



December 22, 2017

Company Name: Ateam Inc..

Representative: Takao Hayashi, President

(Code Number: 3662)

Contact: Akinori Mitsuoka, Corporate Officer/IR Officer, General Manager of Corporate Development Division
(Tel: +81-52-747-5573)

Notice Concerning Disposal of Treasury Stock through a Third-Party Allocation

As of December 22, 2017, Ateam Inc. (hereby “Ateam”) announces that the company has made a resolution to dispose a portion of currently owned treasury stocks, as stated below. This decision was determined by document resolution in accordance with Article 370 of the Companies Act and Article 26 of the Company’s Articles of Incorporation, to replace the Board of Directors meeting.

1. Overview of Disposal

(1) Date of Disposal	January 31, 2018
(2) Number of Shares Disposed	15,000 shares
(3) Disposal Value	2,816 JPY per share
(4) Funds Procured	42,240,000 JPY
(5) Disposal Method	Disposal through third-party allotment
(6) Allotted Recipient	Hiroshige Umino
(7) Other	None

2. Objective of Disposal

As of the Board of Directors meeting held today on December 22, 2017, a resolution for a company acquisition of Increments Inc. (Location: Shibuya, Tokyo; Representative: Hiroshige Umino) to become a wholly-owned subsidiary was decided. With the notion to continue to pursue Increments Inc.’s mission statement “To Produce Happiness to Engineers” by utilizing our business developing know-how in combination with the skillset of all our engineers, Ateam anticipates the improvement and creation of a new service, thus resulting in the expansion of our business domain and strengthening of our management infrastructure.

The allotted recipient, Mr. Hiroshige Umino, the founder of Increments Inc., will continue to be the representative director of Increments Inc. as a new subsidiary of Ateam. Mr. Umino has gained experience as a programmer while interning at Google, and released the “Qiita” service (later to be known as the main service for Increments Inc.) in 2011 while he was still a student of Kyoto University. Following his graduation, he founded Increments Inc. on February 29, 2012. As representative director and an innate programmer himself, Mr. Umino has supported an environment in which other programmers are more likely to produce results and create independent organizations.

Mr. Umino agreed to continue on as representative director of Increments Inc. after the acquisition, and is motivated to achieve further growth as a whole group. Assigning Ateam treasury stocks to Mr. Umino was determined not only

because he is to become a part of our management members, but also to promote group awareness. Together, Ateam believes overall benefits to realize business synergies and accelerate growth can be accomplished.

3. Amount of Funds Procured, Fund Usage, and Expected Payment Period

(1) Amount of Funds Procured (after deductions)

Total amount paid: 42,240,000 JPY

Estimated issuance expenses: - JPY

Estimated amount after deductions: 42,240,000 JPY

(2) Specific Use of Funds Procured

The established amount after deductions as noted above will be allocated to operating funds on or after February 1, 2018. Funds will be managed in Ateam's bank account until the execution of spending.

4. Considerations Concerning the Rational Use of Funds

The funds raised by means of the disposal of treasury stock contribute to the operation of Ateam's business, and thus is considered rational.

5. Reasonableness of Disposal Terms and Conditions

(1) Basis of Calculation of Disposal Value

The purpose of the disposal of treasury stock is in relations to the company acquisition of Increments Inc., and to promote Representative Mr. Umino's group awareness as part of our management member. In light of recent stock price trends and to exclude arbitrariness, the disposal value was calculated to be 2,816 JPY, the closing price of Ateam's common shares on the Tokyo Stock Exchange on the day prior to the Board of Directors meeting held in regards to disposal of treasury stock (December 21, 2017).

The average of the closing price of Ateam's common shares on the Tokyo Stock Exchange in the last month (from November 22, 2017 to December 21, 2017) up to the previous date of the resolution of the Board of Directors meeting was at 2,961 JPY (rounding down to the nearest yen), which represented a divergence ratio of -4.90% (rounded off to three decimal places). The average closing price of Ateam's common shares for the immediately preceding three months (from September 22, 2017 to December 21, 2017) was 2,920 JPY, representing a divergence ratio of -3.56%. And the average closing price for the preceding six months (from June 22, 2017 to December 21, 2017) was 2,878 JPY, representing a divergence ratio of -2.15%. These numbers were determined in compliance with the "Guidelines Concerning Handling of Third-Party Allocation of New Shares" per Japan Securities Association (as of April 1, 2010), and thus Ateam considers the disposal value calculated with the formula indicated above as an amount that is not especially favorable to the allottee.

In addition, all auditors (three of which two are outside auditors) of Ateam have deemed that the disposal value was not especially advantageous.

(2) Basis for Judging the Disposal Quantity and the Level of Share Dilution to be Reasonable

The number of shares to be disposed of is 0.08% (rounded to three decimal places) against the total number of shares issued and outstanding (19,727,200 shares) as of the end of November 2017. Additionally, the total number of voting rights related to the disposal quantity corresponds to 0.08% (rounded to three decimal places) of the total number of voting rights (196,713 votes) as of the end of November 2017.

