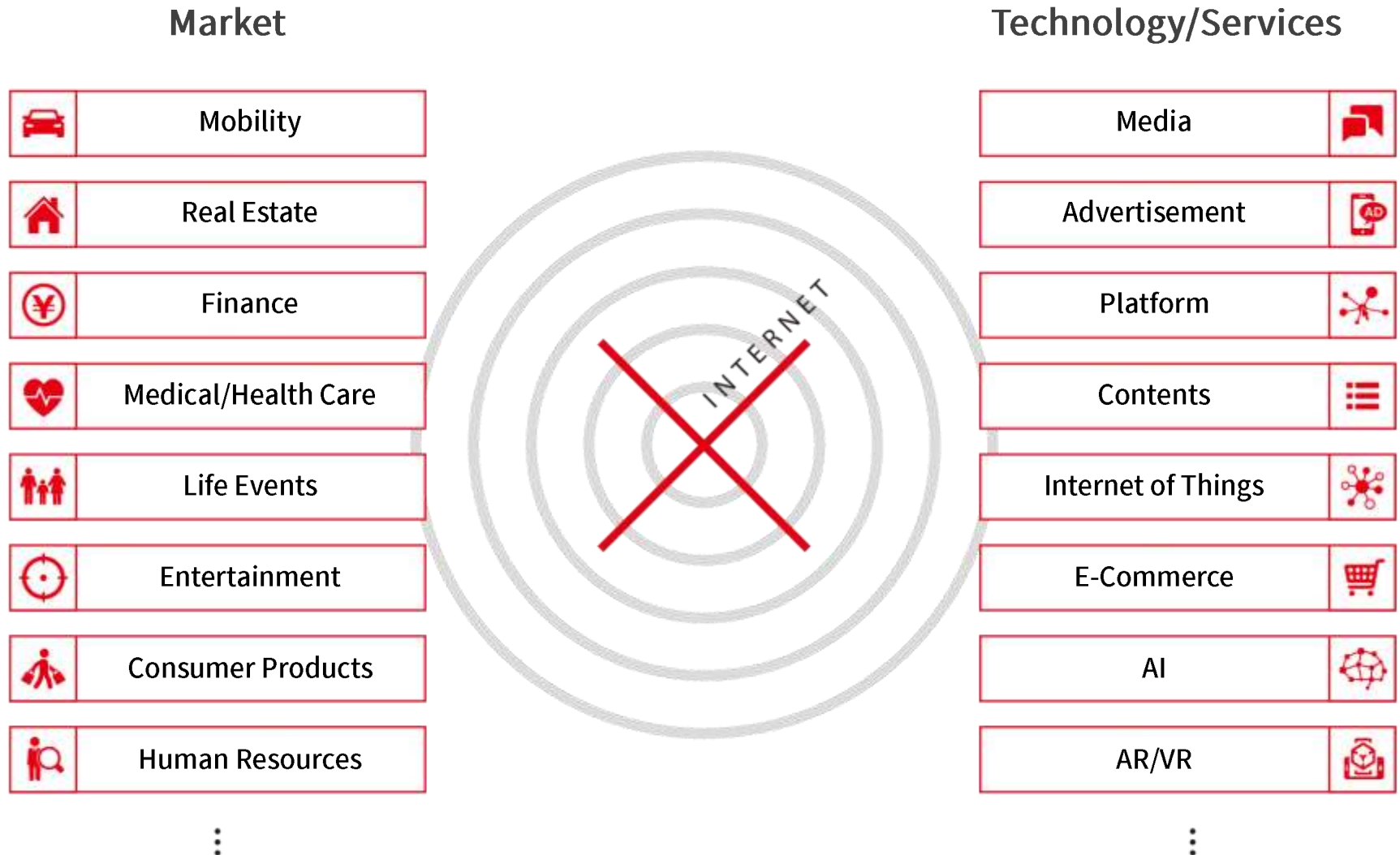


Ateam Inc.

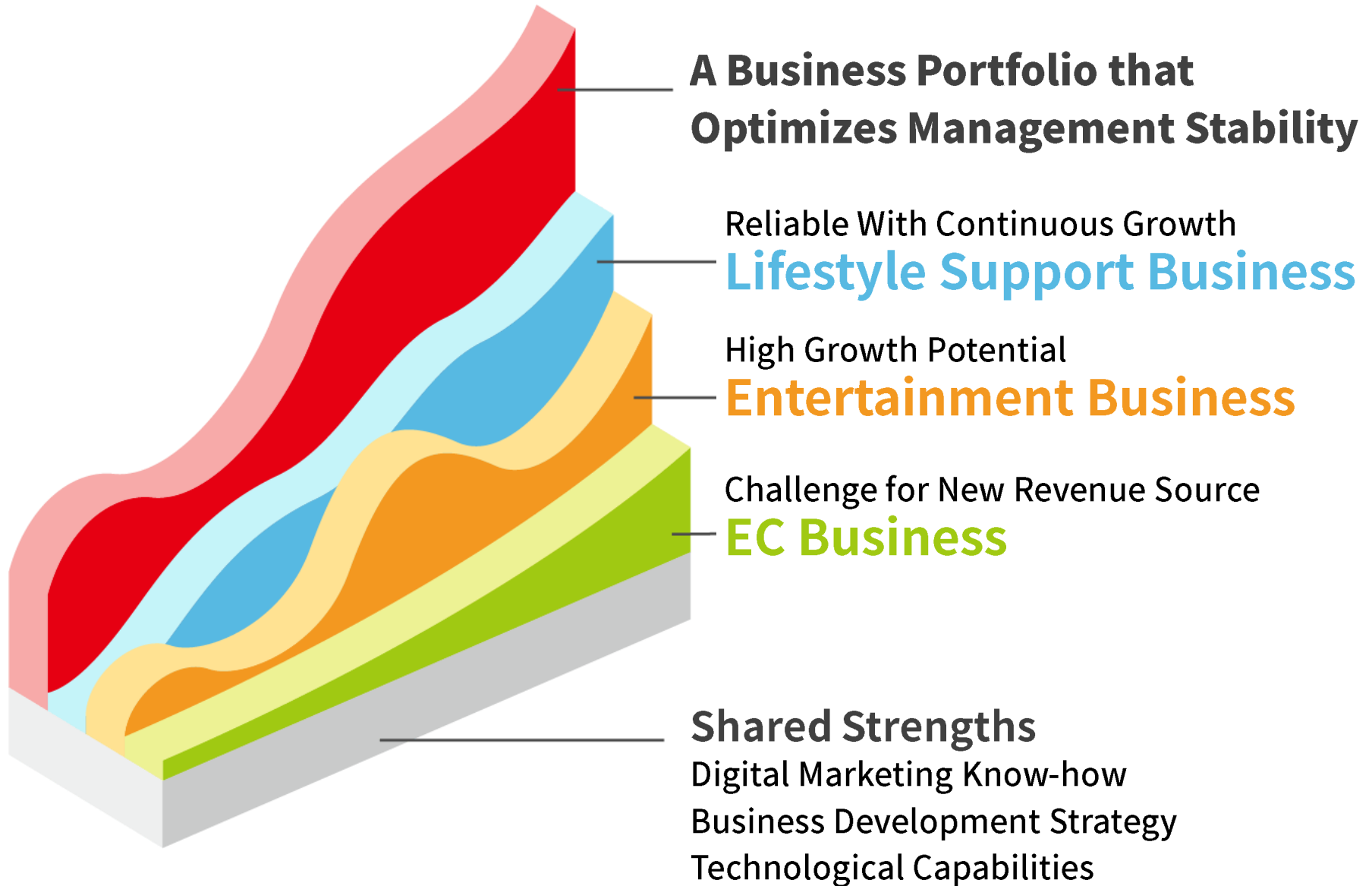
Business Report FY2019

September 13, 2019

Ateam is an IT Company that Develops Business Around the Internet



Management Strategy



Index

- 1. Medium- and Long-Term Policy**
- 2. FY2019 Financial Results**
- 3. FY2019 Q4 Business Details**
- 4. FY2020 Guidance**

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

1. Medium- and Long-Term Policy

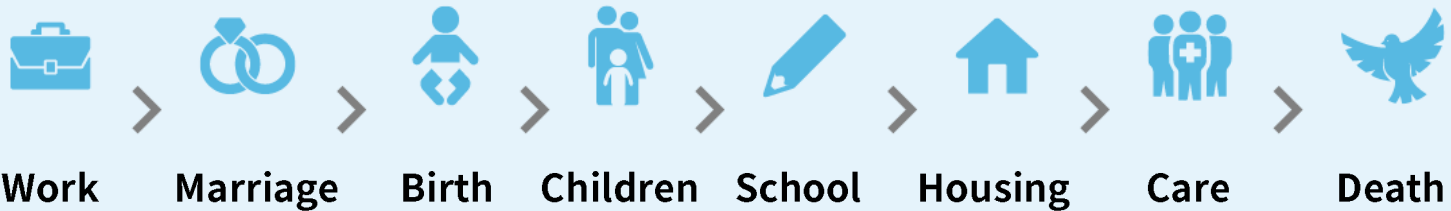
- 2. FY2019 Financial Results
- 3. FY2019 Q4 Business Details
- 4. FY2020 Guidance

