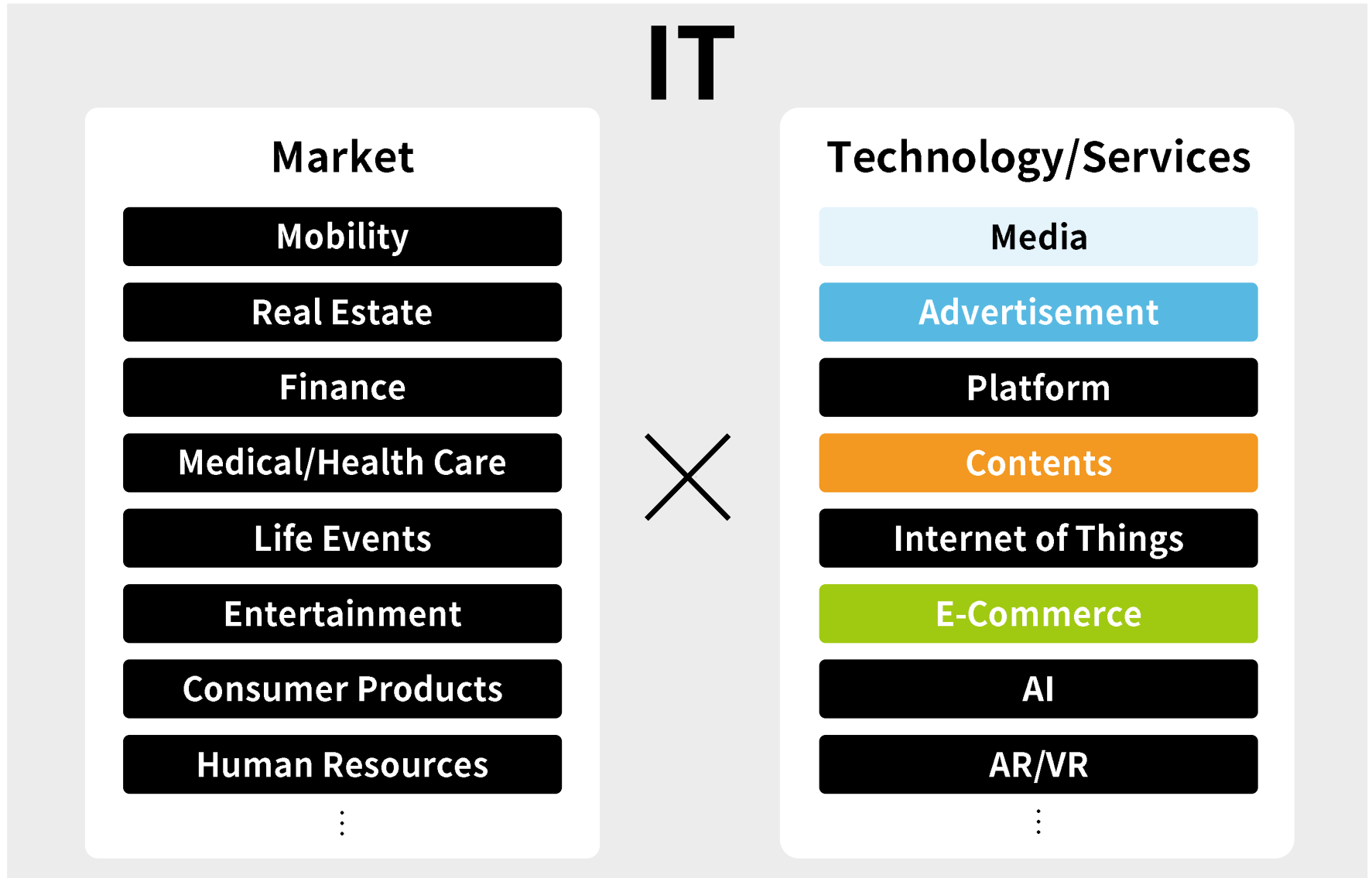


Ateam Inc.

Business Report FY2019 Q2

March 8, 2019

Ateam is an IT Company that Develops Business Around the Internet



Services Provided Through Ateam



Index

- 1. FY2019 Q2 Financial Results**
 - 2. FY2019 Q2 Business Details**
 - 3. FY2019 Q3 Progress**
 - 4. FY2019 Guidance**
 - 5. Medium- and Long-Term Outlook**
- APPENDIX A : Company Overview
 - APPENDIX B : Supplementary Financial Data

1. FY2019 Q2 Financial Results

2. FY2019 Q2 Business Details
3. FY2019 Q3 Progress
4. FY2019 Guidance
5. Medium- and Long-Term Outlook

FY2019 Q2 Financial Summary (Nov 2018 - Jan 2019)

Overall

Revenue Up Both Y/Y & Q/Q, Profit Down Y/Y & Up Q/Q

- Revenue: 9,597 million JPY (Y/Y 104.7%, Q/Q 107.5%)
- Operating income: 692 million JPY (Y/Y 63.4%, Q/Q 142.8%)
- Net income: 484 million JPY (Y/Y 64.2%, Q/Q 188.4%)

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

Lifestyle Support

Revenue Up Y/Y & Q/Q, Profit Down Y/Y & Up Q/Q

- Revenue: 5,191 million JPY (Y/Y 120.4%, Q/Q 100.4%)
- Profit: 643 million JPY (Y/Y 93.8%, Q/Q 100.2%)

All Sub-Segments Trending Well, Profit Down Y/Y Due to Upfront Investment

% of Revenue

54.1%

Ent.

Both Revenue and Profit Down Y/Y but Up Q/Q

- Revenue: 4,005 million JPY (Y/Y 92.7%, Q/Q 123.5%)
- Profit: 610 million JPY (Y/Y 69.0%, Q/Q 222.0%)

Existing Boosted by Holiday Events, New Title Assists in V-Shaped Recovery

% of Revenue

41.7%

EC

Revenue Down Both Y/Y & Q/Q

- Revenue: 400 million JPY (Y/Y 75.3%, Q/Q 78.3%)
- Profit: -67 million JPY (Y/Y —, Q/Q —)

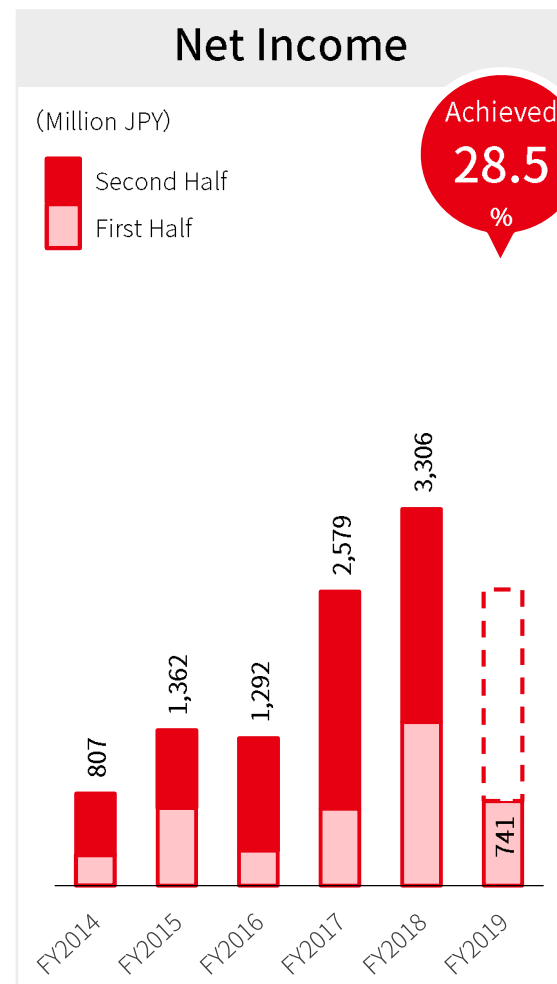
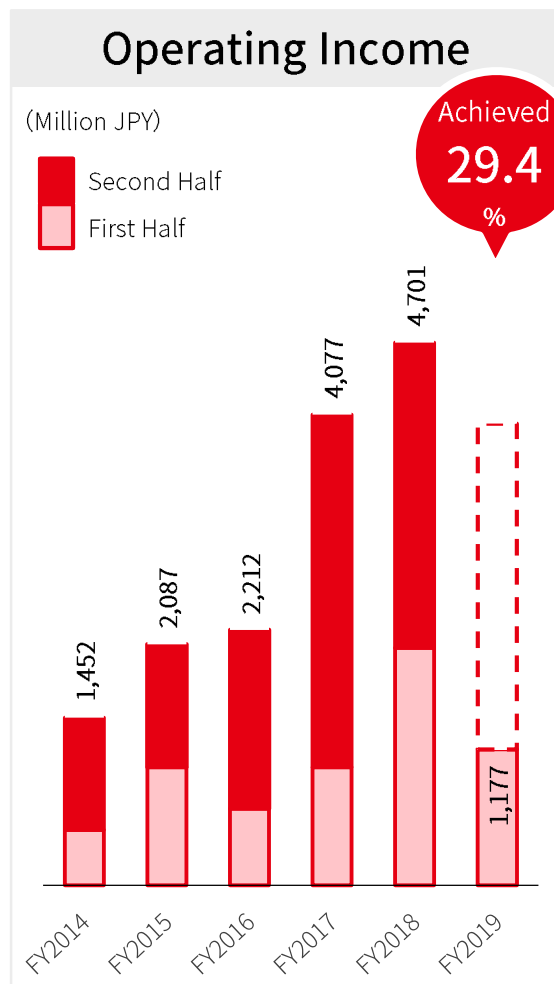
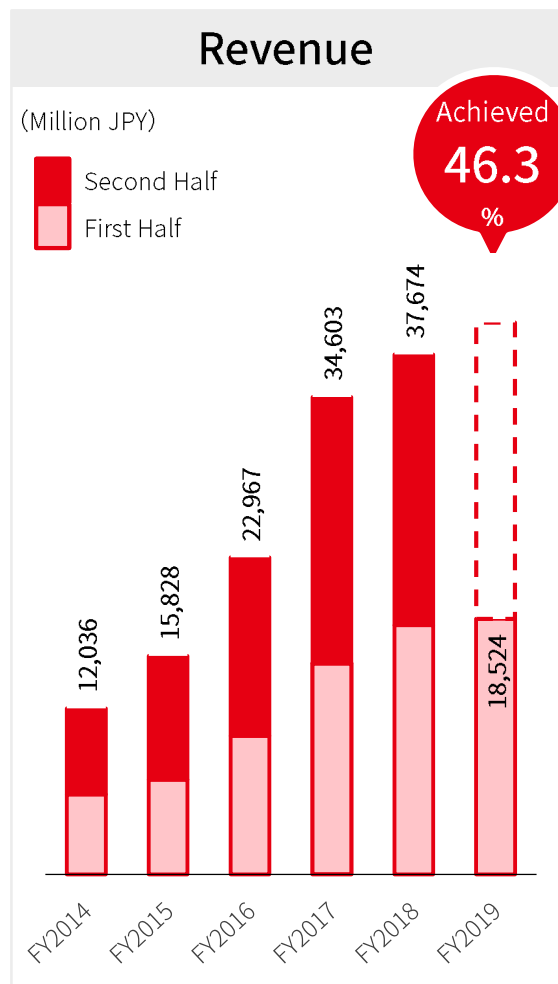
Decrease Due to Prioritizing Optimizing Logistic Operation and Restructuring

% of Revenue

4.2%

FY2019 Q2 Financial Results vs. Forecasts

■ (Reference) Revenue: 40 billion JPY, Operating Income: 4.0 billion JPY, Net Income: 2.6 billion JPY