Ateam believes that this allotment to Mr. Umino will promote group awareness, along with the improvement of corporate value. Moreover, this allotment of partial stocks will be distributed to our wholly-owned subsidiary officer, and will not circulate into the public market. Due to this reason, Ateam finds that the effect of disposal of shares is slight, therefore determining the number of shares disposed and the extent of dilution to be reasonable.

6. Reason for Selecting Allottee

(1) Overview of Allotted Recipient

A) Name	Hiroshige Umino
B) Address	Setagaya-ku, Tokyo
C) Relationship Between Parties	No capital, personal and/or transactional relationship prior

Note: Per the “Representation and Warranty Concerning the Seller” stated in the share transfer agreement between Ateam and Mr. Umino, the seller along with his spouse and relatives to the second degree are not involved with anti-social forces in any way. Upon received declaration, Ateam affirms that the allottee does not have any personal or transactional relations with anti-social forces, and have submitted a written confirmation thereof to the Tokyo Stock Exchange.

(2) Reason for Selecting the Allottee

Assigning Ateam treasury stocks to Mr. Umino was determined not only because he is to become a part of our management members, but also to promote group awareness. Together, Ateam believes overall benefits to realize business synergies and accelerate growth can be accomplished.

(3) Allottee’s Policy on Holding Shares

In consideration of the fact that Increments Inc. will become a wholly-owned subsidiary of Ateam under written agreement, the allottee declares to assume the shares over the long term in order to build and develop a cooperative relationship, and will not transfer shares to third parties without valid reason. In the circumstance that such transfers were to occur within 2 years from the allotment date, Ateam will obtain a written pledge from the allottee agreeing to the following:

- (i) the allottee will report in writing to Ateam on the details of the assignment
- (ii) the allottee consents to the fact that Ateam will report the details given to Tokyo Stock Exchange
- (iii) such details will be made available to the public

(4) Confirmed Facts Regarding Existence of Assets Necessary for Payment by the Allottee

Ateam has confirmed that the allottee will be depositing the necessary payment by the payment date determined. The allottee, Mr. Hiroshige Umino, is not only the representative but also the largest shareholder of Increments Inc. Once the acquisition of 100% share of Increments Inc. takes place, Mr. Umino will be able to secure the funds necessary and sufficient for payment.

7. Major Shareholders and Shareholding Ratio after Disposal of Treasury Stock

Name of Shareholders (As of October 31, 2017)	Before Disposal	After Disposal
Hayashi Kazoku Inc.	28.46%	28.44%
Takao Hayashi	3.59%	3.59%
Takahiro Makino	3.18%	3.17%

Japan Trustee Services Bank, Ltd (share-issuing BIP Trust Account)	3.06%	3.06%
The Master Trust Bank of Japan, Ltd. (share-issuing BIP Trust Account)	2.43%	2.43%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2.07%	2.07%
Ateam Employees' Stockholding	1.99%	1.99%
BNY FOR GCM CLIENT ACCOUNTS (E) ISM	1.79%	1.79%
MORGAN STANLEY & CO. LLC	1.76%	1.76%
UNITED NATIONS FOR THE UNITED NATIONS JOINT STAFF PENSION FUND A UN ORGAN	1.35%	1.35%

Note:

- A) The shareholding ratio (as of October 31, 2017) is the ratio of the number of owned shares (rounded to the third decimal place) to total 19,725,600 issued shares after deducting treasury shares.
- B) 50,562 treasury shares owned by Ateam (as of October 31, 2017) will be 35,562 shares after disposal.
- C) Major shareholders and shareholding ratios after disposal are based on the consideration of the number of changing shares against the shareholders registry as of October 31, 2017. However, the purchase amount of shares constituting less than one unit as of November 1, 2017 is not included.

8. Particulars on Transactions with the Controlling Shareholder
Not applicable.

9. Future Outlook

There is no impact on Ateam's operating performance for the fiscal year ending July 31, 2018.

10. Procedures in Regards to the Code of Corporate Conduct

Under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, disposal of treasury stock does not require an opinion from an independent third-party nor requires confirmation of shareholder intentions due to the fact that the dilution ratio of stock is less than 25% and the disposal does not involve a change in controlling shareholders.

11. Status of Business Results and Equity Finance for the Last Three Years

(1) Business Results for the Past 3 Years

	FY2015 July	FY2016 July	FY2017 July
Consolidated Revenue (Million JPY)	15,828	22,967	34,603
Consolidated Operating Income (Million JPY)	2,087	2,212	4,077
Ordinary Income (Million JPY)	2,164	2,094	4,118
Net Income Attributable to Parent Company (Million JPY)	1,362	1,292	2,579
Net Income per Share (JPY)	70.54	68.58	136.45
Dividends per Share (JPY)	12.50	12.50	27.00
Total Equity Attributable to Owners of Parent Company Per Share (JPY)	207.2	263.4	389.0

(2) Current Status of the Number of Shares Issued and the Number of Outstanding Potential Shares (as of November 30, 2017)