Lifestyle Support Business

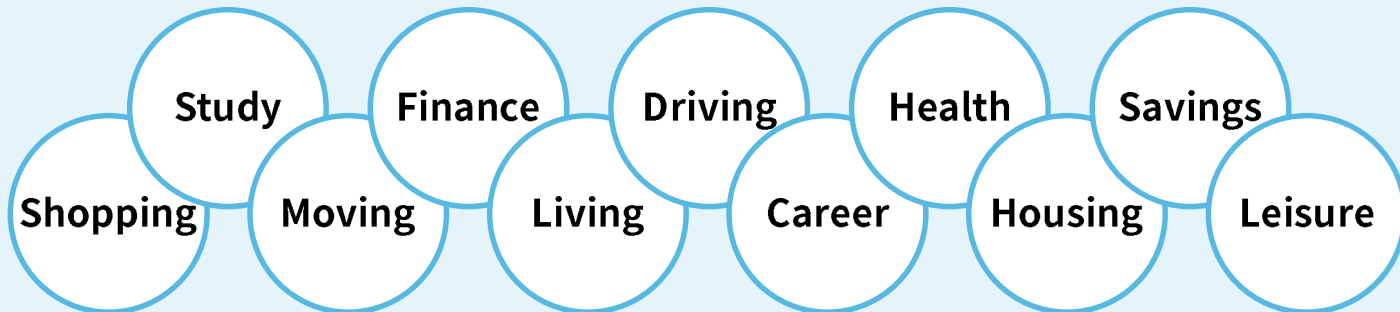
Market Environment

Target Market

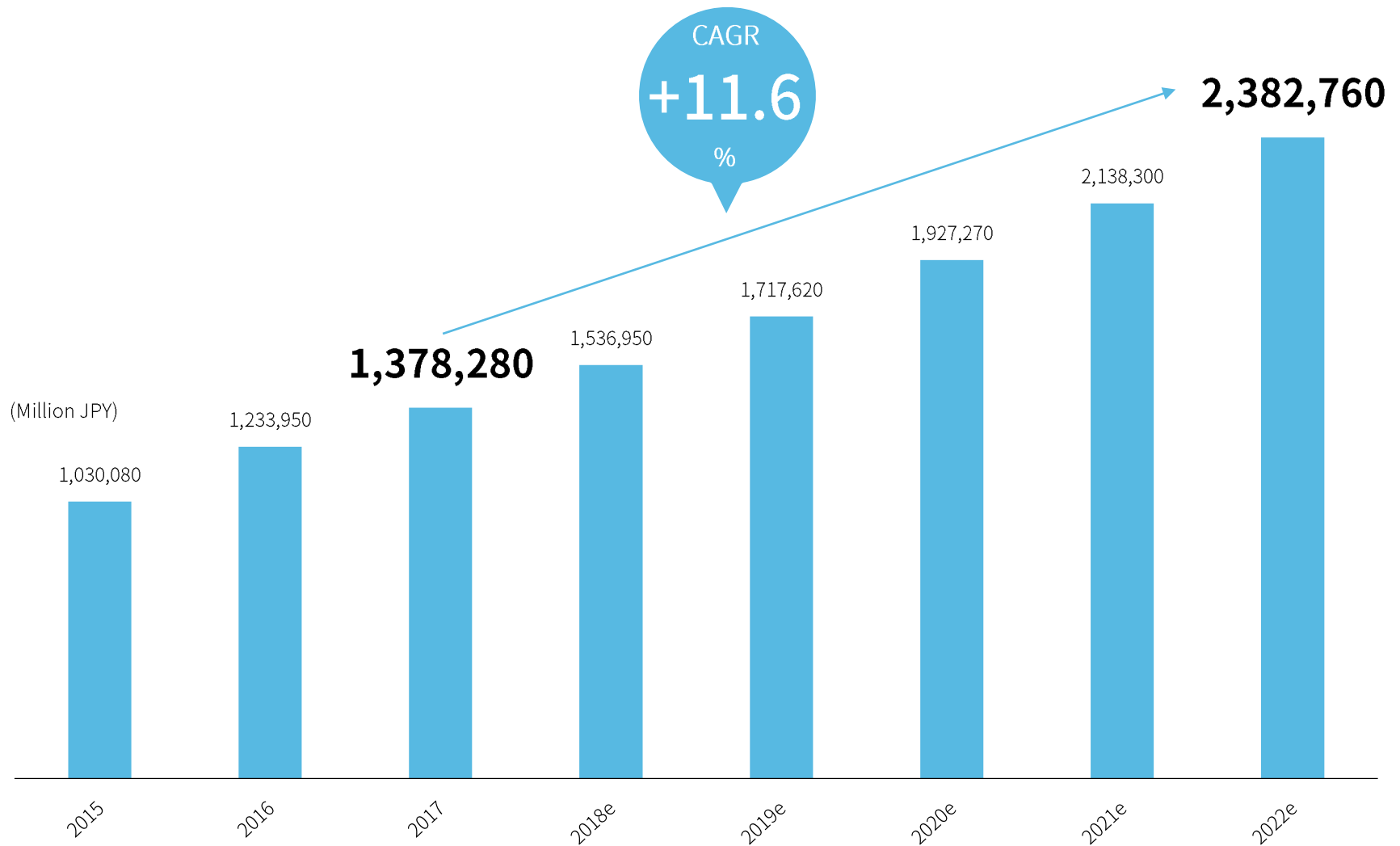
Life Events



Daily Events



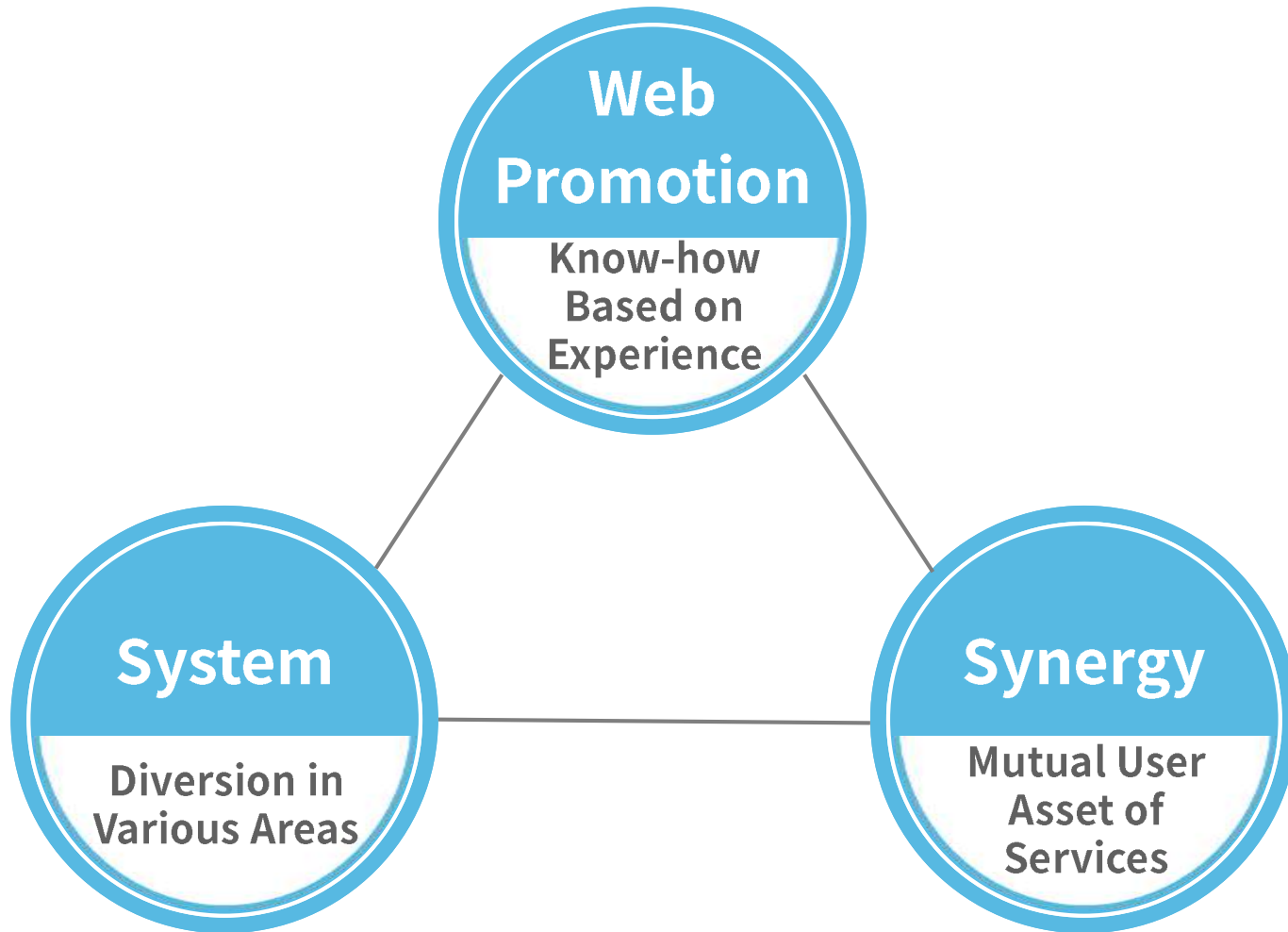
Japan Internet Advertising Market



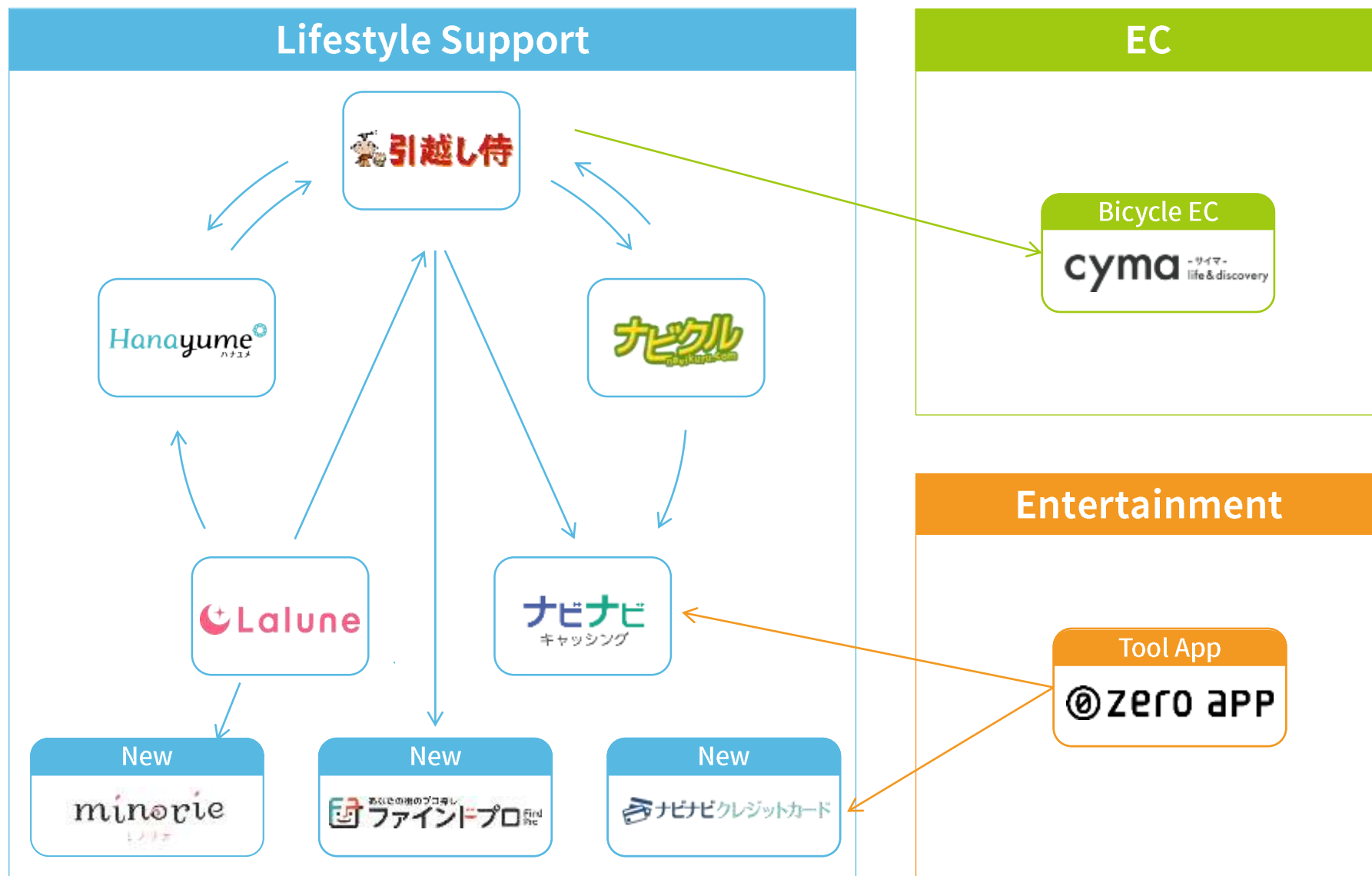
Source: Yano Research Institute, August 23, 2018 Press Release

Strengths of Existing Businesses

Strengths of Existing Businesses



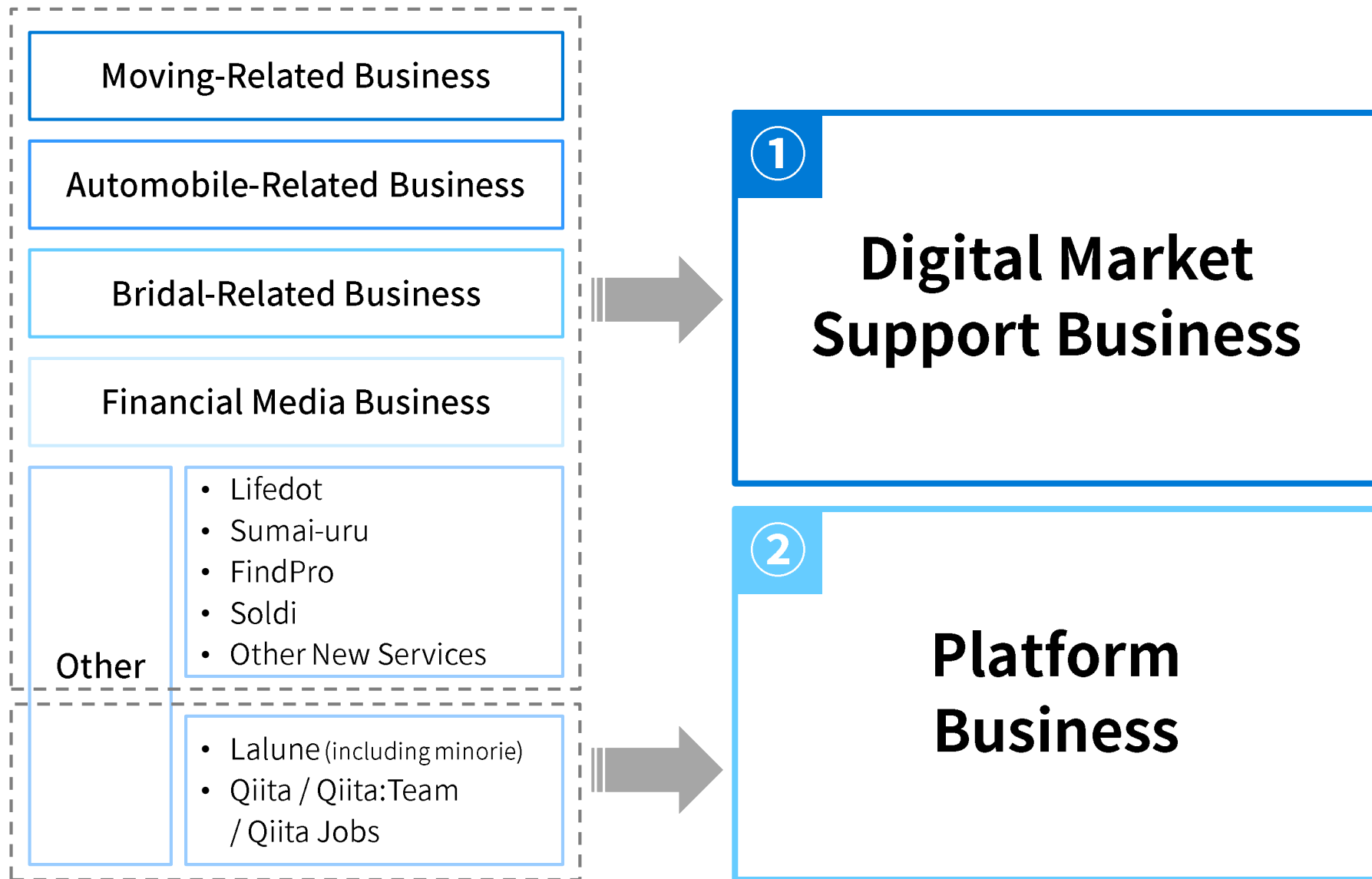
Synergy Via Mutual Users



Future Progression

2 Main Sub-Segments

Review of Sub-segments



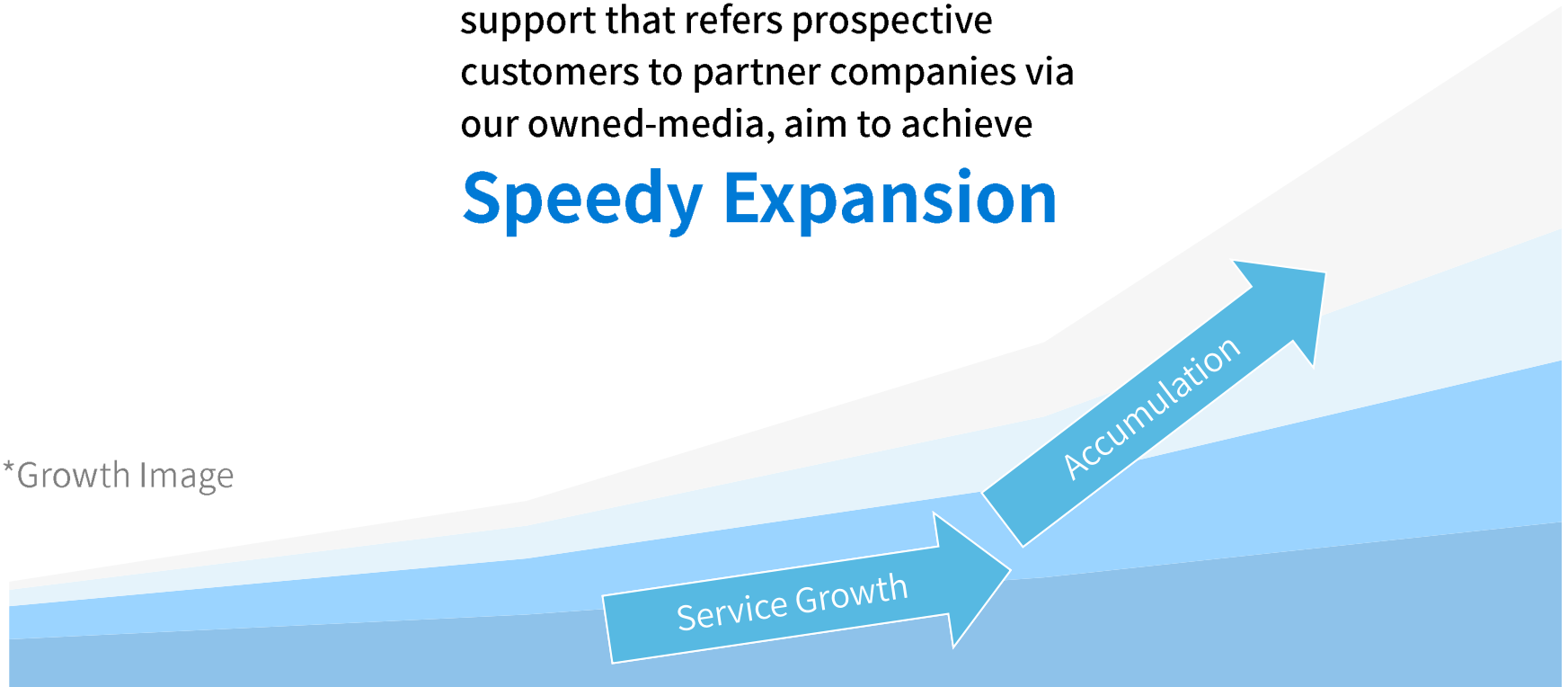
Digital Marketing Support Business

While Focusing on Life Events From Cradle to Grave, Aim to Promote Digital Marketing Support That Advances Industry Development