FY2019 Q2 Financial Results

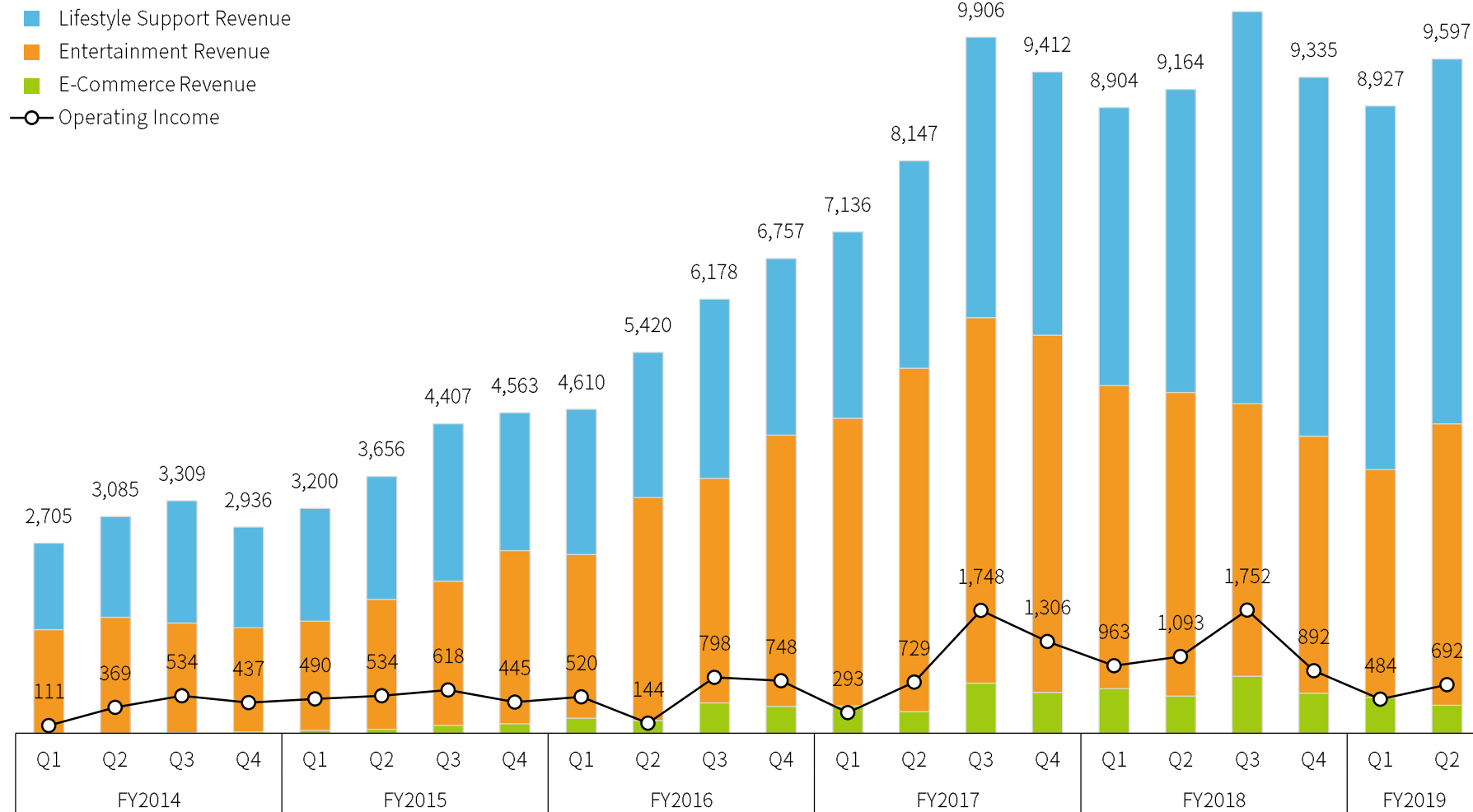
(Million JPY)

FY2019 Q2 <u>Six-Month Results</u> (Aug 2018 – Jan 2019)				
	FY2019 Q2		FY2018 Q2	
		%		Y/Y
Revenue	18,524	100.0%	18,069	102.5%
Operating income	1,177	6.4%	2,056	57.2%
Ordinary income	1,168	6.3%	2,076	56.3%
Net income	741	4.0%	1,433	51.8%

FY2019 Q2 <u>Three-Month Results</u> (Nov 2018 – Jan 2019)						
	FY2019 Q2		FY2018 Q2		FY2019 Q1	
		%		Y/Y		Q/Q
Revenue	9,597	100.0%	9,164	104.7%	8,927	107.5%
Operating income	692	7.2%	1,093	63.4%	484	142.8%
Ordinary income	661	6.9%	1,096	60.3%	507	130.3%
Net income	484	5.0%	754	64.2%	257	188.4%

Consolidated Quarterly Financial Trends

(Million JPY)



* Lifestyle Support revenue peaks in Q3 (Feb-Apr) each year due to seasonal factors

Quarterly Trend of Key Management Indicators

(Million JPY)

	FY2016			FY2017				FY2018				FY2019	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	5,420	6,178	6,757	7,136	8,147	9,906	9,412	8,904	9,164	10,269	9,335	8,927	9,597
Operating income	144	798	748	293	729	1,748	1,306	963	1,093	1,752	892	484	692
Promotional expenses	2,326	2,433	2,758	3,432	3,551	3,623	3,410	3,600	3,866	3,730	3,609	3,931	3,980
Labor costs, recruitment expenses	805	814	884	872	935	931	1,066	1,025	1,089	1,195	1,443	1,435	1,463
Commission fees, etc.	1,171	1,177	1,401	1,468	1,779	2,051	2,108	1,588	1,572	1,561	1,395	1,304	1,592
Subcontractor expense, server fees	267	275	235	254	297	315	331	532	518	620	605	605	646
Office rental fees, utility expenses	235	177	177	178	218	238	243	249	251	288	291	292	293
Employees (people)	559	574	583	605	627	710	718	723	788	898	955	989	1,024

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

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

Quarterly Promotional Expense Trends

■ Part of Lifestyle Support Promotion Strengthened for Upcoming Busy Season

■ Increase in Entertainment Mainly Due to Holiday Events

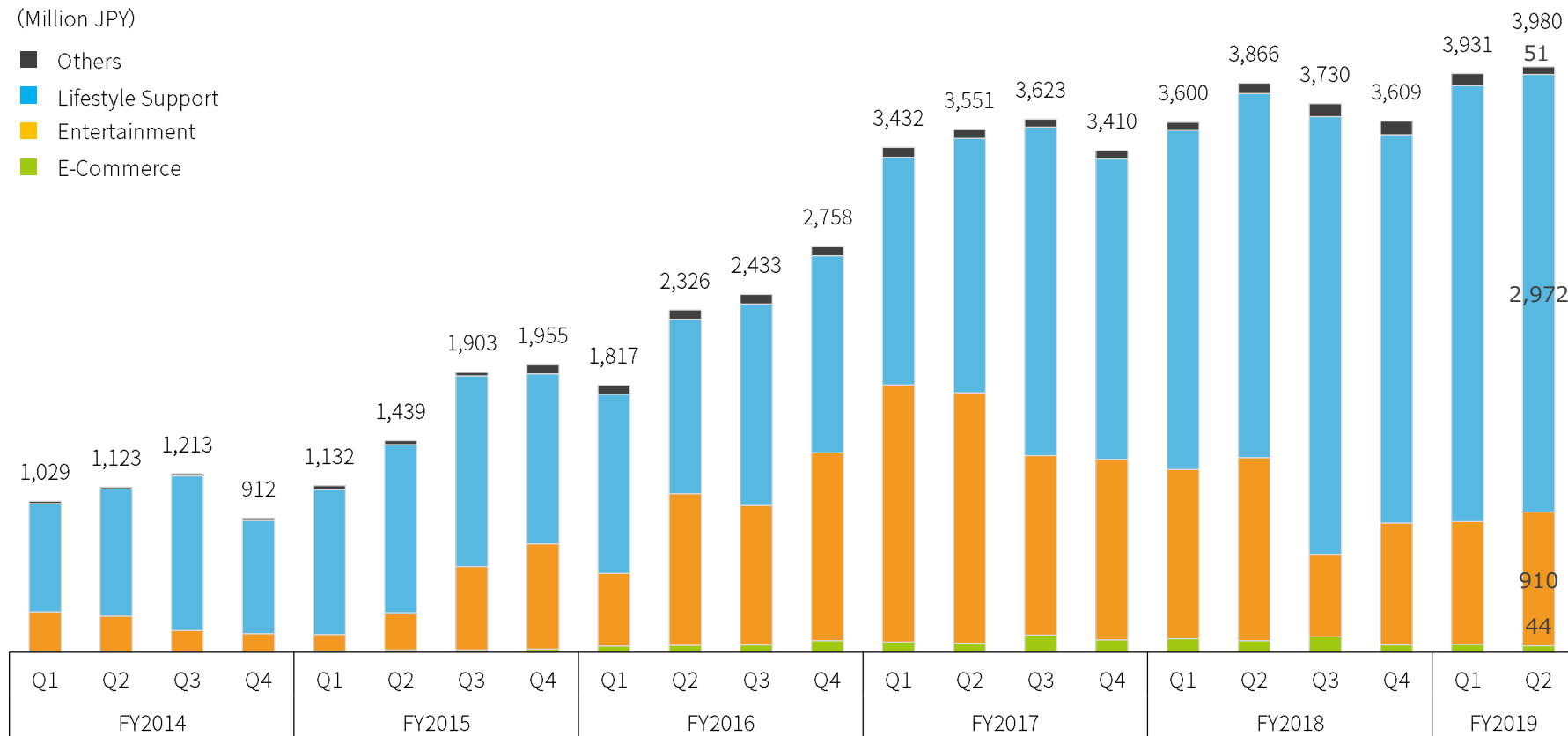
(Million JPY)

■ Others

■ Lifestyle Support

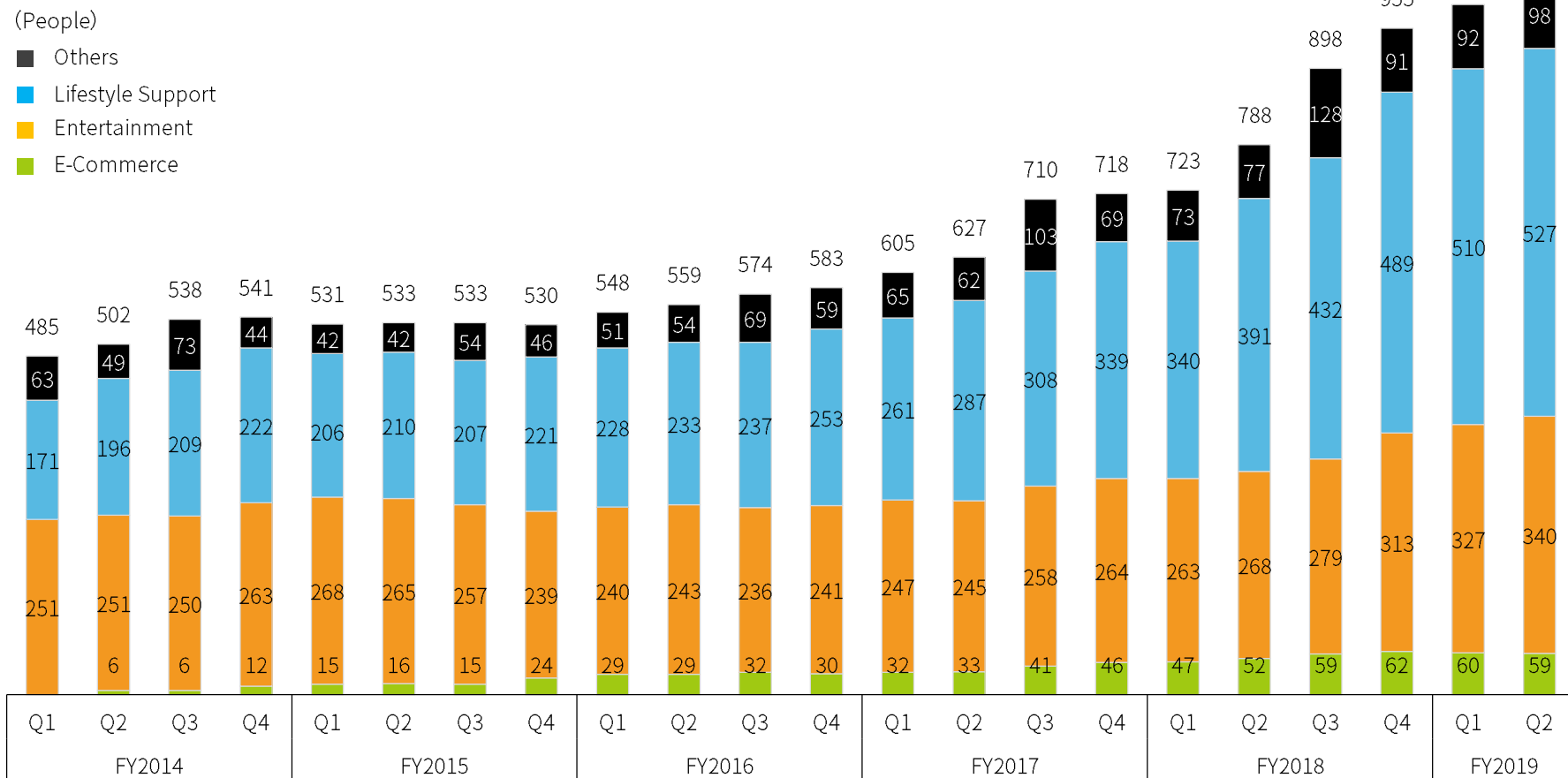
■ Entertainment

■ E-Commerce



* Breakdown of promotional expenses by segment is shown on page 50 of this business report

Number of Employees



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

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

* Newly hired university graduates are included within “Others” as of the end of Q3

Balance Sheet

■ Paid Off All Loans Payable Resulting in Zero Interest-Bearing Debt

(Million JPY)

