



June 8, 2018

(Amounts of less than one million JPY are rounded off.)

(Percentages indicate year-on-year changes)

As of April 30, 2018: 10,911
Fiscal Year ended July 31, 2017: 7,360

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Q4	Total
Fiscal Year ended July 31, 2017	JPY —	JPY 5.00	JPY —	JPY 22.00	JPY 27.00
Fiscal Year ending July 31, 2018	—	0.00			
Fiscal year ending July 31, 2018 (forecast)			—	32.50	32.50

Note: Revision to dividend forecasts: No

3. Forecasts for the Fiscal Year Ending July 31, 2018 (August 1, 2017 - July 31, 2018)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	JPY
Full year forecast	40,000	15.6	4,700	15.3	4,700	14.1	3,100	20.2	161.59

Note: Revision to the forecasts for the fiscal year ending July 31, 2018: No

*Notes

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

* Changes in scope of consolidation of specified subsidiaries:

Newly consolidated: one (Increments Inc.) Newly excluded companies: none (—)

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

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

(i) Changes in accounting policies due to revisions in accounting standards, etc. : No

(ii) Changes in accounting policies other than above (i) : No

(iii) Changes in accounting projections : No

(iv) Restatement : No

(4) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury stock)

As of April 30, 2018	19,737,000 shares
As of July 31, 2017	19,469,800 shares

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

As of April 30, 2018	253,762 shares
As of July 31, 2017	548,662 shares

(iii) Average number of shares during the period

Nine months ended April 30, 2018	19,374,459 shares
Nine months ended April 30, 2017	18,901,178 shares

Note: The number of shares of common stock at the end of the period used for the calculation of the net assets per share and the average number of shares during the period that forms the basis for the calculation of net income per share-basic are calculated with the shares owned by The Master Trust Bank of Japan, Ltd. (Stock Grand ESOP (Employee Stock Ownership Plan) Trust account and Board Incentive Plan (BIP) Trust account) under the “Stock Grant ESOP Trust” and “Board Incentive Plan (BIP) Trust” included in the treasury stock deducted.

* Quarterly financial results reports are not required to be subjected to quarterly reviews

* Explanation of the Proper Use of Financial Results Forecast and Other Notes

The forward-looking statements including earnings forecasts herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company’s commitment to achieve such forecasts. Moreover, actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast, please refer to “(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements”, of “1. Qualitative Information Regarding Results for the Nine Months”, on page 1 of the attachments to this financial results report.

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1. Qualitative Information Regarding Results for the Nine Months

As used herein, “Ateam”, “we”, “our” and similar terms include Ateam Inc. and its subsidiaries, unless indicated otherwise.

(1) Explanation of Operating Results

Ateam Inc. and its consolidated subsidiaries adhere to the corporate philosophy “to produce happiness through business and to grow for the next 100 years”. Operating in various technical and business fields, the corporate officers and employees unite under this corporate philosophy to plan, develop and operate game content, comparison and information websites, and e-commerce sites that are supported and used by individual users via the internet and smart devices (smartphones and tablets). Specifically, we are operating business in three core segments.

The Entertainment Business engages in the planning, development and operation of game and tool applications primarily for smart devices. The Lifestyle Support Business engages in the planning, development and operation of various online services that allows users to easily gather and compare valuable information. The E-Commerce Business engages in the planning, development and operation of our online bicycle store under the name “cyma”.

During the nine months ended April 30, 2018, both revenue and operating income increased year on year.

Revenue increased due to a successful peak season in the Lifestyle Support business and the E-Commerce business. The increase in operating income was mainly due to the contribution from the Lifestyle Support business.

As a result of the above, during the nine months ended April 30, 2018, Ateam posted revenue of 28,338,846 thousand JPY (up 12.5% year on year), operating income of 3,809,225 thousand JPY (up 37.5% year on year), ordinary income of 3,852,563 thousand JPY (up 37.1% year on year), and net income attributable to shareholders of parent company of 2,650,824 thousand JPY (up 44.2% year on year).

The operating performance by segment for the nine months ended April 30, 2018 was as follows:

Entertainment Business

We strive to administer fun to consumers worldwide by providing mobile game and tool applications via platforms specializing in the distributions of such applications (such as App Store and Google Play). Although most of our game and tool products are available for free download, our primary revenue source is through in-app purchases (such as in-game currency, items and bonus content).

During the third quarter under review, we focused on the release of our new game application. Regarding our existing games, overall sales are on a downward trend, resulting in a decline of revenue compared to the same period of the previous fiscal year. On the other hand, segment income increased year on year due to restricted advertising expenses against current sale trends in addition to efficient operation.