Centering on digital marketing support that refers prospective customers to partner companies via our owned-media, aim to achieve

Speedy Expansion

*Growth Image



Platform Business

**Aim to Increase Users While Accumulating Data by Expanding Services
in the Healthcare Industry and the Engineering Industry**

Providing a “place” where information is gathered
to enhance the original value of user data and

Building Market Advantage

Women's Healthcare Service



 **Lalune**

Engineering Service



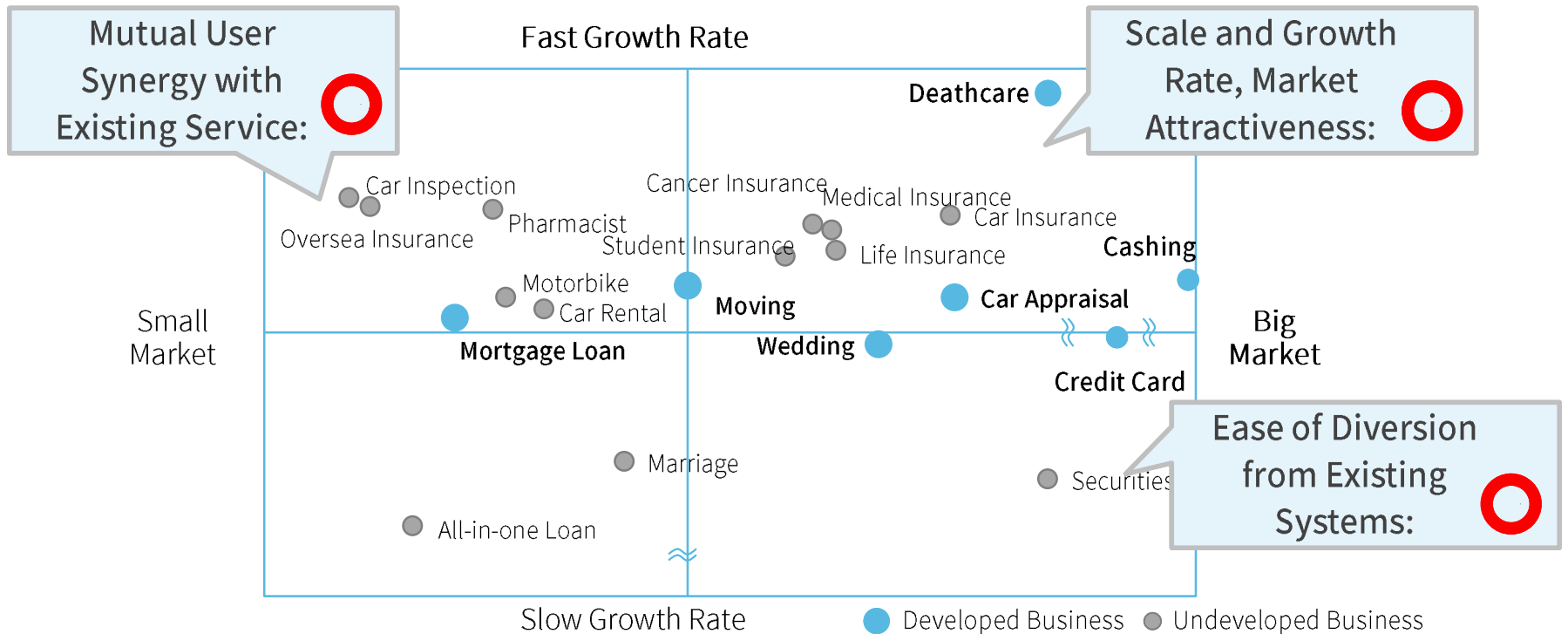
 **Qiita**

Digital Market Support Business Development

Business Development Strategy

Market x Growth

Know-how

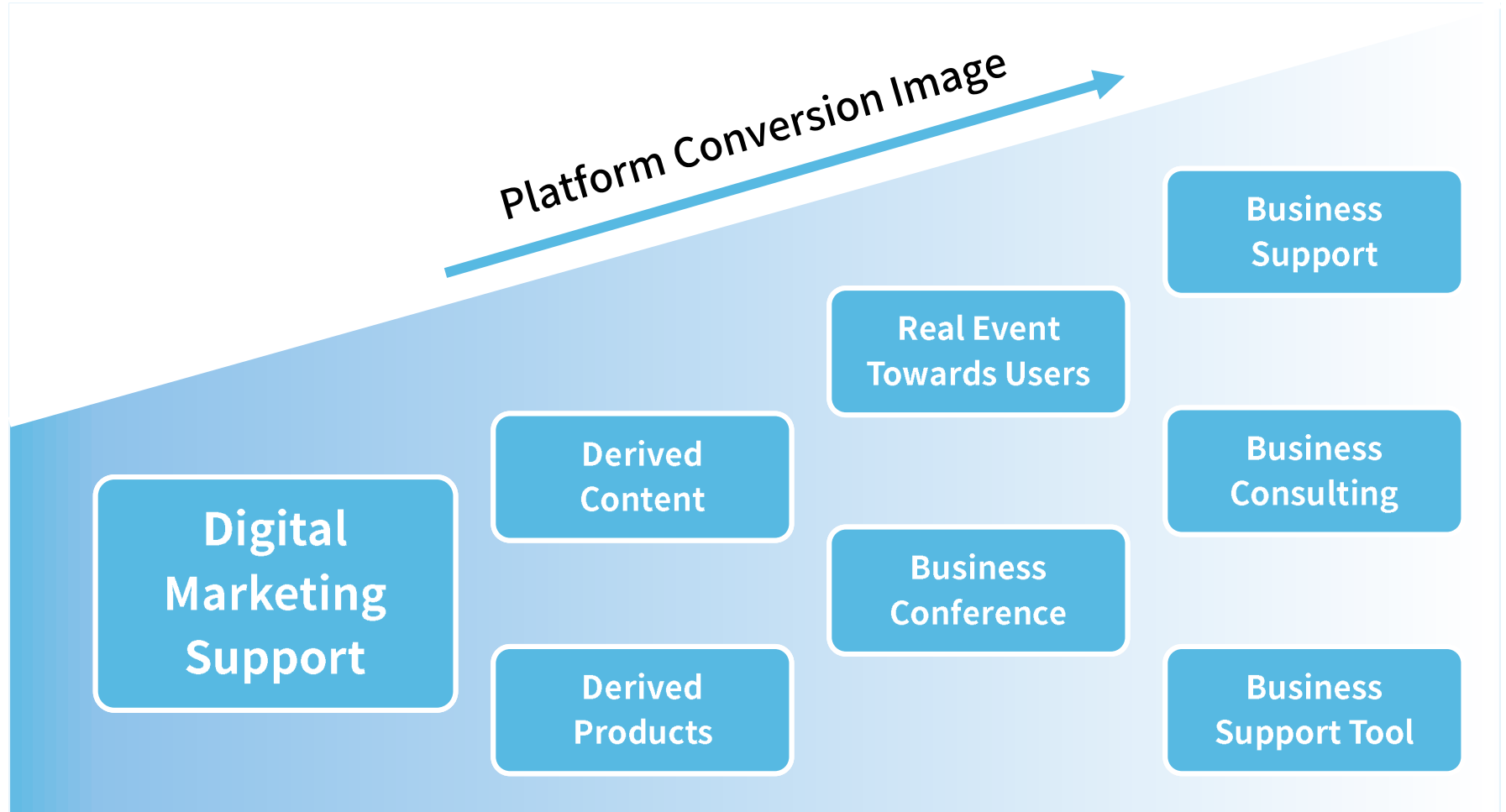


User Synergy

System Synergy

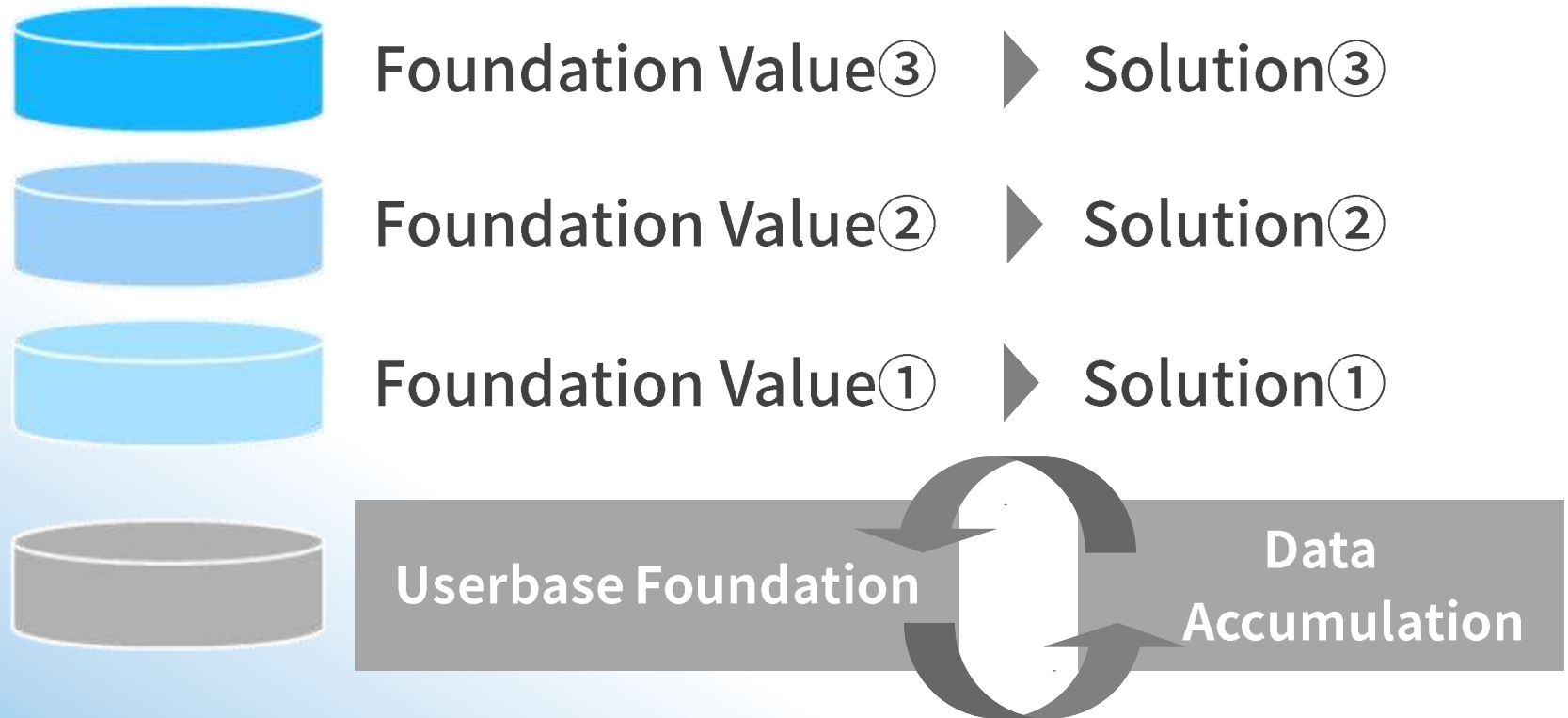
Platform Conversion

■ Going Beyond Digital Marketing Support, Aim for Platform Conversion



Platform Business Development

Platform Business Development



Value Increase Cycle



Product



EC



Premium Service



Membership



Marketing Support



Ads/Surveys



MAU **130** Million
users



Period Tracker
Consultation

Value Increase Cycle



Utilize Database



HR Support



Knowledge Sharing



Tool



Marketing Support



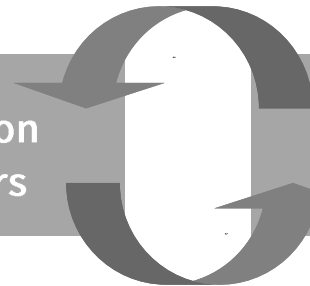
Advertisement



Monthly
UU

679

Million
users



Knowledge/
Article Sharing

Value Increase Cycle

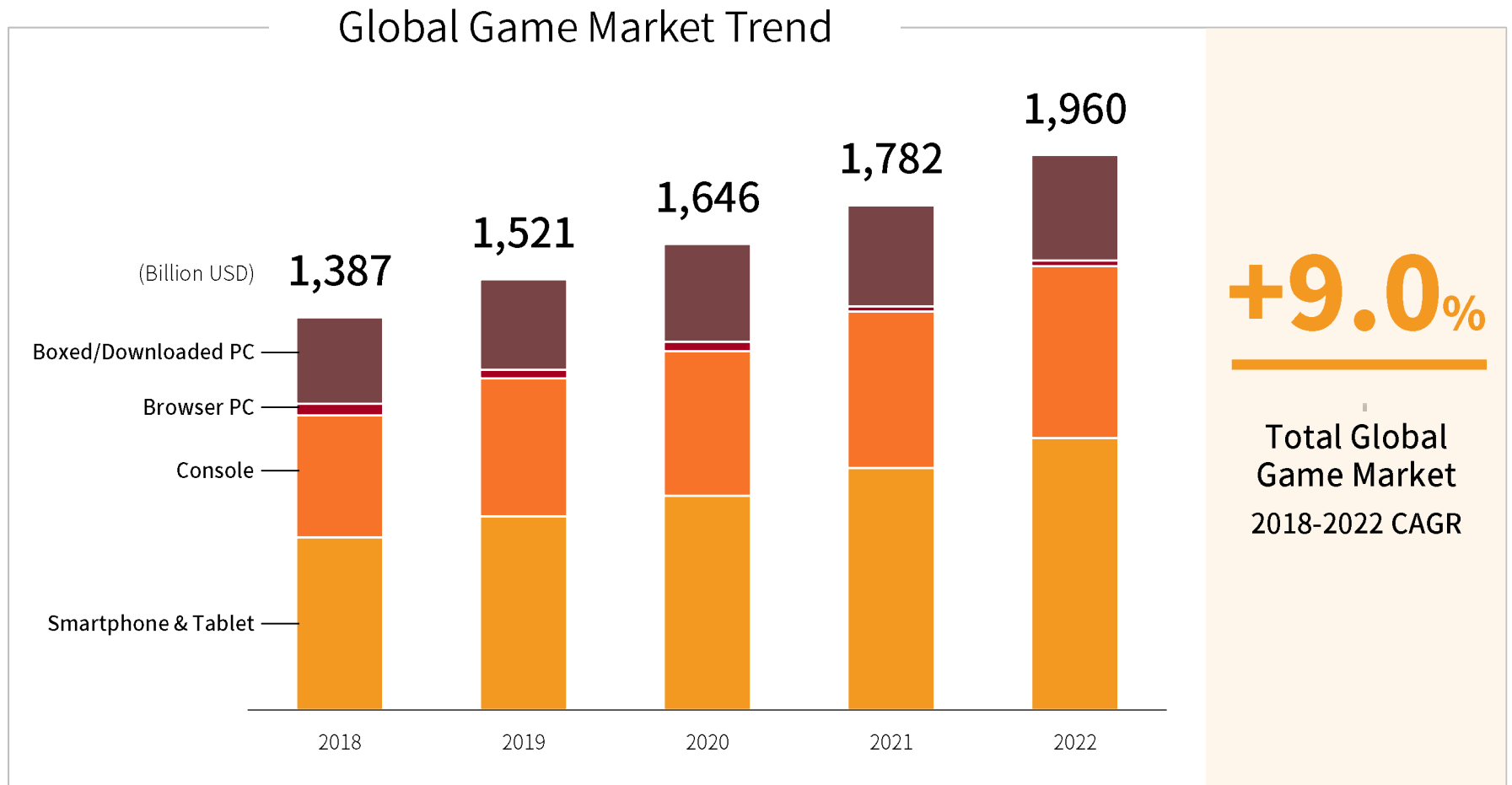
Entertainment Business

Change of Policy

Market Environment

Global Game Market

■ The Global Game Market is Expected to Continue to Expand

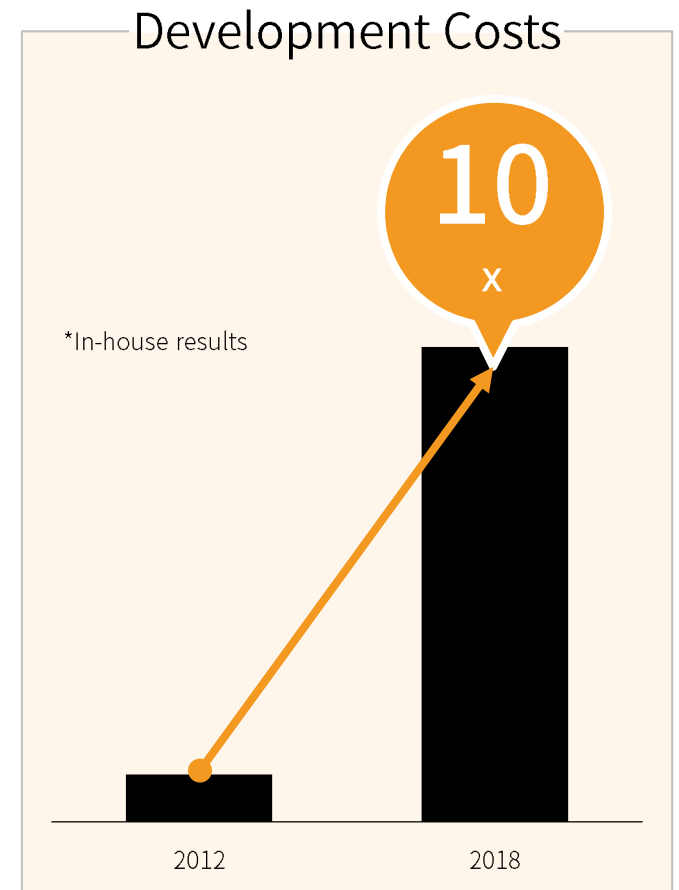