	FY2019 Q2	FY2019 Q1
Current assets	10,937	11,372
Cash and cash equivalents	5,331	5,570
Accounts receivable	4,331	4,335
Non-current assets	5,858	5,279
Tangible assets	1,786	1,688
Intangible assets	2,026	2,154
Total assets	16,795	16,651

	FY2019 Q2	FY2019 Q1
Current liabilities	4,456	4,754
Non-current liabilities	531	575
Total liabilities	4,988	5,329
Short-term loans payable	0	178
Shareholder's equity	11,718	11,232
Total net assets	11,807	11,321
Liabilities and net assets	16,795	16,651

2. FY2019 Q2 Business Details

- 3. FY2019 Q3 Progress
- 4. FY2019 Guidance
- 5. Medium- and Long-Term Outlook

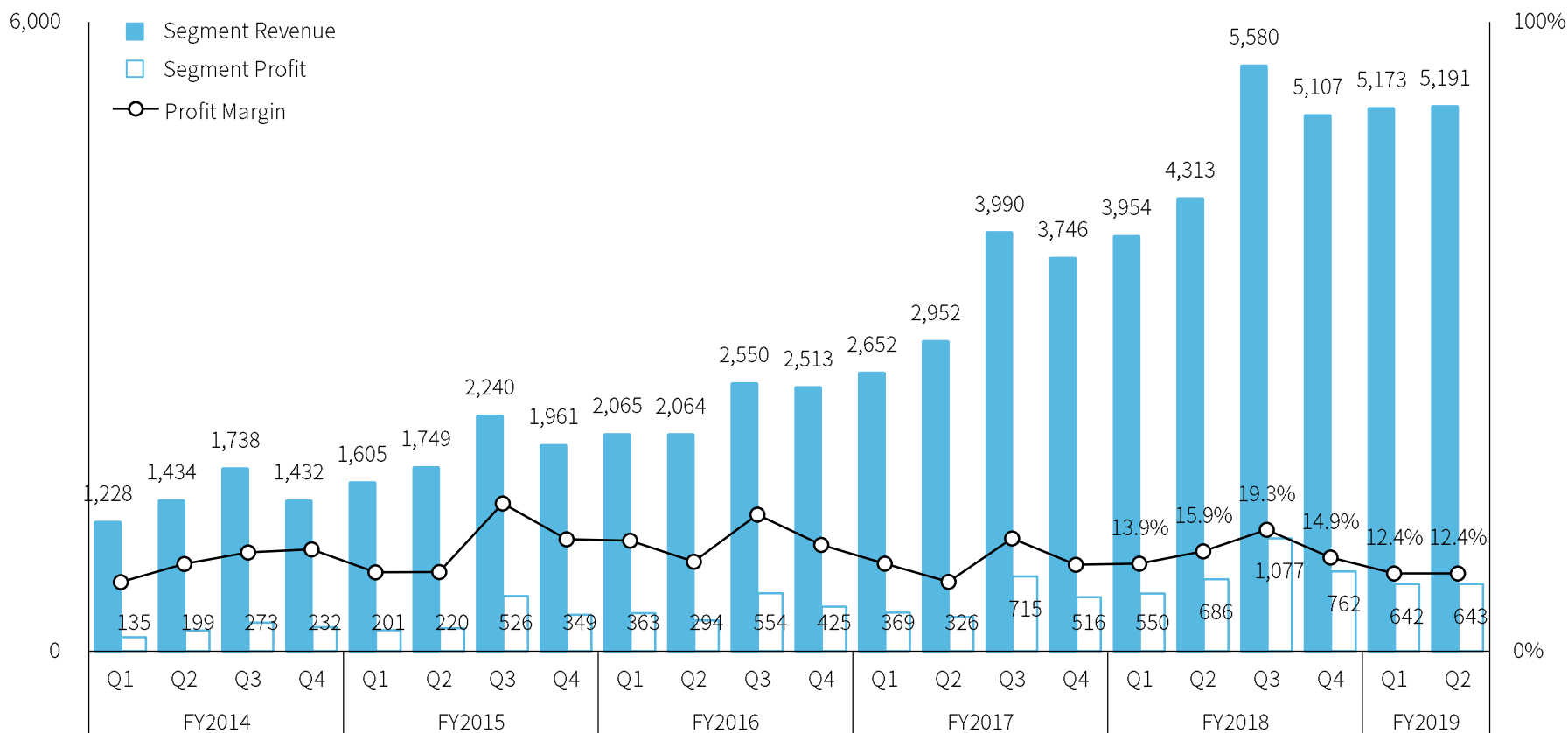
Lifestyle Support Business Performance Trends

■ All Sub-Segments Continue to Trend Well with Significant Growth Y/Y

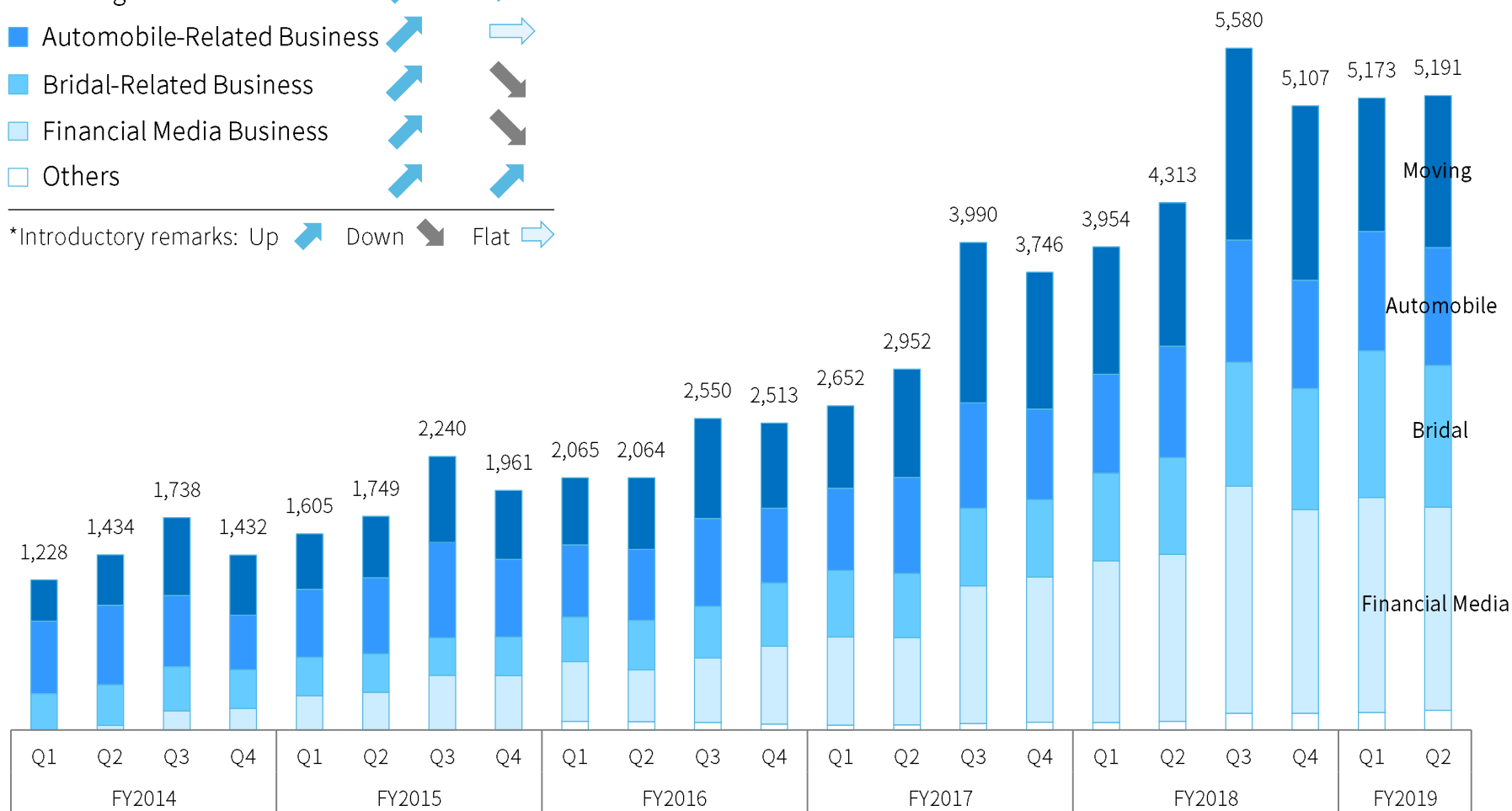
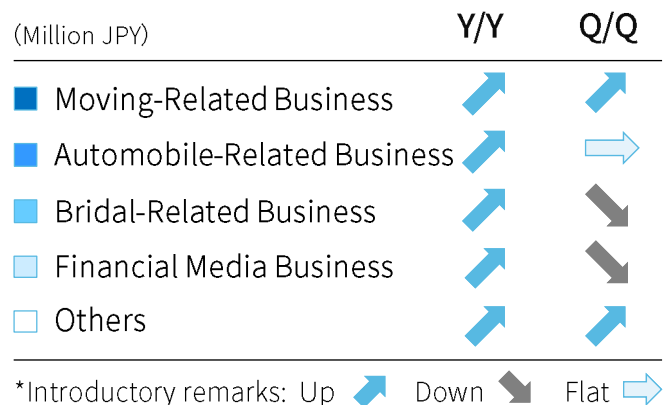
■ OP Margin Down Y/Y Due to Upfront Investment in New Services

Y/Y
+20.4
%

(Million JPY)



Lifestyle Support Sub-Segment Business Trends

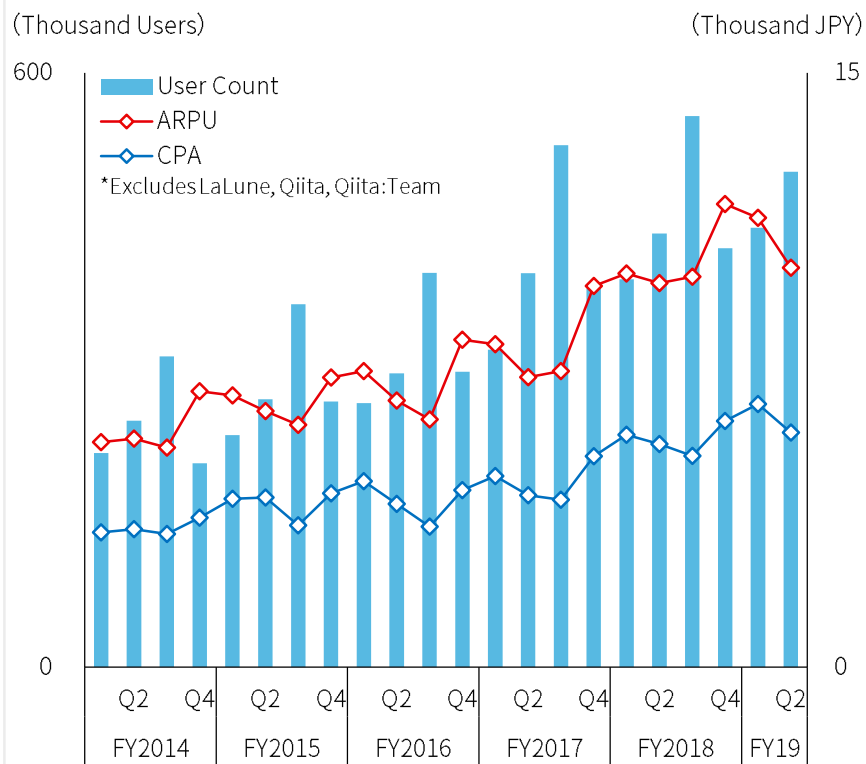


* From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita:Team) are included in the "Others" sub-segment

Lifestyle Support Key Performance Indicator Trends

User Count, ARPU, CPA

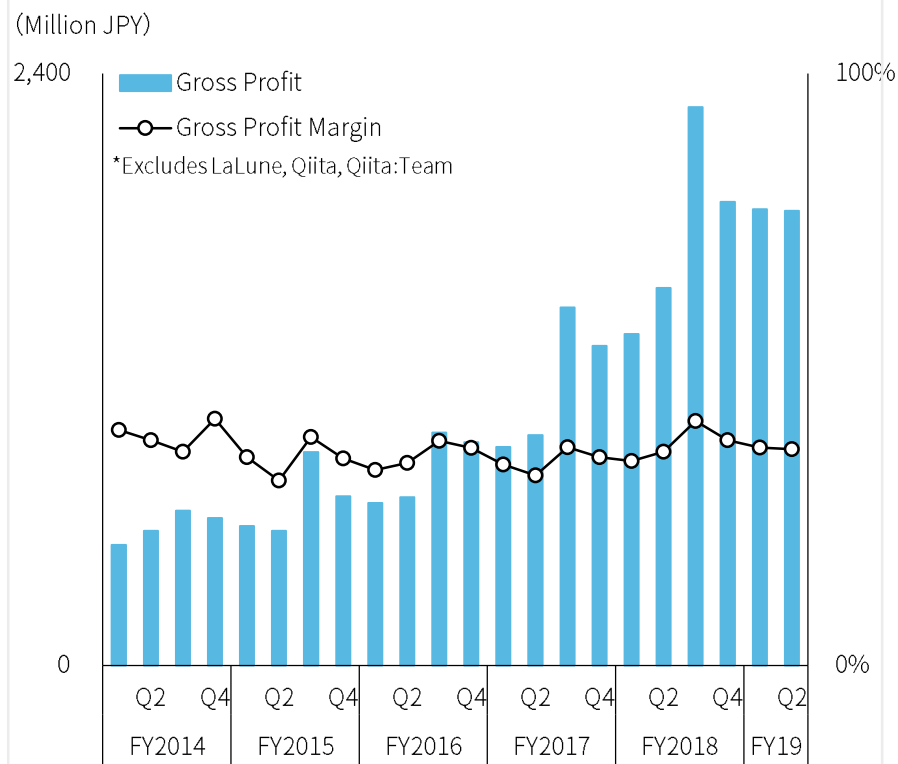
- User Count Up Y/Y
- ARPU Down Due to Seasonal Factors in High ARPU Services