	No. of Shares	Ratios to Shares Issued
Number of Shares Issued and Outstanding	19,727,200 shares	100%
Number of Potential Shares at the Current Conversion Price (Exercise Price)	1,433,000 shares	7.26%
Number of Potential Shares at the Minimum Conversion Price (Exercise Price)	— shares	— %
Number of Potential Shares at the Maximum Conversion Price (Exercise Price)	— shares	— %

(3) Recent Status of Stock Price

① Over the Last 3 Years

	FY2015 July	FY2016 July	FY2017 July
Open	7,120 JPY	2,394 JPY	1,870 JPY
High	7,740 JPY *2,808 JPY	2,415 JPY	3,350 JPY
Low	4,330 JPY *1,999 JPY	1,288 JPY	1,650 JPY
Close	2,425 JPY	1,919 JPY	2,834 JPY

*Note: Price fluctuation as noted above reflect a 2-for-1 stock split carried out on May 1, 2015.

② Over the Last 6 Months

	July	August	September	October	November	December
Open	2,995 JPY	2,812 JPY	2,890 JPY	3,005 JPY	2,993 JPY	2,832 JPY
High	3,085 JPY	3,000 JPY	3,200 JPY	3,060 JPY	3,005 JPY	3,330 JPY
Low	2,792 JPY	2,527 JPY	2,472 JPY	2,792 JPY	2,743 JPY	2,764 JPY
Close	2,834 JPY	2,879 JPY	2,953 JPY	2,995 JPY	2,847 JPY	*2,816 JPY

*Note: December's closing rate is the closing rate on December 21, 2017.

③ Stock Price on the Business Day Immediately Prior to the date of the resolution to conduct the disposal

	December 21, 2017
Open	2,858 JPY
High	2,869 JPY
Low	2,797 JPY
Close	2,816 JPY

(4) Status of Equity Finance for the Last 3 Years

① Disposal of Stock Through Third-Party Allotment

Date of Disposal	September 29, 2015
Funds Procured	365,820,000 JPY (after deductions)
Disposal Value	1,742 JPY per share

Total Number of Issued Shares Prior to Disposal	19,414,600 shares
Number of Disposed Shares	210,000 shares
Total Number of Issued Shares Post Disposal	19,414,600 shares
Allotted Recipient	The Master Trust Bank of Japan, Ltd. (ESOP trust account for stock grants)
Initial Use of Procured Funds	Apply to accrued payments
Schedule of Expenditure	September 29, 2015 and after
Current Allocation Status	Full amount applied to funds mentioned above

② Disposal of Stock Through Third-Party Allotment

Date of Disposal	January 13, 2016
Funds Procured	135,067,500 JPY (after deductions)
Disposal Value	2,001 JPY per share
Total Number of Issued Shares Prior to Disposal	19,418,800 shares
Number of Disposed Shares	67,500 shares
Total Number of Issued Shares Post Disposal	19,418,800 shares
Allotted Recipient	The Master Trust Bank of Japan, Ltd. (share-issuing BIP Trust Account)
Initial Use of Procured Funds	Apply to accrued payments
Schedule of Expenditure	January 13, 2016 and after
Current Allocation Status	Full amount applied to funds mentioned above

③ Issue of the 6th to 8th Stock Acquisition Rights with Exercise Price Adjustment Provision Through Third-Party Allotment

Date of Issue	August 25, 2017
Number of Shares to be Issued	18,000 6 th Issuance of Stock Acquisition Rights 5,000 7 th Issuance of Stock Acquisition Rights 5,000 8 th Issuance of Stock Acquisition Rights 5,000
Issue Price	6 th Issuance of Stock Acquisition Rights 772 JPY per issue 7 th Issuance of Stock Acquisition Rights 362 JPY per issue 8 th Issuance of Stock Acquisition Rights 171 JPY per issue
Estimation of Procurable Funds	9,853,538,000 JPY (after deductions)
Allotted Recipient	Daiwa Securities Co., Ltd.
Number of Issued Shares at the Time of Offering	19,468,000 shares
Number of Potential Shares Upon Issuance	Potential Shares: 1,800,000 shares total (100 shares per acquisition right) 6 th Issuance of Stock Acquisition Rights 500,000 shares

	7 th Issuance of Stock Acquisition Rights	500,000 shares
	8 th Issuance of Stock Acquisition Rights	800,000 shares
Current Exercise Status	6 th Issuance of Stock Acquisition Rights	500,000 shares exercised
Current Procured Amount	1,193,472,400 JPY (after deductions)	
Initial Use of Procured Funds	① Development and promotional expense for the entertainment business ② M&A funds	
Current Allocation Status	Current full amount applied to funds mentioned above	

12. Summary of Disposal

- (1) Number of Shares Disposed 15,000 shares
- (2) Disposal Value 2,816 JPY per share
- (3) Total Disposal Amount 42,240,000 JPY
- (4) Disposal Method Allotment to Representative Mr. Hiroshige Umino of Increments Inc.
- (5) Payment Date January 31, 2018
- (6) Number of Treasury Stocks After Disposal 35,562 shares