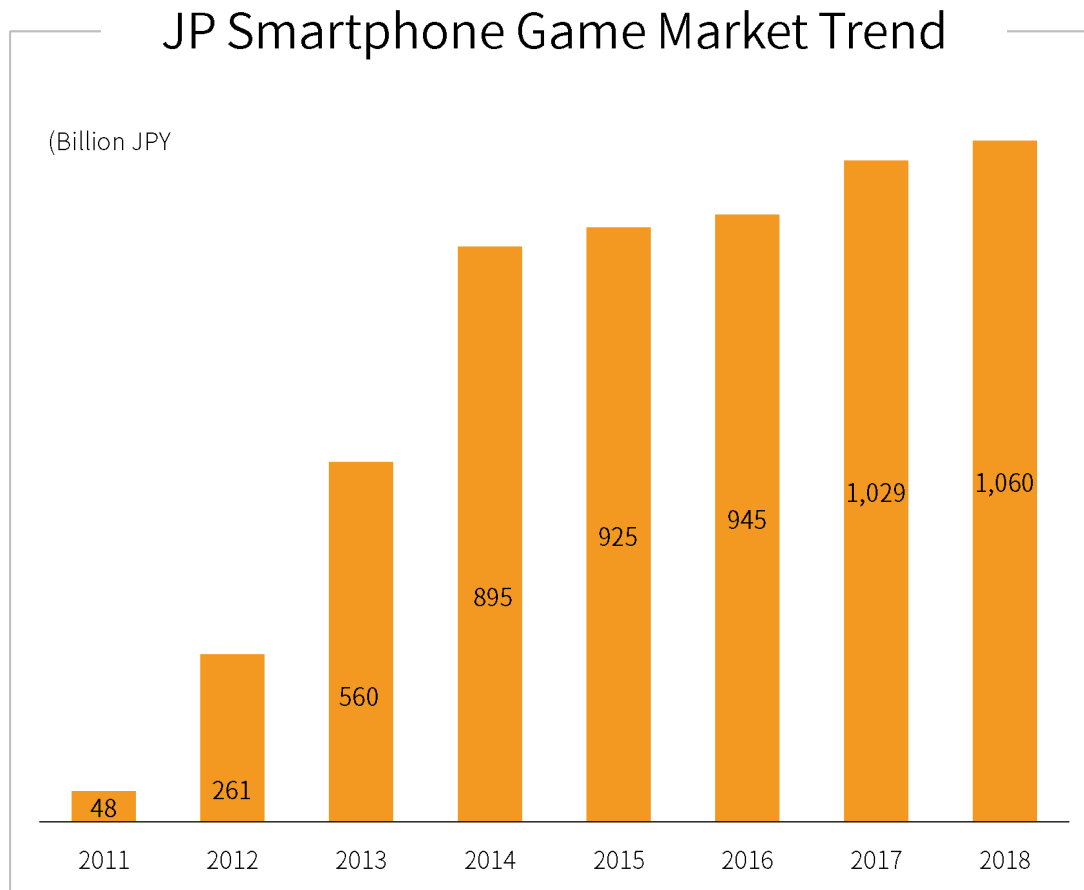


Source: Newzoo, 2019 Global Games Market Report, as of Jun 18, 2019

Behind the Policy Change

Japanese Smartphone Game Market

■ JP Smartphone Game Market Slowed, But Development Costs Increased



Source: Yano Research Institute Survey on Smartphone Game Market (2015 & 2018)

Reason For Policy Change

Collaboration/Alliance with IP Holders



Realized Technical Advancements Due to Experience of Multiple Global Releases



Relations with Several IP Holders Through Event Collaboration and Alliances

Know-how for Efficient Global Development



System and Know-how to Operate Several Games Directly Towards the Global Market



Enrich Quality Management By Establishing an Internal Global Team



Structure to Localize at Low Cost Along with Actual Results



Partnership with Major Media in Multiple Regions for Global Promotion



Multilingual CS Organization and Community Management Skills

Multi-Device Environment and Experience



**Advanced Technological Skills Based on
Ample Experience with Smartphone Apps**



**Content Production Experience For Home
Game Consoles such as WiiWare**



**Extensive Human Resources such as
Experience in Consumer Game Production**



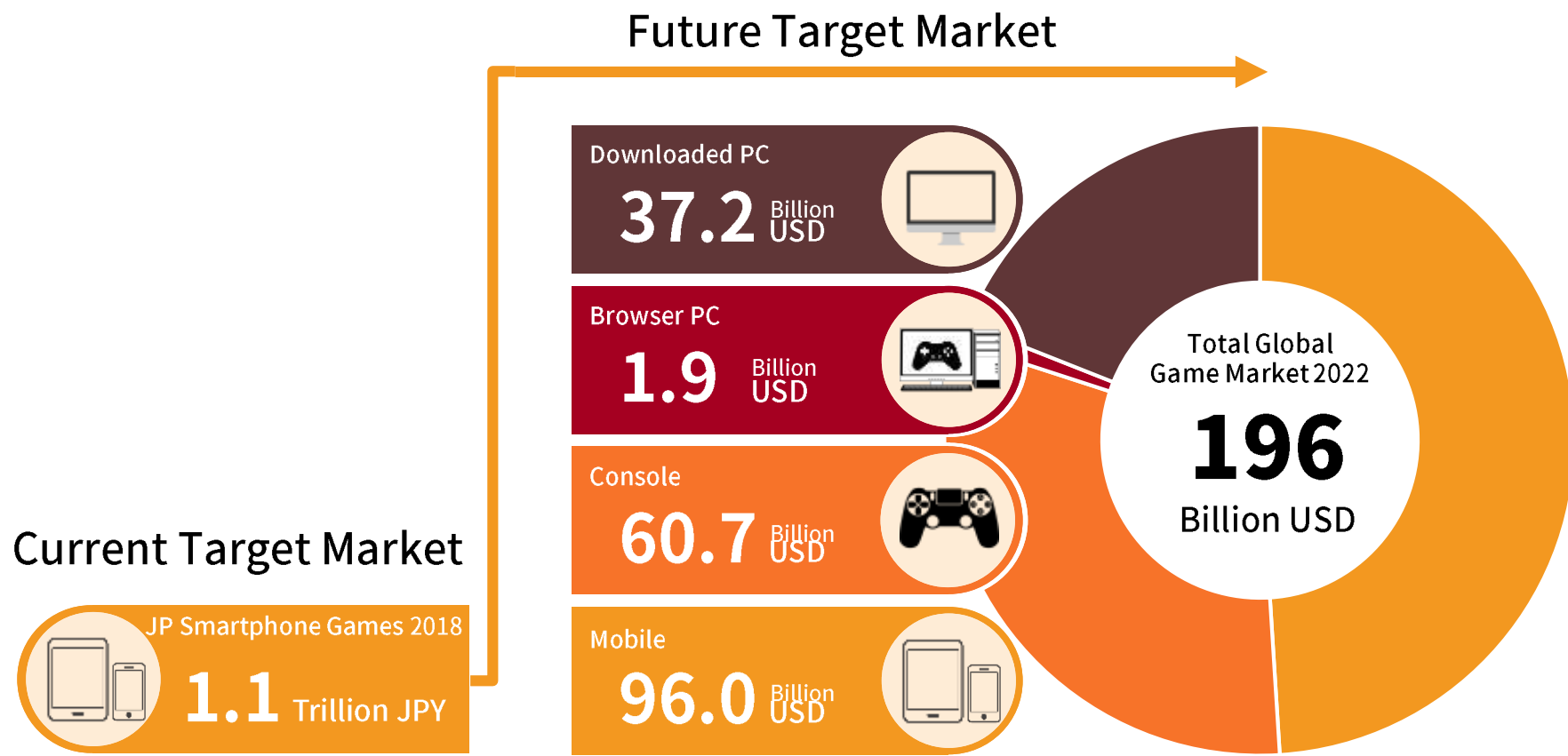
**Smooth Transaction to PC and Home Game
Console Via Smartphone Game Engines**

Future Progression

Policy

Break Away from Smartphone Games! Global Aim with Multi-Device

“IP” × “Global” × “Multi-Device”



Source: Newzoo, 2019 Global Games Market Report, as of Jun 18, 2019

Pipeline Developments

“IP” × “Global Multilingual Development”