- [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

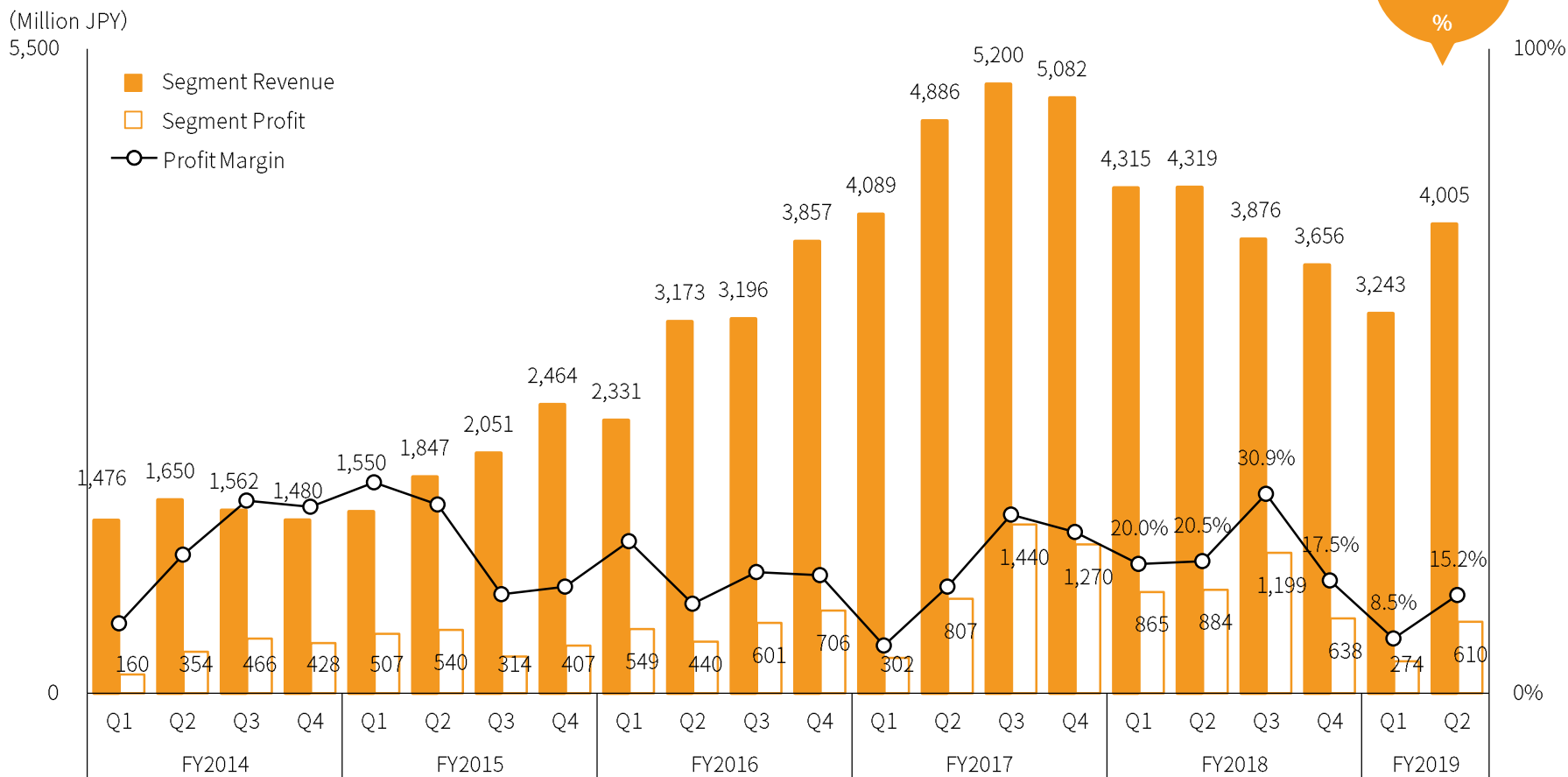
- Gross Profit Up Significantly Y/Y
- Gross Profit Margin Trending Stably at Around 40%



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

Entertainment Business Performance Trends

■ Holiday Events Contribute in Slight Increase for Existing Titles;
New Game Revue Starlight Trending Well, Driving Q/Q Recovery

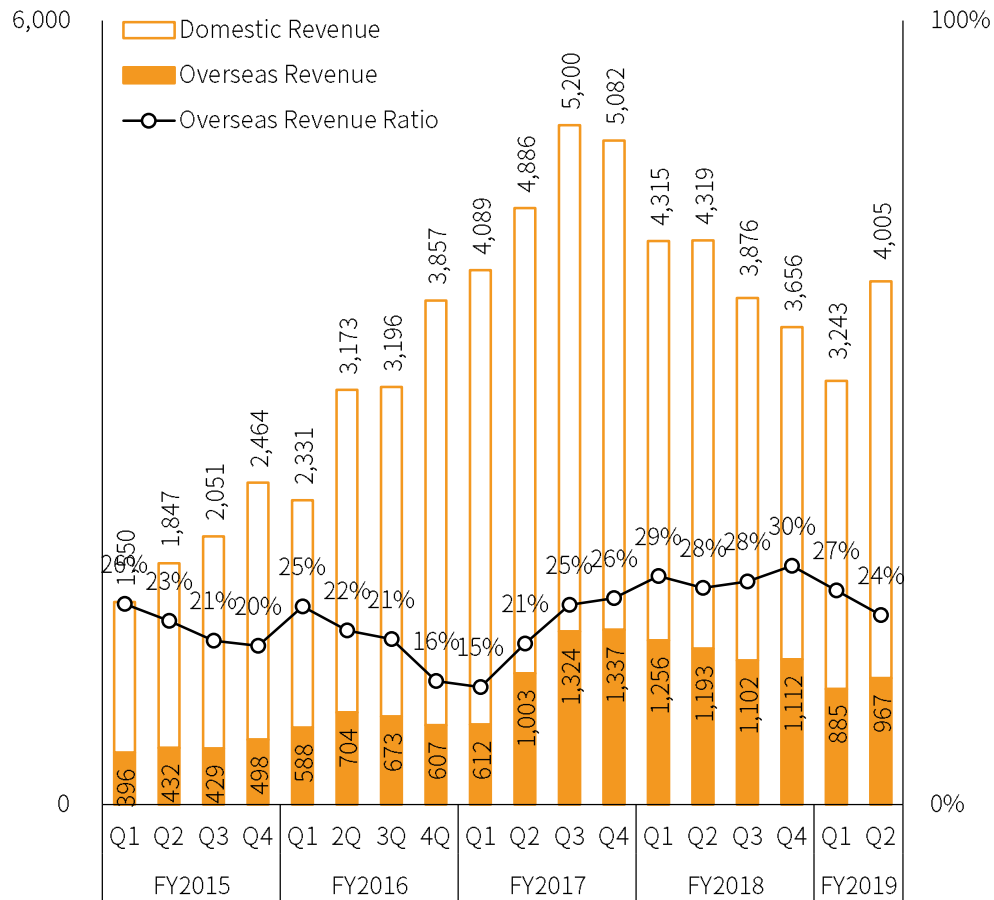


- **Changes in Revenue Reporting within the Entertainment Business:** As of now all revenue is recorded at the time of in-app purchase charges; however, starting 2018 release game titles, modified so that revenue is posted upon consumption of in-app items

Entertainment Overseas Revenue Ratio Trends

Overseas Sales Trends

(Million JPY)

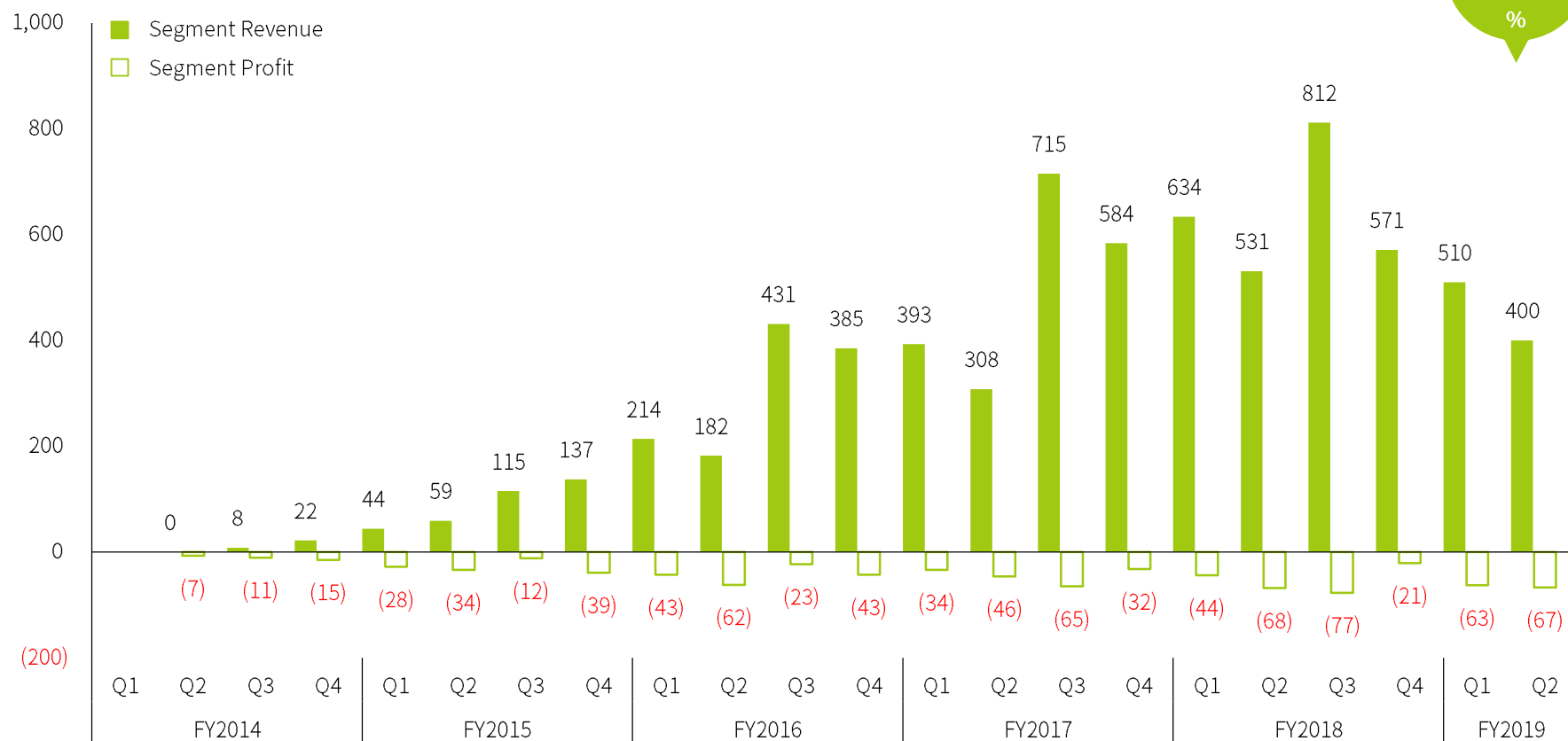


Region:	JP	US	EU	TW HK MO	KR	SE Asia	CN
Revue Starlight	●						
BASSA	●						
Valkyrie	●	●	●	●	●	●	●
Unison	●	●	●	●	●	●	
Derby	●			●		●	
Smash!	●			●			
Legions	●	English Version					
Summoner	●	English Version					

E-Commerce Business Performance Trends

■ Continue to Prioritize Optimization by Re-establishing Operation Systems to Break-Even, Resulting in Revenue Decline

(Million JPY)



Y/Y
-24.7
%

* Peak business period is Mar – April (Q3)

