | <b>19.3</b>  | <b>23.8</b>  | <b>17.7</b>  | <b>18.2</b>  |
| Shareholder's equity ratio (%)           | 57.6         | 63.4         | 75.4         | 75.0         | 50.9         | 51.9         |
| Equity ratio (%)                         | 57.6         | 63.4         | 75.4         | 75.1         | 50.9         | 51.9         |
| ROE (%)                                  | <b>28.4</b>  | <b>38.9</b>  | <b>37.9</b>  | <b>21.2</b>  | <b>33.9</b>  | <b>29.1</b>  |
| ROIC (= ① ÷ ②, %)                        | <b>20.3</b>  | <b>29.9</b>  | <b>30.3</b>  | <b>20.8</b>  | <b>21.0</b>  | <b>25.1</b>  |
| ① Net operating income after taxes       | 266          | 626          | 1,059        | 859          | 1,178        | 1,539        |
| ② Invested capital (=③+④)                | 1,308        | 2,099        | 3,500        | 4,130        | 5,600        | 6,137        |
| ③ Shareholder's equity                   | 1,038        | 1,999        | 3,500        | 4,130        | 3,900        | 4,971        |
| ④ Short-term loans payable               | 270          | 100          | 0            | 0            | 1,700        | 1,166        |

\*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 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.