Casual App

1

Developing

FY2020 Release



Mobile

Multi-Device

1

Developing

FY2021~ Release



Mobile



Console



DL PC



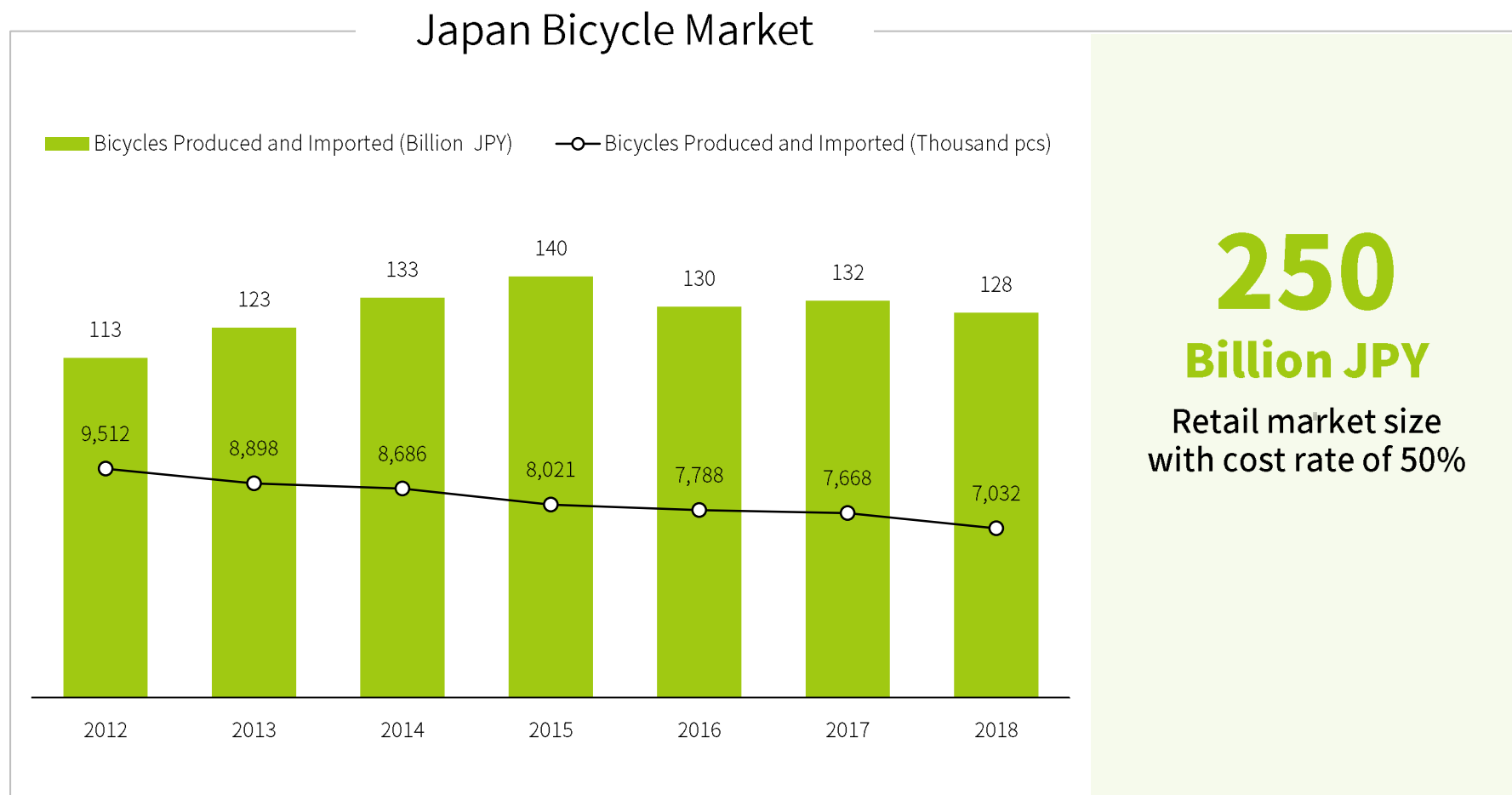
PC

E-Commerce Business

Market Environment

Bicycle Market

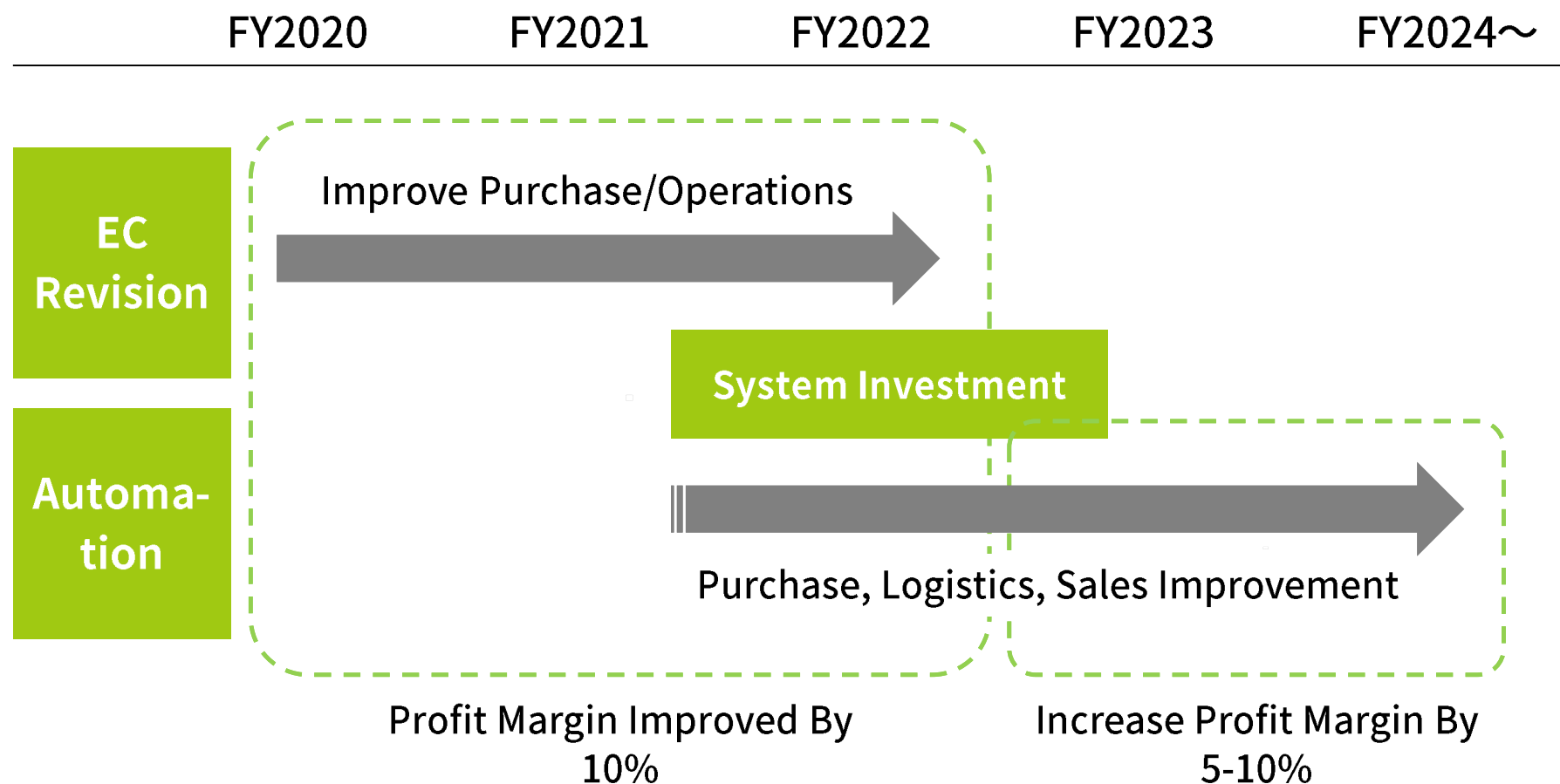
■ Although Volume Will Decline For Japanese Bicycle Market, Sales Will Stay Flat



Source: Japan Bicycle Promotion Institute, Bicycle Production Dynamics, Import & Export 2018

Initiatives for Medium- to Long-Term Growth

- Not Only Limited to Improvements of EC, Will Also Undergo System Investment Planned to Promote Automation



Improvement Upon Organizational Change

■ Drastic Change in June of Manager and Organization for Business Regrowth

cyma -サイマ-
life&discovery



Inventory

44.9%

Decrease

Optimize inventory to
improve operational
efficiency

3-Month Old Stock

41.5%

Decrease

Reduce accumulated
inventory to improve
operating rate of warehouse

Turnover

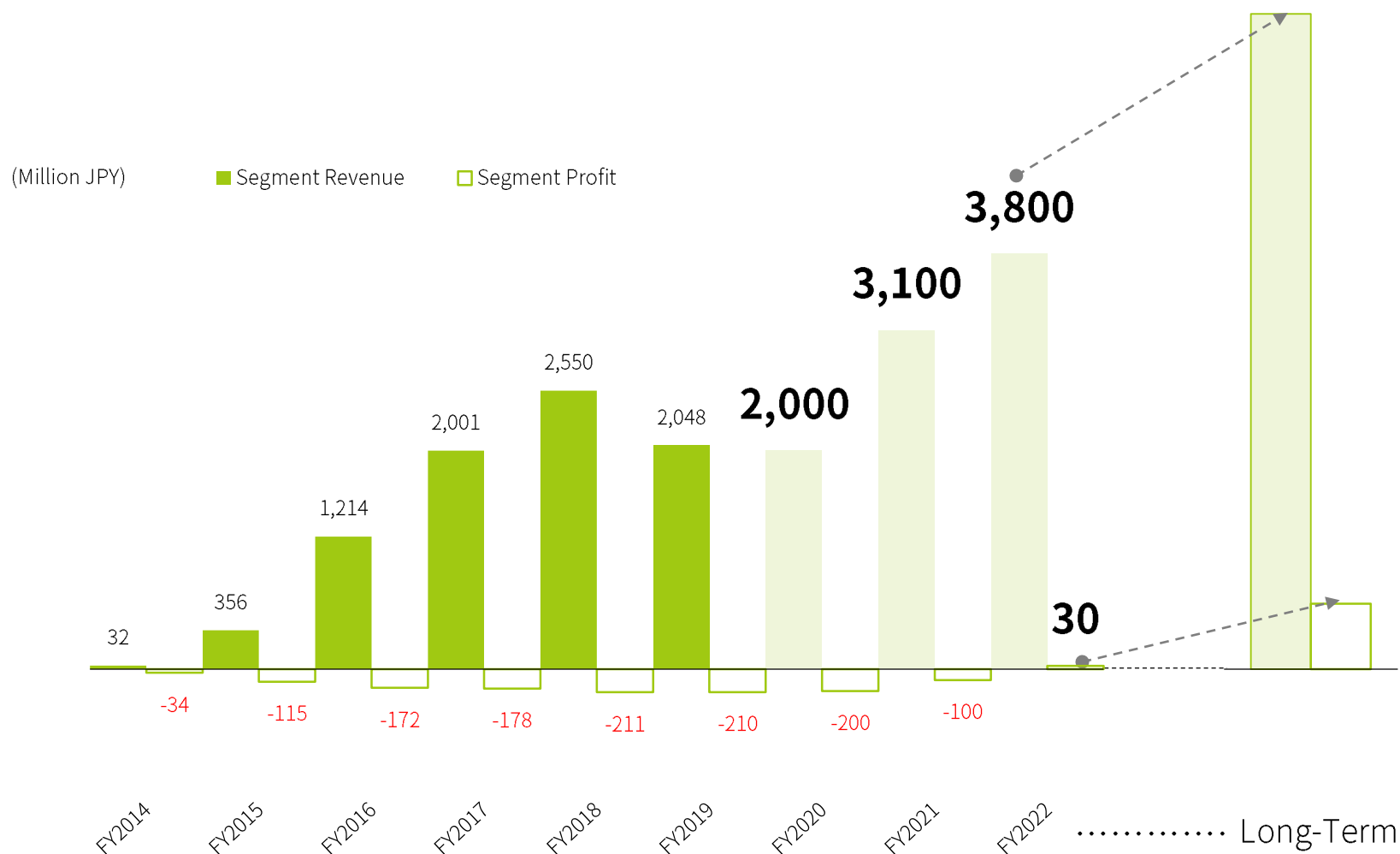
20.0%

Increase

Due to improving inventory and
operating rate, inventory turnover
rate has increased greatly

Medium- to Long-Term Growth

■ Upon Profitability in FY2020, Accelerate Growth and Improve Profitability



Pursuing the Possibilities of IT



2. FY2019 Financial Results

- 3. FY2019 Q4 Business Details
- 4. FY2020 Guidance

FY2019 Financial Summary (Aug 2018-July 2019)

Overall

Revenue Flat While Income Down Y/Y

- Revenue: 37,151 million JPY (Y/Y 98.6%)
- Operating income: 2,811 million JPY (Y/Y 59.8%)
- Net income: 1,473 million JPY (Y/Y 44.6%)

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

Lifestyle Support

Revenue and Profit Increase Y/Y, Record High

- Revenue: 22,525 million JPY (Y/Y 118.8%)
- Profit: 3,137 million JPY (Y/Y 102.0%)

% of Revenue

60.6%

All Sub-Segments Continuing to Trend Well, Maintain High Growth Potential

Ent.

Revenue and Profit Down Y/Y

- Revenue: 12,577 million JPY (Y/Y 77.8%)
- Profit: 1,532 million JPY (Y/Y 42.7%)

% of Revenue

33.9%

Existing Continue Downtrend, New Collab Not Yet Ascending

EC

Revenue Down Y/Y

- Revenue: 2,048 million JPY (Y/Y 80.3%)
- Profit: -210 million JPY (Y/Y —)

% of Revenue

5.5%

Decreased Due to Prioritizing System Development for Optimization

FY2019 Review

Overall

A Year of Steady Seeding After Structural Change

- Lifestyle Support Business Exceeded Both Entertainment in Terms of Revenue and Profit for the Full-Year, Strengthening the Foundation as an Overall IT Company

Lifestyle Support

Record High Revenue & Profit Achieved! Existing Trending Well While Several New Services Were Released

- Existing main services continued to grow year on year despite a fluctuation in growth rate
- A year in which multiple new services were officially launched in anticipation of reliable growth

Ent.

Unable to Resist Domestic Mobile Game Industry Downtrend, Resulting in Struggling Growth

- Existing continues to trend downward. Newly released collab unable to meet expectations
- Implemented policy change and seeding of new pipeline to create new catalyst

EC

From Reorganization of Structure and Issues, Continued on to Focus on Optimizing Operations

- Although revenue decreased year on year, issues and future approach has been clarified
- Upon structural change, achieved single-month profit along with significant inventory turnover

FY2019 Q4 Financial Summary (May 2019 - Jul 2019)

Overall

Revenue Flat Y/Y & Q/Q, OP Down But Net Slightly Up Q/Q

- Revenue: 9,123 million JPY (Y/Y 97.7%, Q/Q 96.0%)
- Operating income: 636 million JPY (Y/Y 71.3%, Q/Q 63.7%)
- Net income: 373 million JPY (Y/Y 57.0%, Q/Q 104.2%)

Lifestyle Support

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

- Revenue: 6,147 million JPY (Y/Y 120.4%, Q/Q 102.2%)
- Profit: 786 million JPY (Y/Y 103.1%, Q/Q 73.8%)

Record High Revenue Achieved, Profit Up Y/Y Despite Upfront Investment

% of Revenue

67.4%

Ent.