3. FY2019 Q3 Progress

- 4. FY2019 Guidance
- 5. Medium- and Long-Term Outlook

Segment Topics

Overall

Established New Subsidiary Ateam Finergy Inc. on Feb 22



■ Meaning Behind the Company Name:

Finance + Synergy + Technology = “Finergy”

■ Purpose of Establishment:

To make Financial Media independent for speedy decision making and enhance expertise

■ Vision:

To resolve money insecurities from the world, and help realize a society that enriches lives

■ Business Start Date:

May 2019 (Scheduled date)

Lifestyle Support

Other (Healthcare)

Women’s Health Advisory Application “LaLune” Selected for App Annie Top Publisher Awards 2018



- Ranked 3rd in the “App Annie Top Publisher Awards 2018” Japan’s health & fitness app monthly active user number ranking

Segment Topics

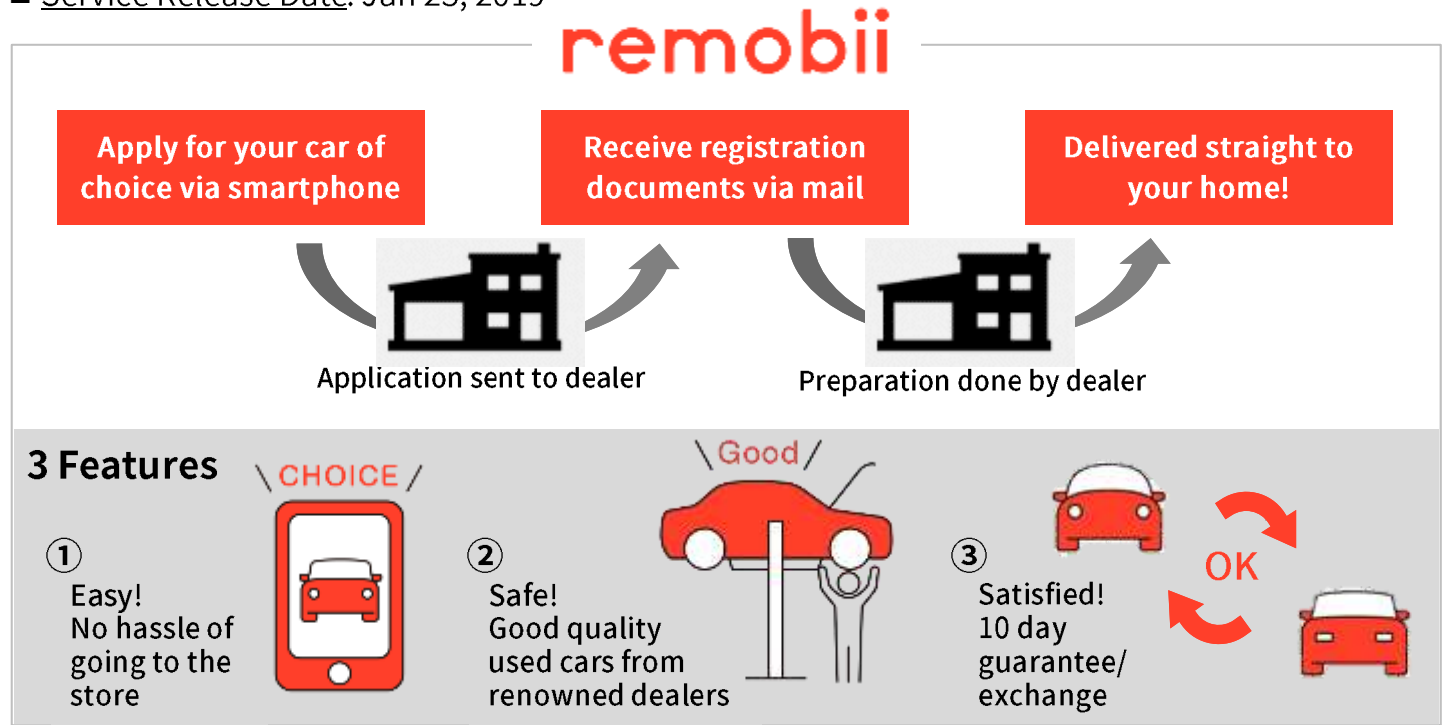
Lifestyle Support

Automobile-related

NEW

Kickoff of Used Car Purchasing Online Service “remobii” Shaped from “TOYOTA NEXT” Collab Trial Service “Kuruma-DELI”

- Meaning Behind the Service Name: remote × automobile × mobile(phone)
- Service Overview: Complete online service for purchase of second-hand cars
- Service Release Date: Jan 23, 2019



Segment Topics

Lifestyle Support

Bridal-related

NEW

Online Booking for Weddings - “HIMARI”

- An online booking website for wedding planning to adjust to the times and needs of users
- Pre-open scheduled for smartphones end of March 2019

Industry's First!

What is HIMARI?

- ◆ An easily accessible online booking website for wedding dates/plans

Purpose of HIMARI

- ◆ Respond to users' needs by offering consistent pricing and speedy yet efficient booking procedure
- ◆ Solve chronic wedding planner shortage dilemma

Features of HIMARI

- ◆ Check & book online for openings and desired dates
- ◆ Search plans based on budget prices
- ◆ Simulate realistic estimates online



Segment Topics

Lifestyle Support

Other

NEW

Engineer Re-employment Service “Qiita Jobs” Release Decided

- A recruitment support service to help engineers find a more suitable environment by utilizing Qiita
- Scheduled release of β-version this spring
- Currently accepting pre-registration



Segment Topics

Ent.

Unison League

- Collaboration with popular smartphone game app “Logres: Japanese RPG” confirmed on March 4
- A dual video between app developers released Via Famitsu App to decide the best MMORPG



(Famitsu App article, Mar 4, 2019)

Valkyrie Connect

- Surpassed 16 million downloads worldwide
- Global version collaboration event with popular anime “Evangelion” as of March 6



Dark Summoner

- Held new event “Crazed Sanctification” from Feb 21 to commemorate 7 year anniversary



4. FY2019 Guidance

5. Medium- and Long-Term Outlook

FY2019 Consolidated Financial Forecast

■ Progress In-Line With Full-Year Forecast

(Million JPY)

	FY2018 Results		FY2019(Aug 2018-July 2019)			
	Interim	Full-Year	Interim Results	Full-Year Forecast	% of Revenue	% Fulfilled
Revenue	18,069	37,674	18,524	40,000	100.0%	46.3%
Lifestyle Support	8,267	18,955	10,364	22,000	55.0%	47.1%
Entertainment	8,635	16,168	7,249	15,000	37.5%	48.3%
E-Commerce	1,166	2,550	911	3,000	7.5%	30.4%
Operating Income	2,056	4,701	1,177	4,000	10.0%	29.4%
Lifestyle Support	1,236	3,076	1,285	3,200	-	40.2%
Entertainment	1,750	3,587	885	2,680	-	33.0%
E-Commerce	-112	-211	-131	0	-	-
Others	-817	-1,751	-862	-1,880	-	-
Ordinary Income	2,076	4,730	1,168	4,000	10.0%	29.2%
Net Income	1,433	3,306	741	2,600	6.5%	28.5%

Initiatives and Notes on FY2019 Guidance

Overall

An Investment Year Towards Medium- to Long-Term Growth

- Along with business investment, intend to strengthen business foundation while focusing on investing in recruitment and training

Lifestyle Support

Growth of Existing Services While Launching New Investments

- Although existing services expected to grow as usual on a profit basis, conservative revenue forecast based on business market and competitive risk; Scheduled to focus on upfront investment of several new services with medium- to long-term growth in mind
- Overall conservative revenue, with a slight increase in profit while profit margin expected to fall

Ent.

Focus on New Games While Maximizing Existing Main Titles

- Intend to maximize earnings for existing main game apps; Expected performance considered reasonable according to the latest KPI trends
- Focus on new media-mix IP game app development with Bushiroad Inc. and TBS Holdings; Expected performance based on internal anticipation which excludes revenue distribution

EC

Focus on Approach to Fulfill Balance in the Black

- Anticipate investment to optimize cost of revenue along with precise inventory allocation to reduce delivery cost, while continuing to strengthen fulfillment
- Expectations include strengthened sales of peripheral services based on past results

Initiatives and Notes on Lifestyle Support Guidance

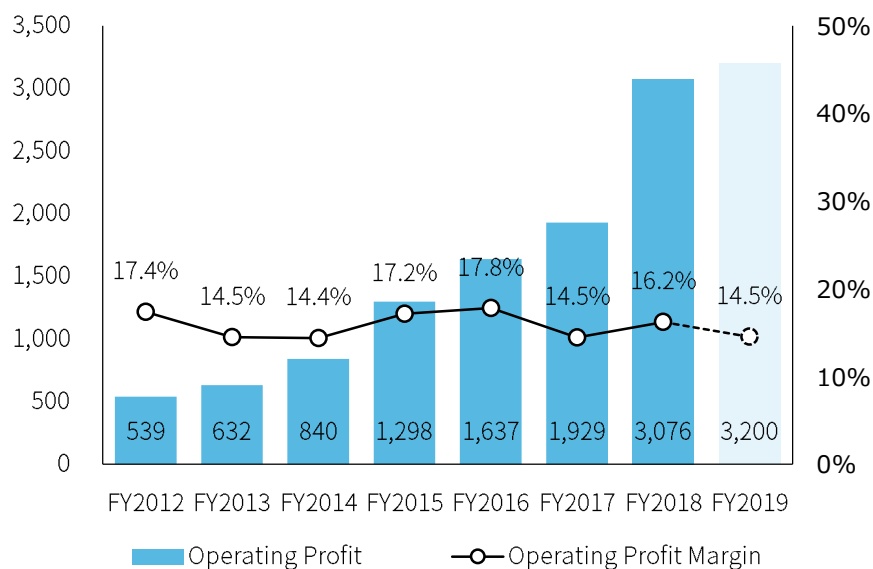
Lifestyle Support

While Existing Services Expect 2-Digit Profit Increase, Acceleration of New Investments, Resulting in Overall Flat Profit Year-on-Year

- Although anticipating usual 2-digit growth on an operating profit basis, plan to implement upfront investment of 8 new services, with medium- to long-term growth in mind
- Existing services based on KPI while new service forecasts incorporate ample investment funding

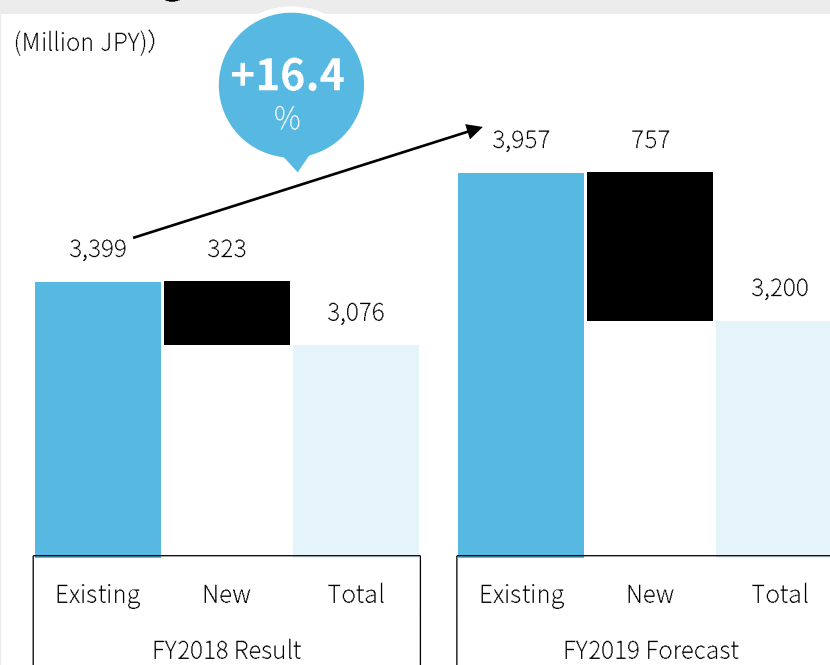
Trends of Operating Profit & Profit Margin

(Million JPY)



Existing & New Service Profit Breakdown

(Million JPY)



※ Details of the 8 new services indicated in the “Existing & New Service Profit Breakdown” graph is shown on page 30

Lifestyle Support 8 New Services

New Services

Automobile-Related

remobii

Purchase second-hand cars on the internet



Other (Death care)

Life. (LifeDot)

Death care related information search site



Financial Media

NaviNavi FX

FX trade support app for beginners



Financial Media

NaviNavi Mortgage

Mortgage information site shared by the pros



Other (Real Estate)

Sumai-uru

Real estate information search site



Other (Daily Living)

Find Pro

Booking engine for home services and extermination



Other (Budget)