As a result, during the nine months ended April 30, 2018, the segment posted revenue of 12,511,815 thousand JPY (down 11.7% year on year) and segment profit of 2,949,368 thousand JPY (up 15.7% year on year).

Lifestyle Support Business

In the Lifestyle Support business, we develop various online services to help support individual users throughout their daily lives and specific life events. Made up of several sub-segments, each sub-segment revolves around the same business concept of “Sanpo- Yoshi”, a Japanese saying that means benefiting all three sides involved - the consumer, the partner company and Ateam.

Our sub-segments consist of the Moving-related business, the Automobile-related business, the Bridal-related business, the Financial Media business, and others.*

The Moving-related business provides users with competitive prices from several moving companies. The Automobile-related business consists of inputting your car information, and receiving quotes from second-hand car dealers. The Bridal-related business assists with finding the perfect wedding chapel that meets the consumers’ financial budget. And lastly, the Financial Media business lets users analyze prices and benefits for financial related needs. Each business allows the user to compare several different offers for free; our primary revenue source is based on commission via referrals we provide to our partnered companies.

In the Moving-related and Automobile-related businesses, we steadily increase users by focusing on daily improvements to the websites and conducting promotional activities, resulting in continued top share within the industry. In the Bridal-related business, we are operating “Hanayume” wedding consultation desks at 12 physical locations in six areas nationwide. While continuing to enhance bridal peripheral services such as “Hanayume Set-Price Wedding Packages” and “Hanayume Photo”, we have been focusing on improving the quality of our services, and are steadily increasing the number of users. In the Financial Media business, in addition to “Navinavi Cashing”, a personal loan comparison site, we are continuing to grow our user base by concentrating on launching new online services including the “Navinavi Credit Card”, a credit card comparison and information site, “Navinavi Mortgage”, a housing loan comparison and information site, and “Navinavi FX”, a foreign exchange comparison and information site.

Each of the sub-segments trended well, especially the Moving-related business due to the lack of manpower in the overall domestic moving industry, in addition to a high demand during the busy season in March, resulting in a significant increase in revenue. Segment profit increased due to overall increase in segment revenue, in addition to strong profit contribution from the Bridal-related business, resulting in an increase in both revenue and profit year on year. The Bridal-related business underwent a service name change last fiscal year, requiring advertising and commercial investments to increase awareness. In comparison, the nine months ended April 30, 2018 resulted in an increase of both revenue and profit year on year due to business growth and efficient advertising investment.

*Earnings from Increments Inc., which was acquired in December 2017, are now classified within the Lifestyle Support business as of the third quarter of the current consolidated fiscal year. “Qiita”, a technical information sharing service for programmers, and “Qiita:Team”, a tool for sharing information among team members that allows for easy composition, both operated by Increments Inc., will be classified as “Other” under the Lifestyle Support business. LaLune, a women’s health consultation application, along with other new services will continue to be included in this category as well.

As a result, during the nine months ended April 30, 2018, the segment posted revenue of 13,848,298 thousand JPY (up 44.3% year on year) and segment profit of 2,314,313 thousand JPY (up 63.8% year on year).

E-Commerce Business

Our E-Commerce business was established in 2013, with “cyma” being our first service stemming from this concept. We currently own warehouses in the Tokai, Kanto and Kansai areas, which are stockpiled with bicycles we purchased from both domestic and oversea manufacturers. Each warehouse employs certified mechanical staff, making it possible to deliver fully assembled bicycles directly to the consumer’s doorstep. Our primary revenue source is through bicycle sales and/or related accessories from our online store.

“Cyma” offers more than 200 bicycle models, a broader lineup than a traditional retailer. We also make sure to offer after-sales services, including a one year warranty for certain repairs and/or damages.

This specialized service enables us to fully enjoy the combined perks of both a local bicycle shop and a comprehensive e-commerce service. Such service is still considered unrivaled territory, and we are determined to stay on top by implementing staggered investment to strengthen fulfillment* and promotion of our service brand.

As of the third quarter of the current consolidated period, revenue increased due to the peak season in March, which also resulted in a revenue increase year on year. We continue to aim to be the No. 1 online bicycle retailer by strengthening promotion and pursuing the enhancement of bicycle sales.

*Fulfillment refers to the core process in the mail-order business, including the management of order receipts and inventories, picking, sorting and packaging, shipping, charging, and payment processing. It also includes peripheral work, such as customer support including handling of complaints, questions and returns and exchanges of goods, as well as the management of customer data.

As a result, during the nine months ended April 30, 2018, the segment posted revenue of 1,978,732 thousand JPY (up 39.6% year on year) and segment loss of 190,610 thousand JPY (compared with a segment loss of 146,124 thousand JPY in the same period of the previous fiscal year).