Both Revenue and Profit Down Y/Y & Q/Q

- Revenue: 2,462 million JPY (Y/Y 67.3%, Q/Q 85.9%)
- Profit: 274 million JPY (Y/Y 43.0%, Q/Q 73.7%)

Down Due to Downtrend of Existing Along with Limited Contribution of New

% of Revenue

27.0%

EC

Revenue Down Both Y/Y & Q/Q

- Revenue: 512 million JPY (Y/Y 89.8%, Q/Q 82.1%)
- Profit: -44 million JPY (Y/Y —, Q/Q —)

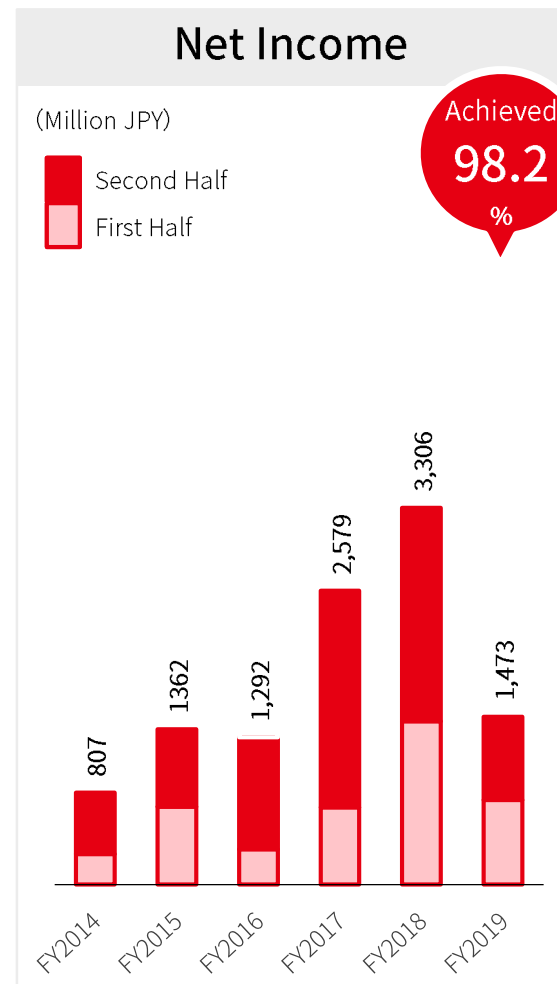
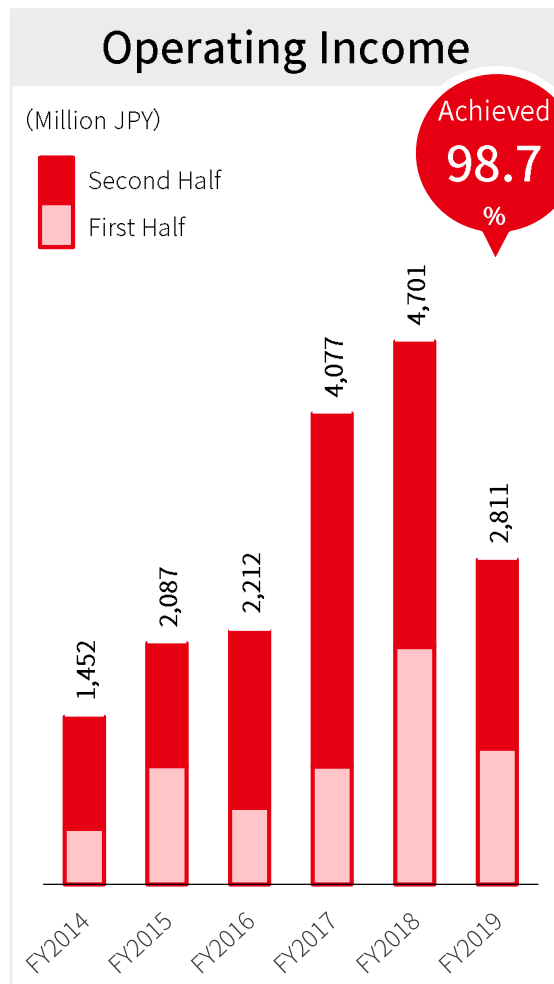
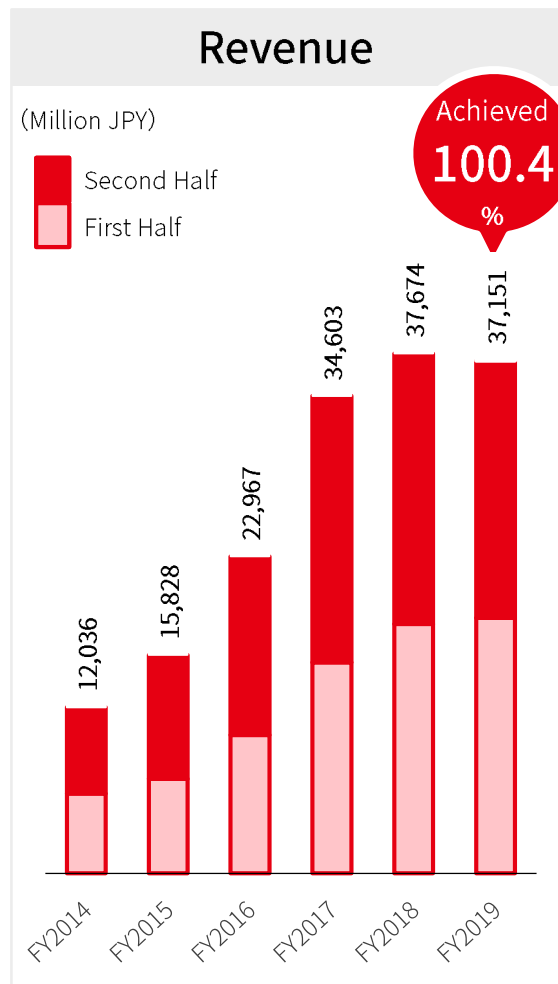
Optimization Causing Y/Y Drop, Recoil from Busy Season Cause Q/Q Decrease

% of Revenue

5.6%

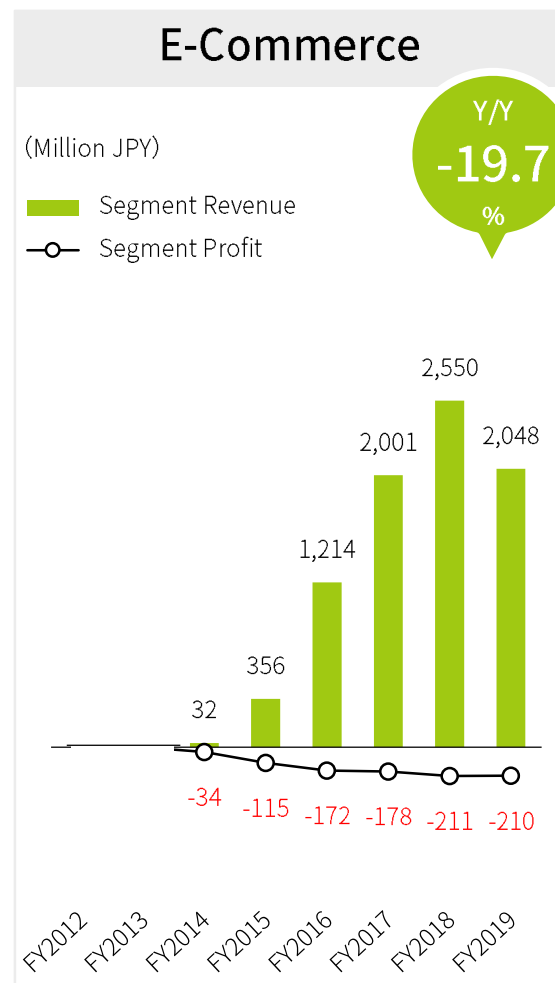
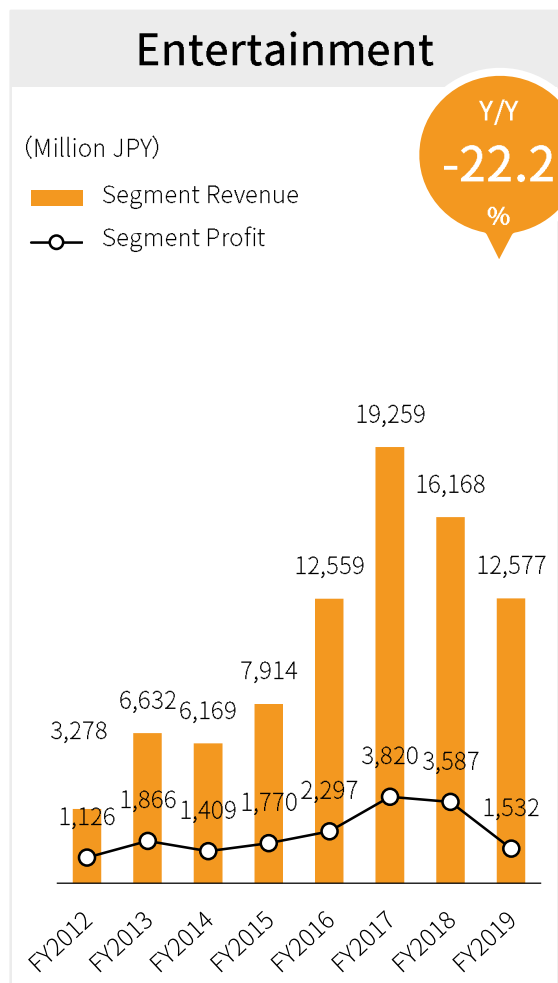
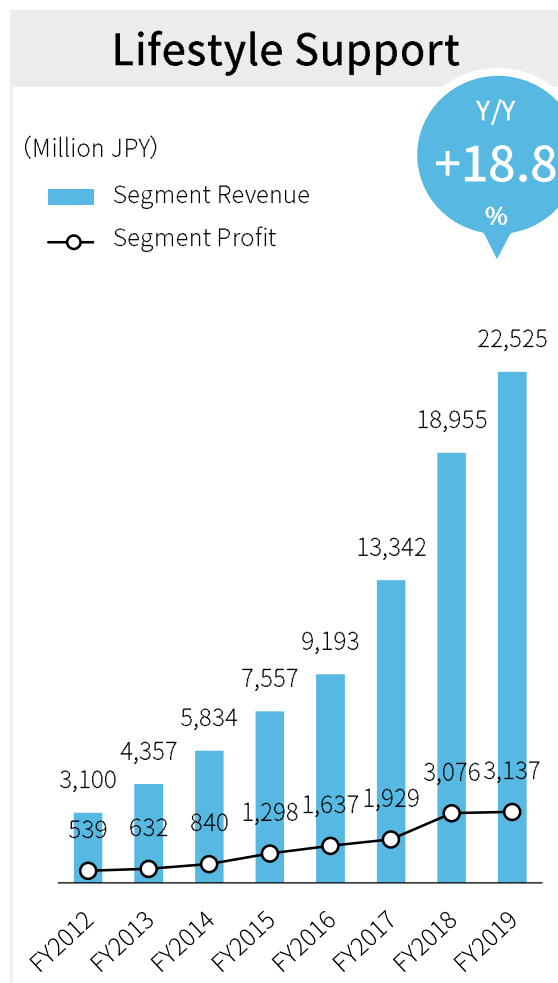
FY2019 Financial Results vs. Forecasts

■ Roughly In-Line With Forecasts



FY2019 Full Year Financial Results by Segment

■ Lifestyle Support Business Leads Growth



FY2019 Full-Year and Q4 Three-Month Results

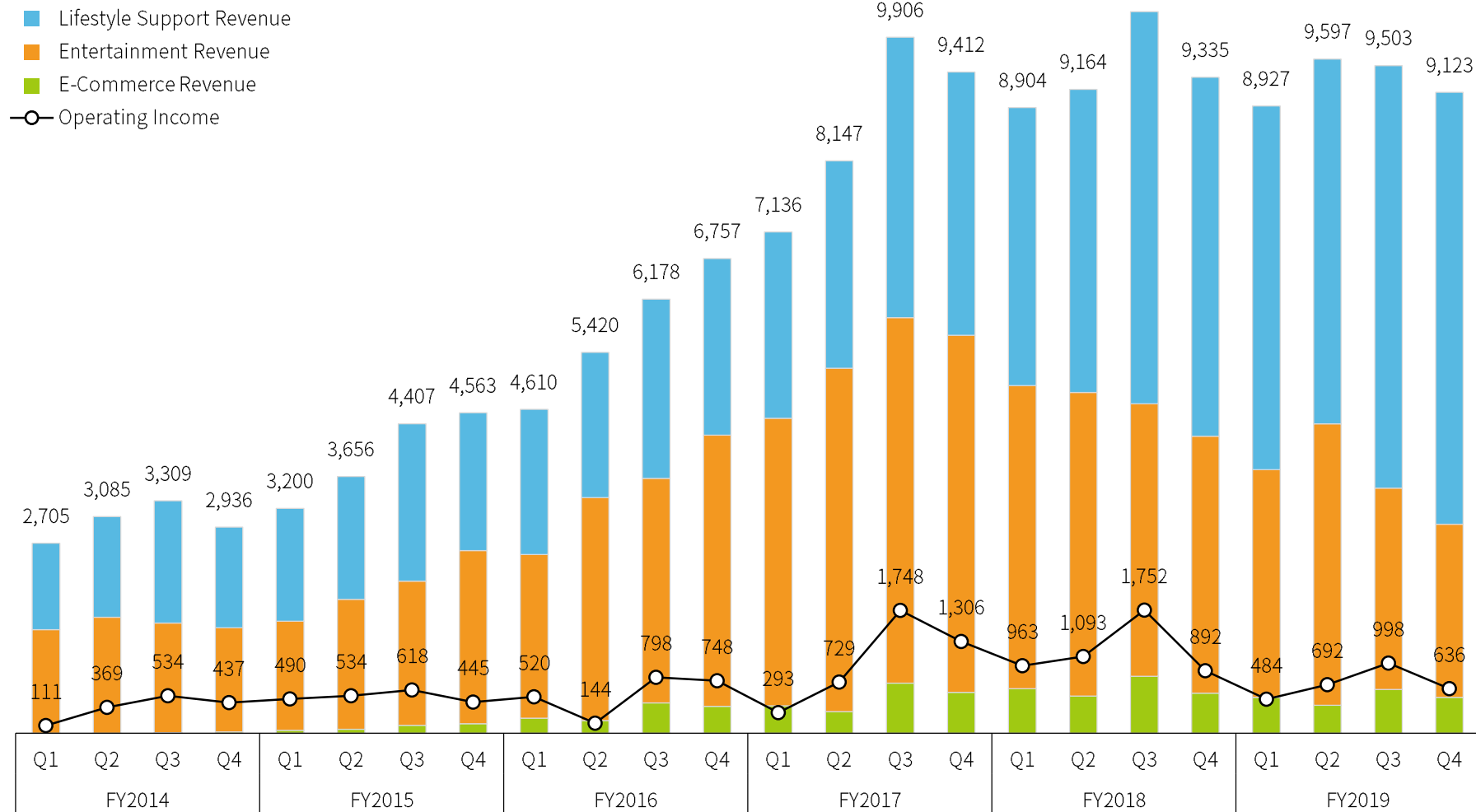
(Million JPY)