Soldi

Household budgeting information website



Other (Healthcare)

minorie

Prenatal supplements produced with LaLune users



FY2019 Year-End Dividend Forecast

■ Aim to Provide Continuous and Stable Shareholder Returns

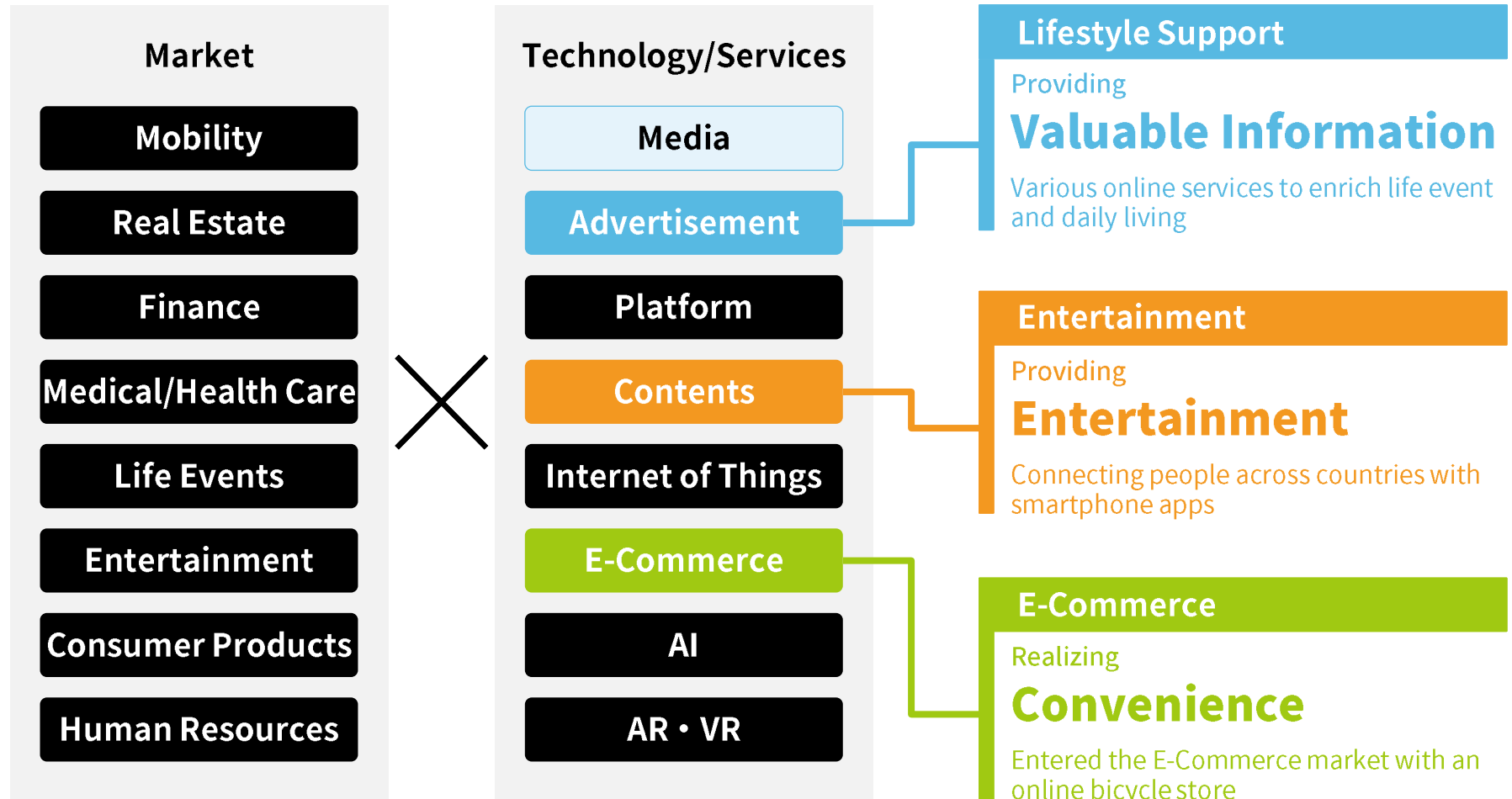
	FY2015 Result		FY2016 Result		FY2017 Result		FY2018 Result	FY2019 Forecast
	Interim	Year-End	Interim	Year-End	Interim	Year-End	Year-End	Year-End
Date of allotment	Jan 31	Jul 31	Jan 31	Jul 31	Jan 31	Jul 31	Jul 31	Jul 31
Date of distribution	Apr 03	Oct 13	Apr 04	Oct 07	Apr 04	Oct 06	Oct 05	Oct
Dividend per share	5.0 JPY	7.5 JPY	5.0 JPY	7.5 JPY	5.0 JPY	22.0 JPY	32.5 JPY	32.5 JPY
Total dividend amount	238 million JPY		239 million JPY		517 million JPY		640 million JPY	-
Full-year pay out ratio	17.7%		18.2%		19.8%		19.1%	-

*As of FY2018, full-year performance based dividend will be paid once annually due to the nature of business and profit biased in the second half of the fiscal year

5. Medium- and Long-Term Outlook

Our Vision of the Future

Ateam Will Continue to Challenge Varied Businesses that Utilize the Internet



* Displayed in no particular order. Not all services shown

Medium- and Long-Term Business Outlook

Overall

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

Lifestyle Support

Connect the Dots of Life Events from Cradle to Grave

- Provide valuable information through services to make life more convenient by combining “On-line” & “Off-line” user contact; hope to take one step closer to our users needs

Aim for Revenue Scale of 30 billion JPY by FY2020

Ent.

Plan, Develop & Operate from JP, Provide Global Entertainment

- In addition to in-house projects, collaborate with influential partners to create a highly scalable global title in the smartphone game market

Create Several Game Titles with 1b JPY+ Monthly Revenue

- Aim to increase overseas revenue ratio above 50%

EC

Involvement in Bicycle-Related Services, Not Just Bicycle Sales

Aim to be the Number One Bicycle Online Store

- Target a 3% domestic bicycle EC market share in the medium- to long-term

Business Investment Strategy

Mission

Realize Mid- and Long-Term Vision While
Expediting Increase in Corporate Value

M & A

Companies Expected to Increase Ateam's Competitiveness

- Lifestyle Support: (e.g.) Companies or medias that would increase our market share or synergize well with our existing businesses
- Entertainment: (e.g.) Medias that can acquire more users globally
- EC: (e.g.) E-commerce companies or business other than bicycles

Companies in Industries with High Barriers to Entry

Capital Investment

Companies in Business Industries That Have High Uncertainty
But Have Large Future Potential

Companies That Will Develop Businesses Which Can Expect
Large Growth Utilizing Our Know-how

APPENDIX

Company Overview

Company Profile as of January 31, 2019

Company name	Ateam Inc.
Security code	3662:JP, TSE Section 1
Incorporated on	February 29, 2000
Headquarters	Nagoya, Japan
President	Takao Hayashi
Industry	Information & Communication
Sector	Internet, Mobile Game
Account settled in	July
Group companies (Fully owned subsidiaries)	7 (includes 1 overseas subsidiary)
Number of employees	944 (excludes directors & part-time employees)
Shares per unit	100 shares



Dai Nagoya Building



Umeda Hankyu Building



Shinagawa
East One Tower



Kamiyo Hakata Chuo
Building

Personal History of Takao Hayashi, President



1971.12.18 Born in Toki City, Gifu Prefecture, Japan

1982.12 Started computer programming

1987.03 Graduated from Tajimi Junior High School

1987.04 ~ Managed a private preparatory school and involved in part-time jobs of various types

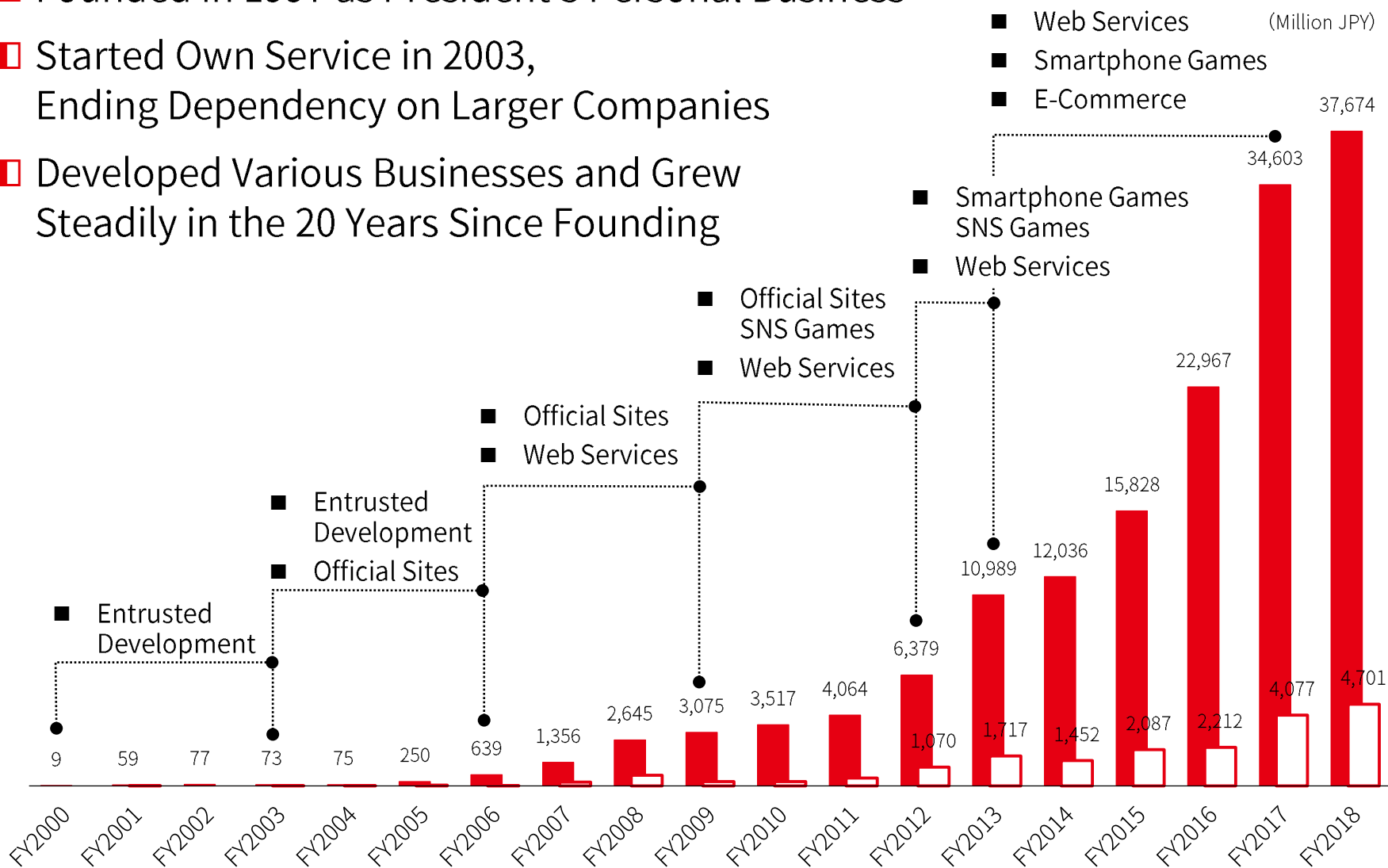
1997.06 Founded Ateam as an unincorporated enterprise