(2) Explanation of Financial Position

(i) *Assets*

As of the end of the third quarter under review, we posted total assets of 15,853,234 thousand JPY, an increase of 2,712,401 thousand JPY compared with the previous fiscal year. This was mainly due to an increase of revenue as a result of an increase of 1,309,288 thousand JPY in notes and accounts receivable and inventory, in addition to an increase of 1,248,264 thousand JPY in goodwill.

(ii) *Liabilities*

As of the end of the third quarter under review, we posted liabilities of 4,855,349 thousand JPY, a decrease of 828,590 thousand JPY compared with the previous fiscal year. This was due to a decrease of 474,000 thousand JPY in short-term loans and a decrease of 655,256 thousand JPY in income taxes payable.

(iii) *Net assets*

As of the end of the third quarter under review, we posted net assets of 10,997,884 thousand JPY, an increase of 3,540,991 thousand JPY compared with the previous fiscal year. The main factors were an increase of 2,234,559 thousand JPY in retained earnings along with an increase of 695,801 thousand JPY in assets related to treasury stock.

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

In the fiscal year ending July 31, 2018, to realize growth in the medium and long term, Ateam will continue to focus on acquiring and further developing excellent personnel, establishing the right environments and constructing organizational structures. As part of these measures, we established the Fukuoka Office in February 2018, and are strengthening recruitment of personnel.

In the fourth quarter of the current fiscal year, within the Entertainment business, we released a new game application “BASSA WARRIORS” on May 21, 2018, with in-app purchases made available starting May 25, 2018. Although this exhilarating RPG battle game’s release was delayed, we are currently concentrating on operational management along with game promoting. In addition to “BASSA WARRIORS”, we are actively working on the development of another new game application scheduled to be released in fiscal year ending July 31 2019.

Regarding the consolidated earnings forecast for the full year, taking into consideration the release of “BASSA WARRIORS” along with other fluctuating factors, our full-year earnings forecast remains unchanged from that originally announced on September 8, 2017.

The aforementioned forward-looking statements and the earnings forecasts provided below have been prepared based on information readily available to Ateam as of the date of this material’s release. Actual results may differ due to the effect of various factors in the future.

Performance outlook for the fiscal year ending July 31, 2018 (August 1, 2017 - July 31, 2018)

Revenue	40,000 million JPY (up 15.6% year on year)
Operating income	4,700 million JPY (up 15.3% year on year)
Ordinary income	4,700 million JPY (up 14.1% year on year)
Net income attributable to shareholders of parent company	3,100 million JPY (up 20.2% year on year)

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of July 31, 2017	As of April 30, 2018
Assets		
Current assets		
Cash and deposits	5,004,078	4,722,835
Notes and accounts receivable - trade	3,774,680	4,620,731
Inventories	366,380	829,617
Other	673,792	983,922
Allowance for doubtful accounts	(9,128)	(12,609)
Total current assets	9,809,802	11,144,497
Non-current assets		
Property, plant and equipment		
Buildings, net	1,284,400	1,256,453
Other, net	381,729	362,958
Total property, plant and equipment	1,666,130	1,619,412
Intangible assets		
Goodwill	—	1,248,264
Other	507,696	692,691
Total intangible assets	507,696	1,940,955
Investments and other assets		
Investment securities	378,235	391,574
Lease and guarantee deposits	584,087	657,639
Other	203,887	108,345
Allowance for doubtful accounts	(9,006)	(9,190)
Total investments and other assets	1,157,203	1,148,369
Total non-current assets	3,331,030	4,708,737
Total assets	13,140,833	15,853,234
Liabilities		
Current liabilities		
Accounts payable - trade	405,371	471,341
Short-term loans payable	632,000	158,000
Current portion of long-term loans payable	—	36,140
Accounts payable - other	2,487,271	2,611,129
Income taxes payable	1,037,934	382,677
Provision for sales promotion expenses	4,646	12,135
Provision for stocks payment	41,459	22,297
Provision for management board incentive plan trust	8,204	16,808
Other	586,010	599,915
Total current liabilities	5,202,899	4,310,446
Non-current liabilities		
Long-term loans payable	—	61,080
Asset retirement obligations	481,040	483,823
Total non-current liabilities	481,040	544,903
Total liabilities	5,683,939	4,855,349
Net assets		
Shareholders' equity		
Capital stock	535,996	835,568
Capital surplus	509,796	829,356
Retained earnings	7,493,342	9,727,902
Treasury shares	(1,177,659)	(481,858)
Total shareholders' equity	7,361,477	10,910,969
Accumulated other comprehensive income		
Foreign currency translation adjustment	(583)	937