FY2019 <u>Full-Year Results</u> (Aug 2018 – July 2019)				
	FY2019		FY2018	
		%		Y/Y
Revenue	37,151	100.0%	37,674	98.6%
Operating income	2,811	7.6%	4,701	59.8%
Ordinary income	2,809	7.6%	4,730	59.4%
Net income	1,473	4.0%	3,306	44.6%

FY2019 <u>Q4 Three-Month Results</u> (May 2019 – July 2019)						
	FY2019 Q4		FY2018 Q4		FY2019 Q3	
		%		Y/Y		Q/Q
Revenue	9,123	100.0%	9,335	97.7%	9,503	96.0%
Operating income	636	7.0%	892	71.3%	998	63.7%
Ordinary income	632	6.9%	877	72.0%	1,008	62.7%
Net income	373	4.1%	655	57.0%	358	104.2%

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)

	FY16		FY2017			FY2018				FY2019			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	6,757	7,136	8,147	9,906	9,412	8,904	9,164	10,269	9,335	8,927	9,597	9,503	9,123
Operating income	748	293	729	1,748	1,306	963	1,093	1,752	892	484	692	998	636
Promotional expenses	2,758	3,432	3,551	3,623	3,410	3,600	3,866	3,730	3,609	3,931	3,980	3,726	3,410
Labor costs, recruitment expenses	884	872	935	931	1,066	1,025	1,089	1,195	1,443	1,435	1,463	1,529	1,604
Commission fees, etc.	1,401	1,468	1,779	2,051	2,108	1,588	1,572	1,561	1,395	1,304	1,592	1,289	1,201
Subcontractor expense, server fees	235	254	297	315	331	532	518	620	605	605	646	661	660
Office rental fees, utility expenses	177	178	218	238	243	249	251	288	291	292	293	296	296
Employees (people)	583	605	627	710	718	723	788	898	955	989	1,024	1,115	1,115

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

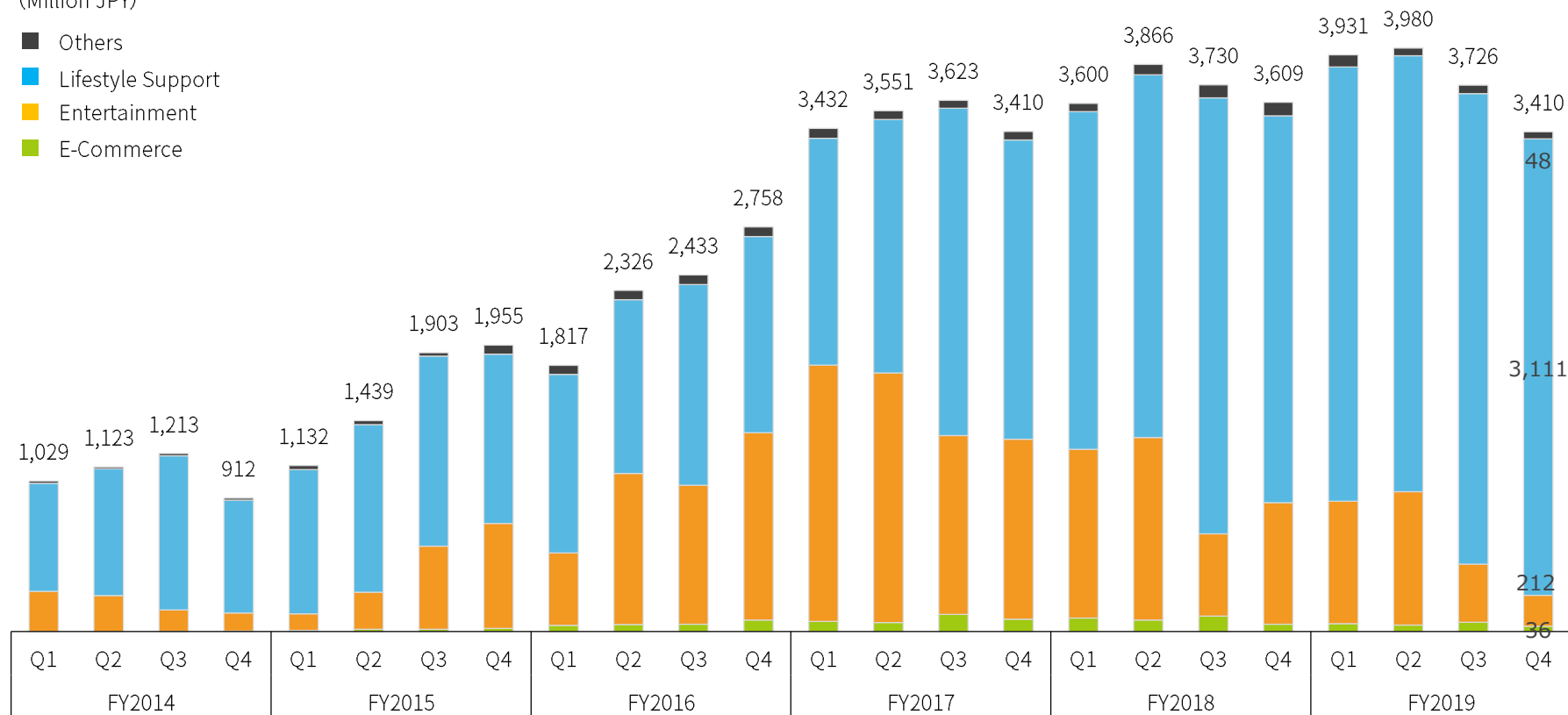
* The number of part-time employees is calculated in FTE (Full-Time Equivalent)

Quarterly Promotional Expense Trends

- Lifestyle Support Strengthened Both Existing and New Service Promotions
- Entertainment Continued to Suppress Costs to Focus on Efficient Operation

(Million JPY)

■ Others
■ Lifestyle Support
■ Entertainment
■ E-Commerce

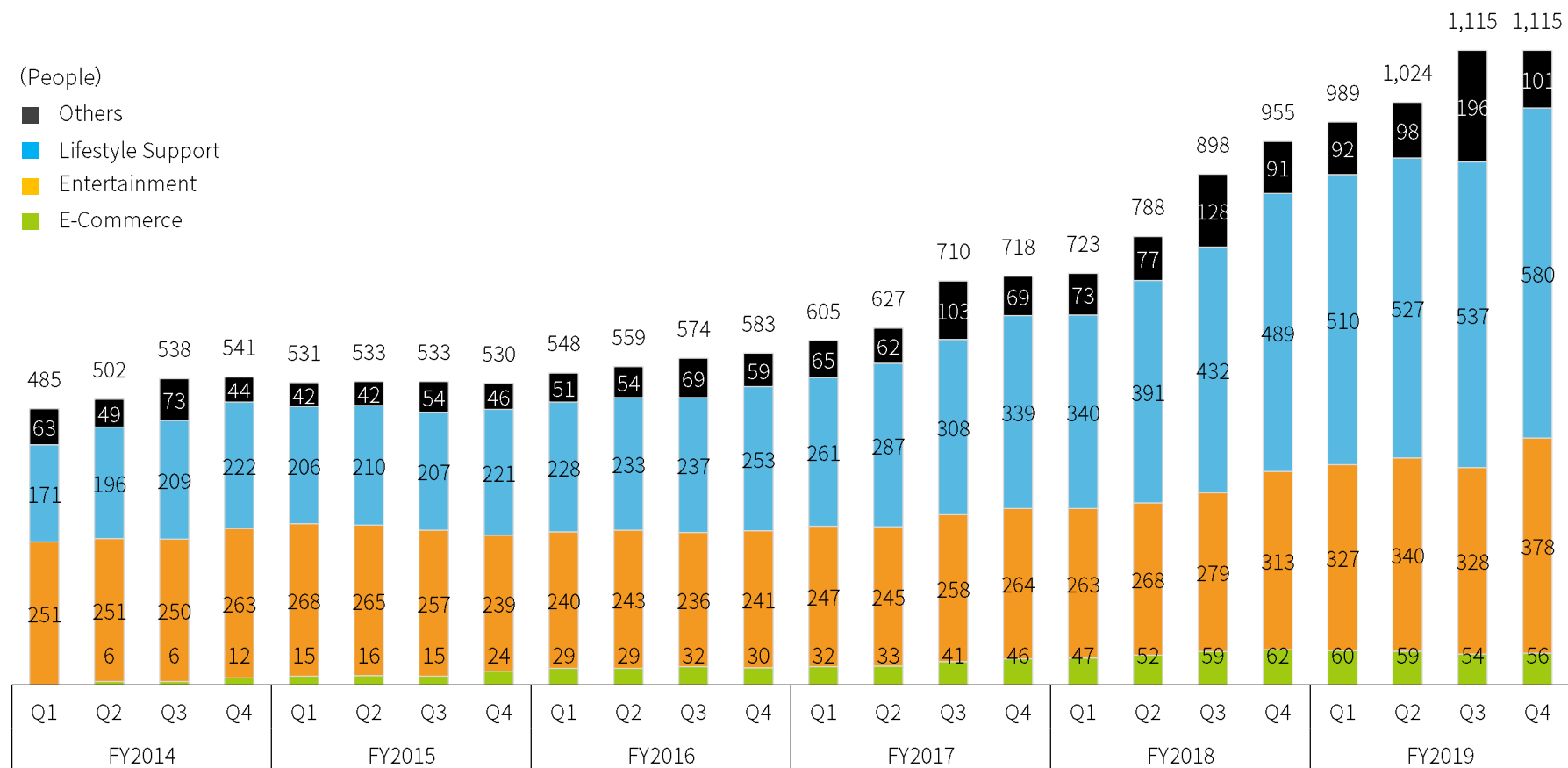


* Breakdown of promotional expenses by segment is shown on “Supplementary Financial Data” of this business report

Number of Employees

Number of Employees Remain Flat

- 92 new graduates were assigned to business divisions as of June 1st



* 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 in "Others" as of the end of Q3, and assigned to different segments as of June 1

Balance Sheet

(Million JPY)

	FY2019 Q4	FY2019 Q3
Current assets	11,543	11,077
Cash and cash equivalents	6,713	5,003
Accounts receivable	3,503	4,402
Non-current assets	5,729	5,878
Tangible assets	1,711	1,742
Intangible assets	1,522	1,600
Total assets	17,273	16,956

	FY2019 Q4	FY2019 Q3
Current liabilities	4,031	4,080
Non-current liabilities	730	731
Total liabilities	4,761	4,811
Short-term loans payable	0	0
Shareholder's equity	12,452	12,077
Total net assets	12,511	12,144
Liabilities and net assets	17,273	16,956

3. FY2019 Q4 Business Details

4. FY2020 Guidance

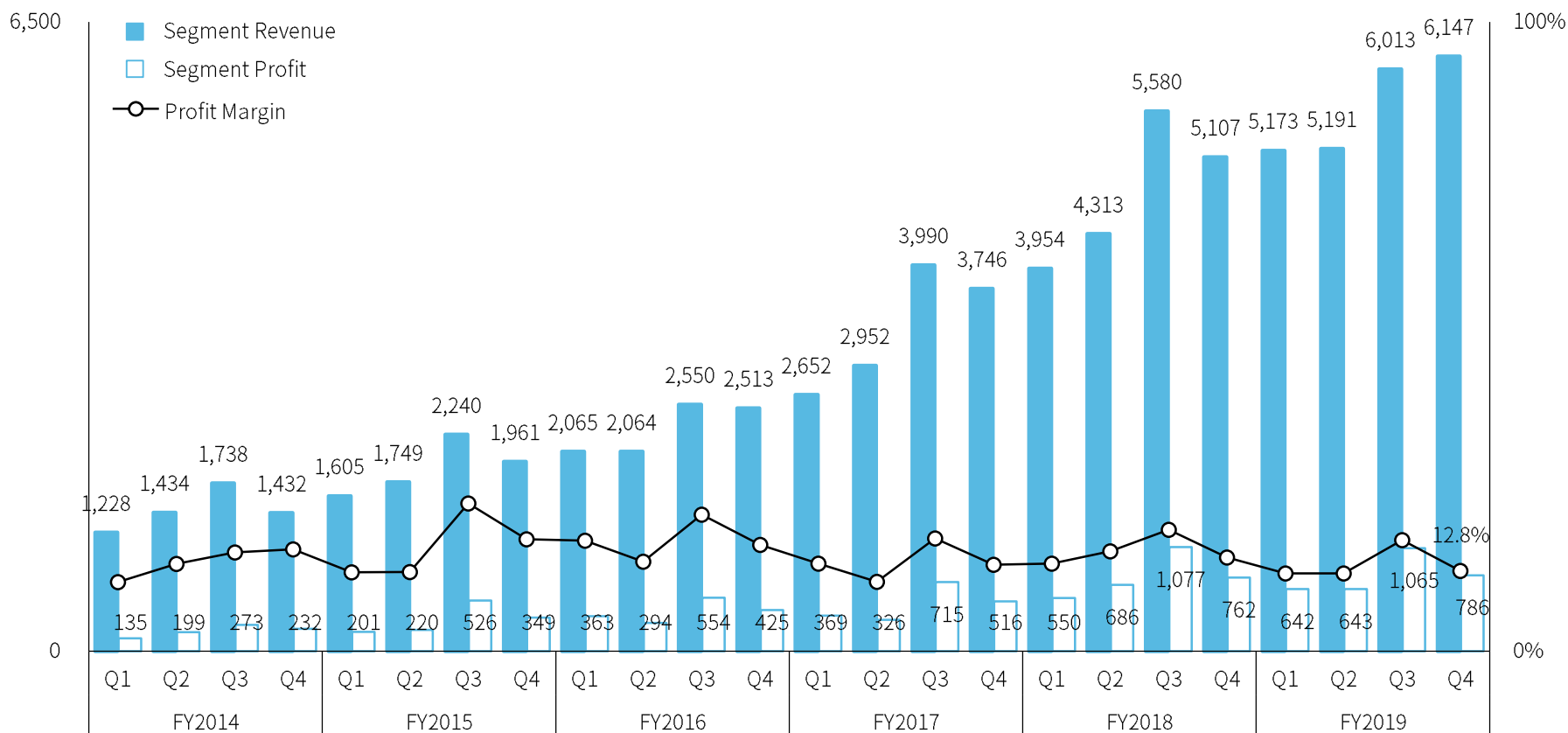
Lifestyle Support Business Performance Trends