2000.02.29 Established Ateam Ltd.

2004.11.01 Organizational Change to Ateam Inc.

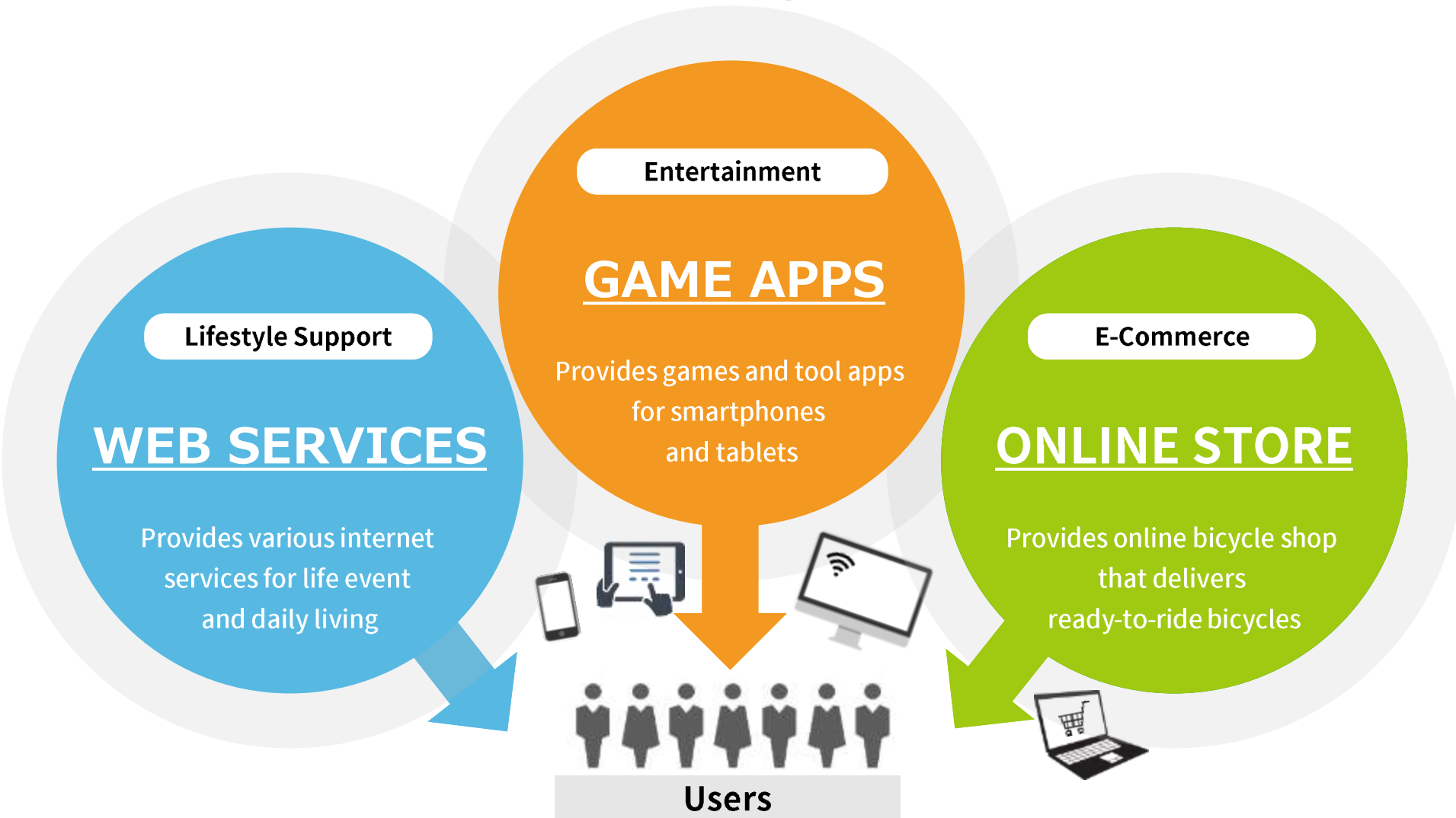
Company History

- Founded in 1997 as President's Personal Business
- Started Own Service in 2003,
Ending Dependency on Larger Companies
- Developed Various Businesses and Grew
Steadily in the 20 Years Since Founding



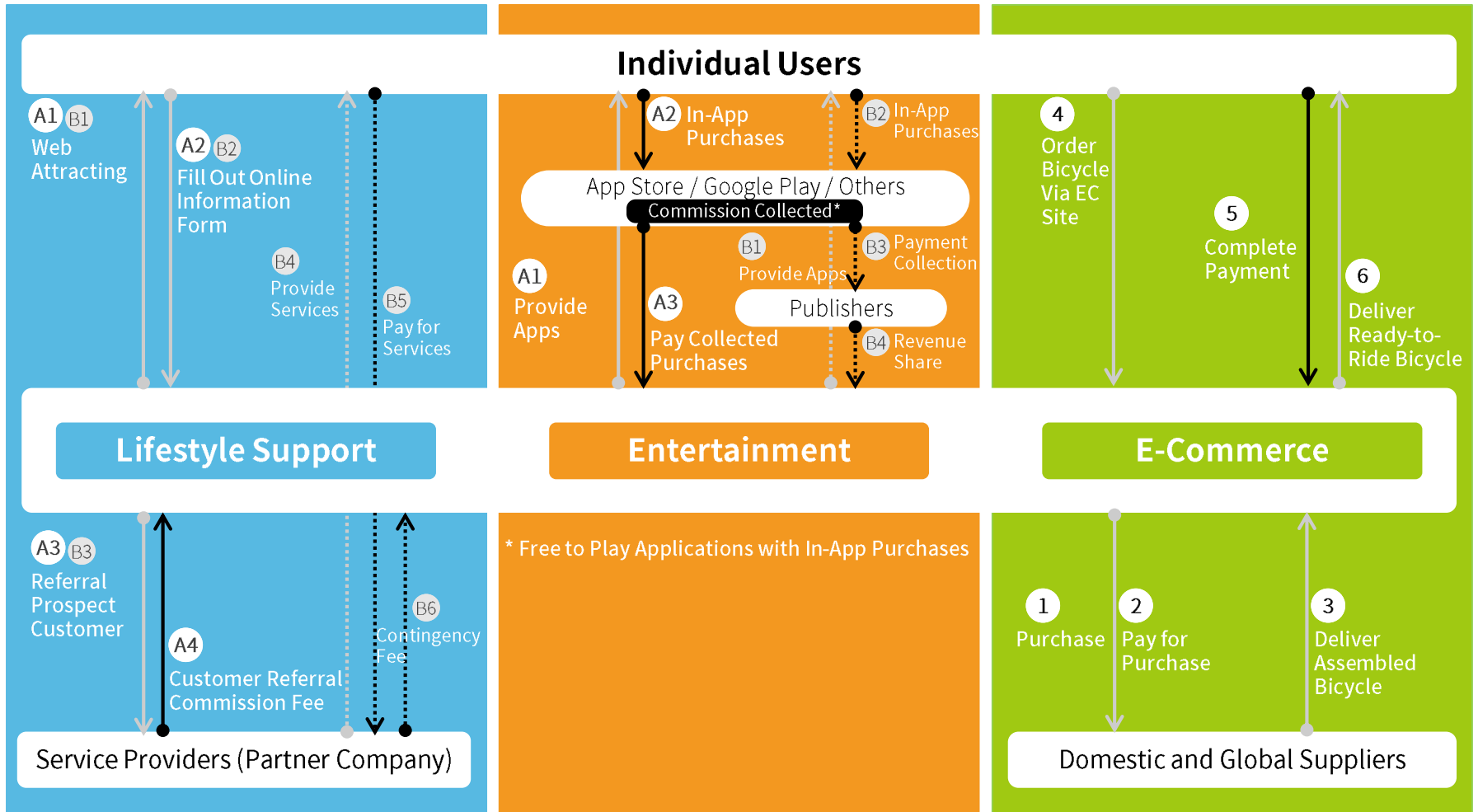
Our Businesses

Ateam Provides Various Services Through the Internet and Smart Devices



Business Models

(A) Main Business Model (Solid Arrow) (B) Sub Business Model (Dotted Arrow)
  Commercial Distribution
  Financial Flow








* **Commission Collected** Commission fee will be collected by providers of application distribution platforms such as App Store & Google Play

Lifestyle Support Main Service Line-Up

Moving-Related Business	 Hikkoshi Samurai	<ul style="list-style-type: none"> ▪ Users can receive quotations from up to 10 moving companies by filling out an online form detailing their moving needs ▪ Partnerships with more than 270 moving companies nationwide ▪ Maintaining a top market share
Automobile-Related Business	 Navikuru	<ul style="list-style-type: none"> ▪ Users can receive quotations from up to 10 car dealers by filling out an online form detailing their car information ▪ Partnerships with carefully chosen top used car dealers ▪ Maintaining a top market share
Bridal-Related Business	 Hanayume	<ul style="list-style-type: none"> ▪ Website and consultation desks provide referrals to 600+ wedding halls ▪ Professional advisors located throughout our 12 free consultation desks ▪ Included new services “Hanayume Set-Price Wedding Packages” and “Hanayume Photo”
Financial Media Business	 NaviNavi Cashing	<ul style="list-style-type: none"> ▪ Thorough comparisons of select top banks and consumer credit services ▪ Launched new services “NaviNavi Credit Card”, “NaviNavi Mortgage” and “NaviNavi FX”
Other Businesses	 	<ul style="list-style-type: none"> ▪ Women’s health advisory application ▪ Technological information distribution service

Lifestyle Support New Service Line-Up

Automobile-related	 <ul style="list-style-type: none"> Purchase used cars via your smartphone and delivered straight to your home Only good quality second-hand cars, free return/exchange within 10 days
Financial Media	  <ul style="list-style-type: none"> FX trade support application for beginners Trial demonstration available, support users through actual transactions Mortgage information site shared by professionals Overall house loan information including tips on reducing monthly mortgage
Bridal-related	 <ul style="list-style-type: none"> Industry's first online wedding-date/plan booking service Search from preferred wedding date/season or budget amount
Other	      <ul style="list-style-type: none"> A search engine for tombstones, funerals and other death care related information A collective real estate information search website Internet booking engine for termite & bee extermination and other services Household budgeting information website; provide information to compare low cost SIM, smartphones, internet providers and mobile Wi-Fi EC service for prenatal supplements, produced with the help of LaLune users Re-employment support service for engineers by engineers

Acquisition of Increments Inc. as of Dec 2017



Increments⁺

Motive of M&A

- To realize Ateam's "Vision"
- Utilizing capital to realize growth while improving corporate value

- To improve service recognition
- Struggling to monetize, seeking partnerships to strengthen management capabilities

Reason for Selection

- Ease of post merger integration
- Qiita brand business potential
- Improve engineer recognition

- Similar mindset towards technology and engineers
- Know-how and achievements in diversified business
- Associated mission statement

Future Outlook

- Contribution by growth of new business areas that cannot be easily entered into
- Awareness within engineers and added recruitment ability

- Strengthening of management
- Business development and growth centering on the Qiita brand

* From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita:Team) will be included in the "Others" sub-segment

Businesses of Increments Inc.



A knowledge sharing platform for programmers

Established in 2011, ad based income



A privatized community-driven sharing platform

Released in 2013, user based income



Markdown



Edit Request



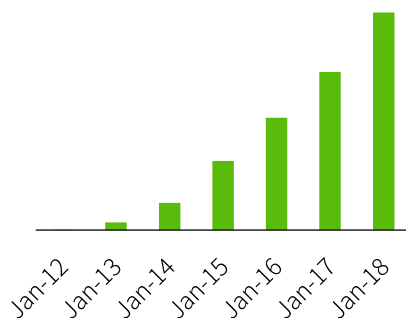
Stock



Contribution

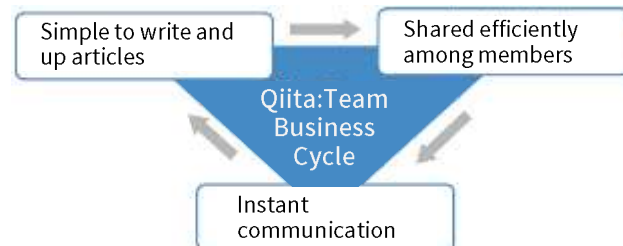
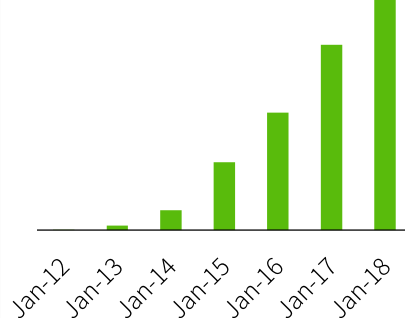
Monthly UU Growth

Grew approx. 30 times more in past 6 years



Monthly PV Growth

Grew approx. 70 times more in past 6 years



*From FY2018 Q3, Increments Inc. and its services (Qिता, Qिता: Team) will be included in the "Others" sub-segment

Entertainment Product Line-Up

Game Apps

Mid-Core Role Playing Games



Revue Starlight
-ReLIVE-



BASSA WARRIORS



Valkyrie Connect



UnisonLeague



War of Legions



Dark Summoner

Action



Three Kingdoms
Smash!