Total accumulated other comprehensive income	(583)	937
Subscription rights to shares	96,000	85,978
Total net assets	7,456,893	10,997,884
Total liabilities and net assets	13,140,833	15,853,234

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income (Cumulative)

(Thousands of yen)

	Nine months ended April 30, 2017	Nine months ended April 30, 2018
Revenue	25,190,382	28,338,846
Cost of sales	3,998,568	5,085,140
Gross profit	21,191,813	23,253,706
Selling, general and administrative expenses	18,420,897	19,444,481
Operating income	2,770,915	3,809,225
Non-operating income		
Interest income	427	125
Gain on investments in partnership	—	40,159
Foreign exchange gains	35,686	—
Other	14,219	16,400
Total non-operating income	50,333	56,685
Non-operating expenses		
Interest expenses	2,446	1,406
Loss on investments in partnership	5,096	—
Foreign exchange losses	—	9,473
Loss on retirement of non-current assets	3,722	—
Other	471	2,466
Total non-operating expenses	11,736	13,346
Ordinary income	2,809,512	3,852,563
Extraordinary income		
Gain on reversal of subscription rights to shares	—	2,400
Total extraordinary income	—	2,400
Income before income taxes	2,809,512	3,854,963
Income taxes	971,055	1,204,138
Net income	1,838,456	2,650,824
Net income attributable to shareholders of parent company	1,838,456	2,650,824

Consolidated Statements of Comprehensive Income (Cumulative)

(Thousands of yen)

	Nine months ended April 30, 2017	Nine months ended April 30, 2018
Net income	1,838,456	2,650,824
Other comprehensive income		
Foreign currency translation adjustment	(1,510)	1,521
Total other comprehensive income	(1,510)	1,521
Comprehensive income	1,836,946	2,652,346
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	1,836,946	2,652,346

(3) Notes on Consolidated Financial Statements

Notes on Premise of Going Concern

Not applicable.

Notes on Substantial Changes in the Amount of Shareholders' Equity

As a result of Ateam receiving payment for the issuance of new shares in association with the exercise of the sixth series of share acquisition rights through third-party allotment on August 25, 2017, capital stock and legal capital surplus each increased by 284,793 thousand JPY while treasury stock decreased by 609,837 thousand JPY. As a result, as of the end of the third quarter under review, capital stock was 835,568 thousand JPY, capital surplus was 829,356 thousand JPY, and treasury stock was at a loss of 481,858 thousand JPY.

Significant Changes in Scope of Consolidation During the Current Quarter

Increments Inc. has been included in the scope of consolidation, following the acquisition of its shares in their entirety as of the second quarter for this consolidated fiscal year. Increments Inc. is now recognized as a specified subsidiary of Ateam.

Segment Information

Nine months ended April 30, 2017 (from August 1, 2016 to April 30, 2017)

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

(Thousand JPY)

	Reportable segment				Adjustment (Note) 1	Amount on the quarterly consolidated statements of income (Note) 2
	Entertainment business	Lifestyle Support business	E-Commerce business	Total		
Revenue						
Outside customers	14,177,117	9,596,128	1,417,135	25,190,382	—	25,190,382
Inter-segment sales and transfers	—	—	—	—	—	—
Total	14,177,117	9,596,128	1,417,135	25,190,382	—	25,190,382
Segment profit (loss)	2,549,851	1,412,724	(146,124)	3,816,451	(1,045,535)	2,770,915

(Notes) 1. Adjustment of 1,045,535 thousand JPY for segment loss is corporate expenses not attributable to reportable segments.

2. Adjustments are made between segment profit (loss) and operating income reported in the quarterly consolidated statements of income.

2. Impairment loss on non-current assets and goodwill by reportable segment

Not applicable

Nine months ended April 30, 2018 (from August 1, 2017 to April 30, 2018)

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

(Thousand JPY)

	Reportable segment				Adjustment (Note) 1	Amount on the quarterly consolidated statements of income (Note) 2
	Entertainment business	Lifestyle Support business	E-Commerce business	Total		
Revenue						
Outside customers	12,511,815	13,848,298	1,978,732	28,338,846	—	28,338,846
Inter-segment sales and transfers	—	—	—	—	—	—
Total	12,511,815	13,848,298	1,978,732	28,338,846	—	28,338,846
Segment profit (loss)	2,949,368	2,314,313	(190,610)	5,073,070	(1,263,845)	3,809,225

(Notes) 1. Adjustment of 1,263,845 thousand JPY for segment loss is corporate expenses not attributable to reportable segments.

2. Adjustments are made between segment profit (loss) and operating income reported in the quarterly consolidated statements of income.

2. Impairment loss on non-current assets and goodwill by reportable segment

Not applicable