Simulation



Derby Impact

Puzzle



Pongo Combo

Mahjong



Mahjong - Rising -

Feature Phone Games



Eternal Zone



Million Versus

Tool Apps

Memory



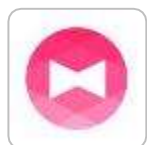
Game Boost
Master

SNS



Jam

Custom



[+]HOME

ZeroApp Series (Free-Use Tool Applications)



Good Nights
Sleep Alarm



Quick Calorie
Control



Eye Training
3D



3 Minute
Workout



Fast
Flashcards

EC Service Introduction

E-Commerce

cyma -サイマ-
life & discovery

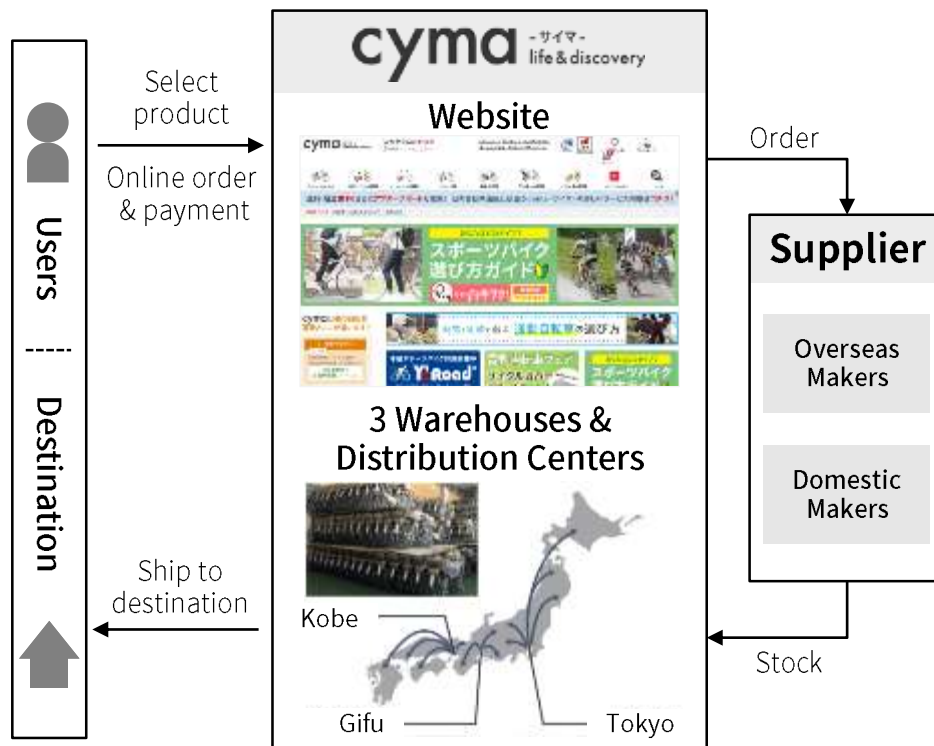
- Selection of over 200 bicycle models
- Bicycles assembled by specialists, shipped ready to ride
- Nation's largest online bicycle retail store



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

Supplementary Financial Data

P/L (FY2017 Q2 - FY2019 Q2)

(Million JPY)

	FY2017			FY2018				FY2019	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	8,147	9,906	9,412	8,904	9,164	10,269	9,335	8,927	9,597
Q/Q (%)	+14.2	+21.6	-5.0	-5.4	+2.9	+12.1	-9.1	-4.4	+7.5
Lifestyle Support	2,952	3,990	3,746	3,954	4,313	5,580	5,107	5,173	5,191
Entertainment	4,886	5,200	5,082	4,315	4,319	3,876	3,656	3,243	4,005
E-Commerce	308	715	584	634	531	812	571	510	400
Cost of revenues	1,221	1,671	1,671	1,476	1,649	1,959	1,875	1,765	1,878
Cost rate (%)	15.0	17.0	17.8	16.6	18.0	19.1	20.1	19.8	19.6
Selling, G&A expenses	6,196	6,486	6,434	6,464	6,421	6,558	6,567	6,677	7,026
Selling, G&A expenses ratio (%)	76.1	65.3	68.4	72.6	70.1	63.9	70.4	74.8	73.2
Total cost and G&A expenses	7,417	8,158	8,105	7,940	8,071	8,517	8,443	8,442	8,904
Labor costs & recruitment expenses	935	931	1,066	1,025	1,089	1,195	1,443	1,435	1,463
Promotional expenses	3,551	3,623	3,410	3,600	3,866	3,730	3,609	3,931	3,980
Promotional expenses ratio (%)	43.6	36.6	36.2	40.4	42.2	36.3	38.7	44.0	41.5
Lifestyle Support	1,728	2,230	2,040	2,302	2,472	2,973	2,637	2,959	2,972
Entertainment	1,700	1,220	1,228	1,150	1,244	560	829	835	910
E-Commerce	62	117	84	93	79	106	50	54	44
Commissions, etc.	1,779	2,051	2,018	1,588	1,572	1,561	1,395	1,304	1,592
Subcontractor expenses, server fees	297	315	331	532	518	620	605	605	646
Office rental fees, utility expenses	218	238	243	249	251	288	291	292	293
Other expenses	634	997	1,034	945	773	1,121	1,096	873	928
Operating income	729	1,748	1,306	963	1,093	1,752	892	484	692
Q/Q (%)	+148.5	+139.7	-25.3	-26.3	+13.4	+60.3	-49.1	-45.7	42.8
Lifestyle Support	326	715	516	550	686	1,077	762	642	643
Entertainment	807	1,440	1,270	865	884	1,199	638	274	610
E-Commerce	-46	-65	-32	-44	-68	-77	-21	-63	-67
Others	-358	-342	-447	-407	-483	-446	-487	-368	-493
Operating income margin (%)	9.0	17.6	13.9	10.8	11.9	17.1	9.6	5.4	7.2
Ordinary income	778	1,738	1,308	980	1,096	1,775	877	507	661
Net income	537	1,162	741	678	754	1,217	655	257	484

P/L (FY2013 - FY2018)

(Million JPY)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Y/Y(%)
Revenue	10,989	12,036	15,828	22,967	34,603	37,674	+8.9
Y/Y (%)	72.3	9.5	31.5	45.1	50.7	8.9	—
Lifestyle Support	4,357	5,834	7,557	9,193	13,342	18,955	+42.1
Entertainment	6,632	6,169	7,914	12,559	19,259	16,168	-16.0
E-Commerce	0	32	356	1,214	2,001	2,550	+27.4
Cost of revenues	1,392	2,132	2,389	3,615	5,669	6,960	+22.8
Cost rate (%)	12.7	17.7	15.1	15.7	16.4	18.5	+2.1
Selling, G&A expenses	7,880	8,451	11,351	17,139	24,855	26,012	+4.7
Selling, G&A expense ratio (%)	71.7	70.2	71.7	74.6	71.8	69.0	-2.8
Total cost and G&A expenses	9,272	10,583	13,740	20,755	30,525	32,973	+8.0
Labor costs & recruitment expenses	2,083	2,638	2,798	3,250	3,807	4,754	+24.9
Promotional expenses	4,310	4,279	6,430	9,335	14,018	14,805	+5.6
Promotional expenses ratio (%)	39.2	35.6	40.6	40.6	40.5	39.3	-1.2
Lifestyle Support	2,673	3,422	4,578	5,109	7,547	10,385	+37.6
Entertainment	1,571	789	1,651	3,748	5,895	3,785	-35.8
E-Commerce	0	8	61	221	335	330	-1.5
Commissions, etc.	1,600	1,737	2,586	4,592	7,318	6,117	-16.4
Subcontractor expenses, server fees	528	826	785	1,035	1,198	2,277	+90.0
Office rental fees, utility expenses	337	420	433	728	879	1,080	+22.9
Other expenses	411	682	706	3,340	3,303	3,937	+23.8
Operating income	1,717	1,452	2,087	2,212	4,077	4,701	+15.3
Y/Y (%)	60.4	-15.4	43.8	6.0	84.3	15.3	—
Lifestyle Support	632	840	1,298	1,637	1,929	3,076	+59.5
Entertainment	1,866	1,409	1,770	2,297	3,820	3,587	-6.1
E-Commerce	0	-34	-115	-172	-178	-211	+18.7
Others	-781	-762	-865	-1,549	-1,493	-1,751	+17.3
Operating income margin	15.6	12.1	13.2	9.6	11.8	12.5	+0.7
Ordinary income	1,718	1,470	2,164	2,094	4,118	4,730	+14.9
Pre-tax income	1,688	1,364	2,091	1,858	3,854	4,732	+22.8
Net income	1,042	807	1,362	1,292	2,579	3,306	+28.2

B/S (FY2013 - FY2018)

(Million JPY)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Assets						
Current assets*	3,698	3,973	6,257	6,827	9,613	11,488
Cash and cash equivalents	1,944	2,217	3,097	3,505	5,004	5,984
Non-current assets*	942	1,531	1,399	2,759	3,527	5,214
Tangible assets	102	120	125	1,321	1,666	1,684
Intangible assets	410	355	460	622	507	2,070
Investments and other assets*	429	1,055	814	815	1,353	1,459
Total assets	4,641	5,504	7,656	9,586	13,140	16,702
Liabilities						
Current liabilities	1,136	1,305	3,648	4,127	5,202	4,464
Non-current liabilities	0	0	0	387	481	583
Total liabilities	1,136	1,305	3,648	4,514	5,683	5,047
Interest-bearing liabilities	0	0	1,700	1,166	632	186
Net assets						
Shareholder's equity	3,500	4,130	3,900	4,971	7,361	11,566
Treasury stock	0	0	-1,403	-1,222	-1,177	-481
Stock option	5	67	108	100	96	85
Total net assets	3,505	4,198	4,008	5,072	7,456	11,655
Total liabilities and net assets	4,641	5,504	7,656	9,586	13,140	16,702

* From FY2019, applied "Partial Amendments to the Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, Feb 16, 2018) causing category change from "Deferred Tax Assets" to "Investments and Other Assets". Above values are based on new standards causing differences from previous published materials

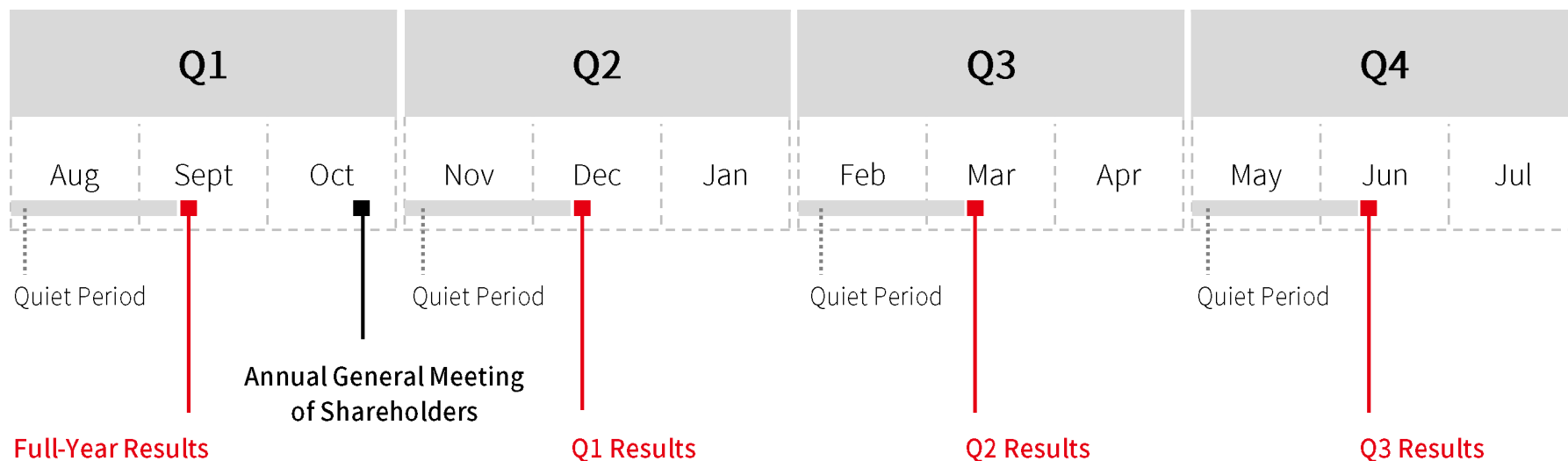
Others (FY2013- FY2018)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Number of shares issued (year-end)	19,195,000	19,349,200	19,405,600	19,450,000	19,469,800	19,738,200
Treasury stock (shares)	0	0	580,020	302,562	302,562	35,562
Average number of shares during the FY	18,933,262	19,255,641	19,310,191	18,846,317	18,904,872	19,401,921
EPS (JPY)	55.04	41.96	70.54	68.58	136.45	170.40
EPS Y/Y (%)	57.3	-23.8	45.6	-2.8	+99.0	+24.9
ROA (Ordinary income on total assets, %)	44.1	29.0	32.9	24.3	36.2	31.7
Net assets per share (JPY)	182.4	213.5	207.2	263.4	389.0	592.2
Dividend per share (JPY)	10.61	10.00	12.50	12.50	27.00	32.50
Interim dividend (JPY)	5.00	5.00	5.00	5.00	5.00	0.00
Total dividend amount (JPY)	203	192	238	239	517	640
Payout ratio (%)	19.3	23.8	17.7	18.2	19.8	19.1
Shareholder's equity ratio (%)	75.4	75.0	50.9	51.9	56.0	69.2
Equity ratio (%)	75.4	75.1	50.9	51.9	56.0	69.3
ROE (%)	37.9	21.2	33.9	29.1	41.8	34.9
ROIC (=①÷②, %)	30.3	20.8	21.0	25.1	34.1	27.9
① Net operating income after taxes	1,059	859	1,178	1,539	2,729	3,284
② Invested capital (=③+④)	3,500	4,130	5,600	6,137	7,993	11,755
③ Shareholder's equity	3,500	4,130	3,900	4,971	7,361	11,566
④ Short-term loans payable	0	0	1,700	1,166	632	186

* 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

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Yearly Schedule



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



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