■ Record Quarterly Revenue! For the First Time Growth Exceeded Q3

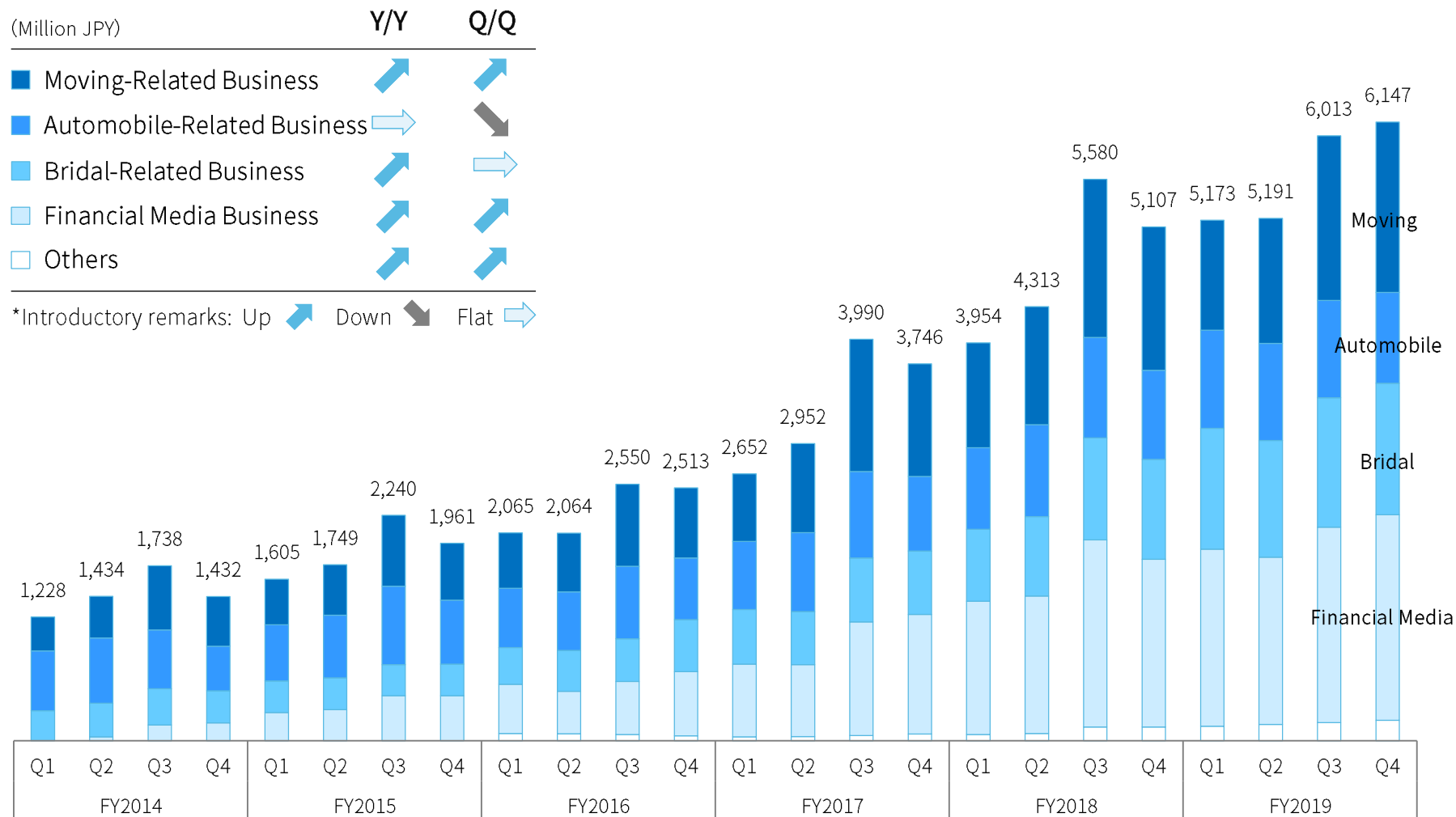
■ Upfront Investment in New Services Result in Flat Profit Y/Y

Y/Y
+20.4
%

(Million JPY)



Lifestyle Support Sub-Segment Business Trends

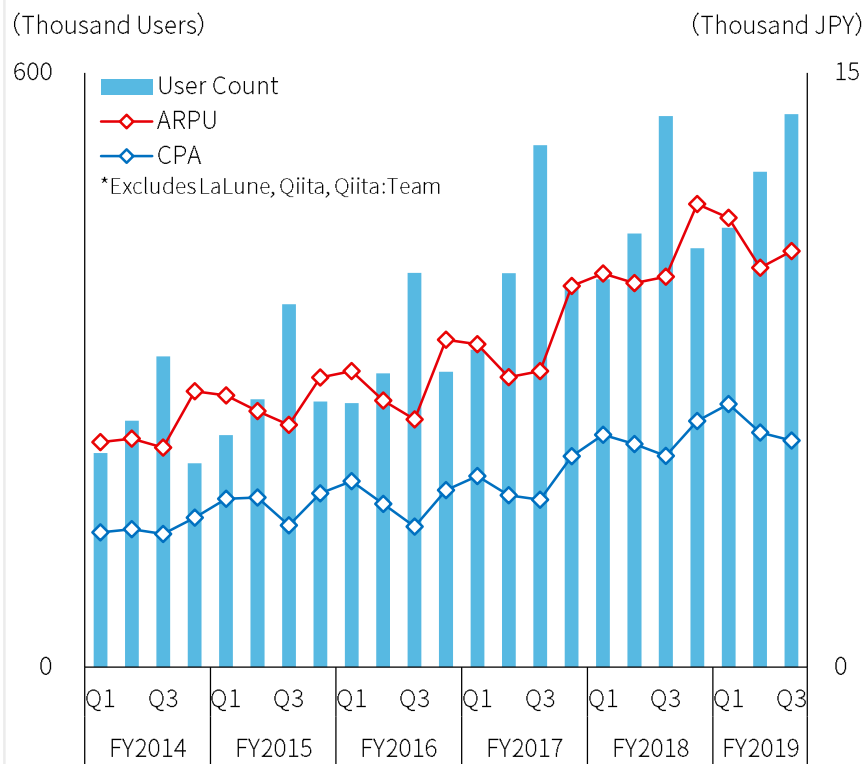


* From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita:Team) are included in the "Others" sub-segment

Lifestyle Support Key Performance Indicator Trends

User Count, ARPU, CPA

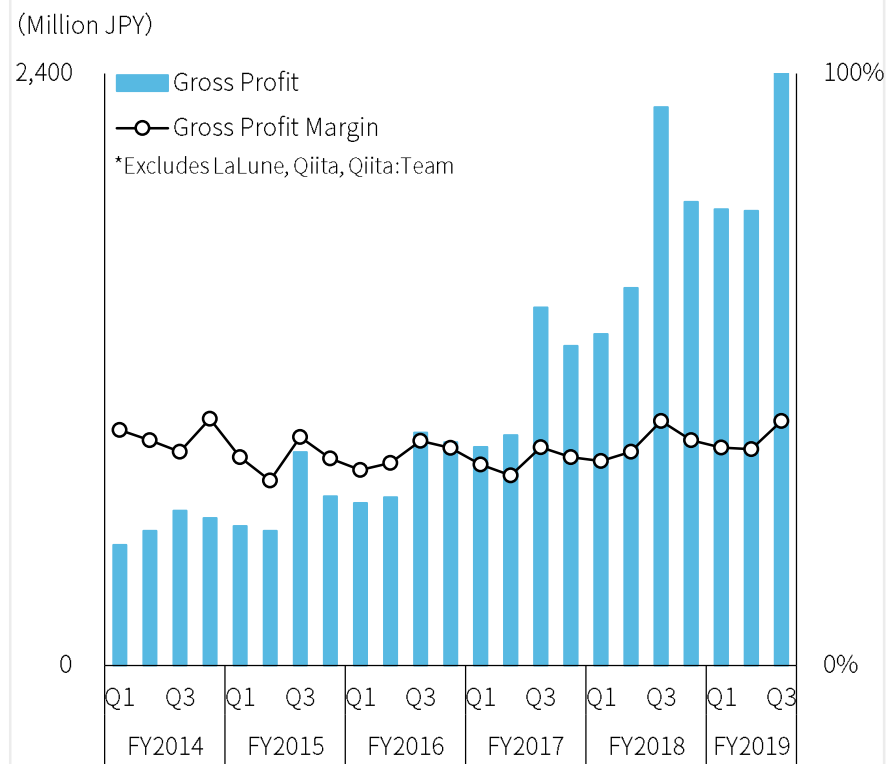
- User Count Increased Y/Y
- ARPU & CPA Trending Similarly to Previous Years



- [① User count] = total users from four main sub-segment businesses (users that generated segment revenue)
- [② ARPU: Average 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 Significant Increase 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 and other purchase costs, Hanayume photo purchase costs, A/C installation fees, and bridal deferred payment package costs

Increments Review

■ Steady Expansion of Business Upon Acquisition



FY2018

FY2019

Revenue

221 Million
JPY

276 Million
JPY

Operating Income

-20.7 Million
JPY

55.0 Million
JPY

Qiita Monthly UU

4.65 Million
UU

6.79 Million
UU

Qiita Members

240 Thous.
Users

390 Thous.
Users

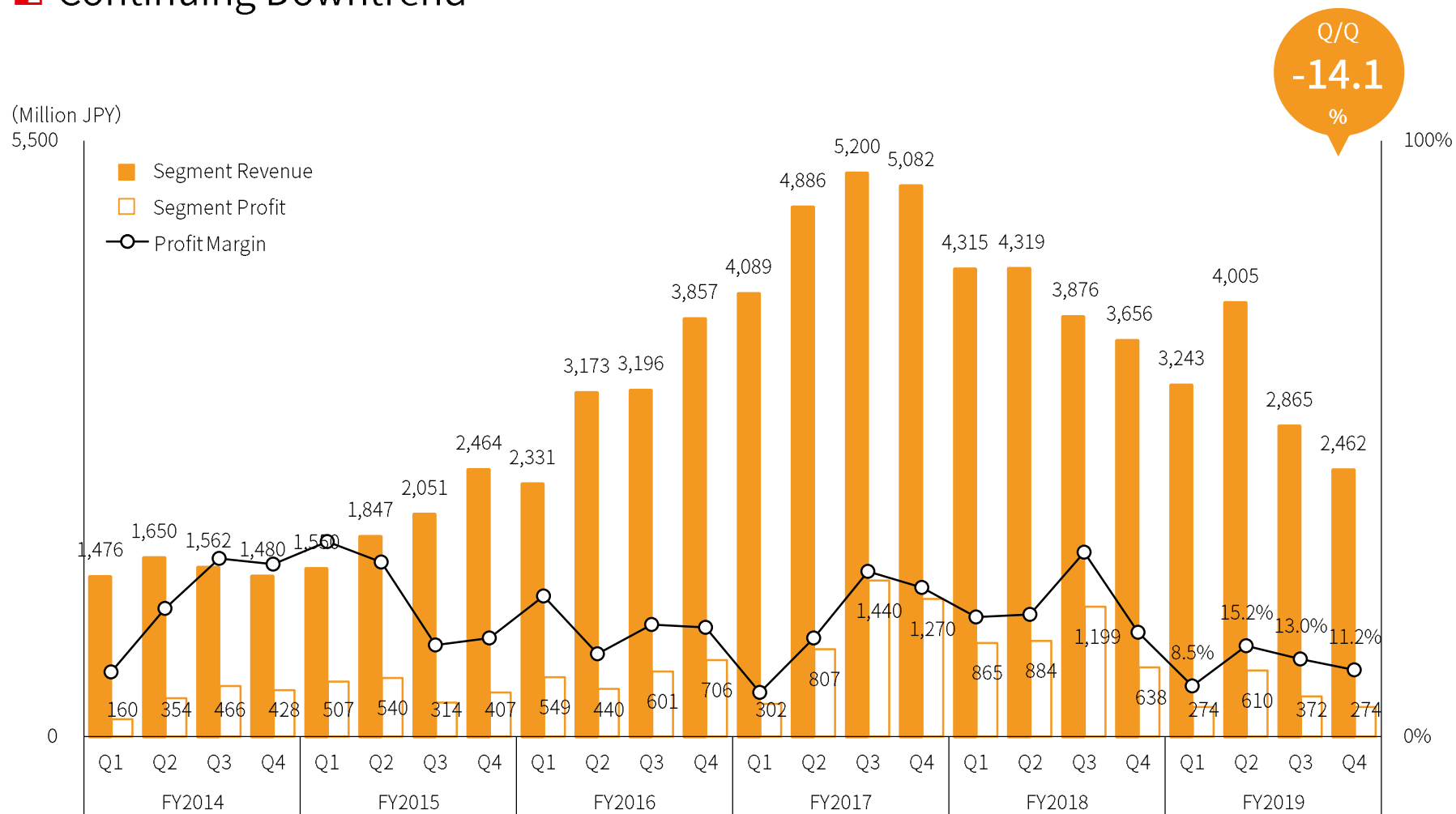
Qiita Monthly PV

38.2 Million
PV

57.1 Million
PV

Entertainment Business Performance Trends

Continuing Downtrend

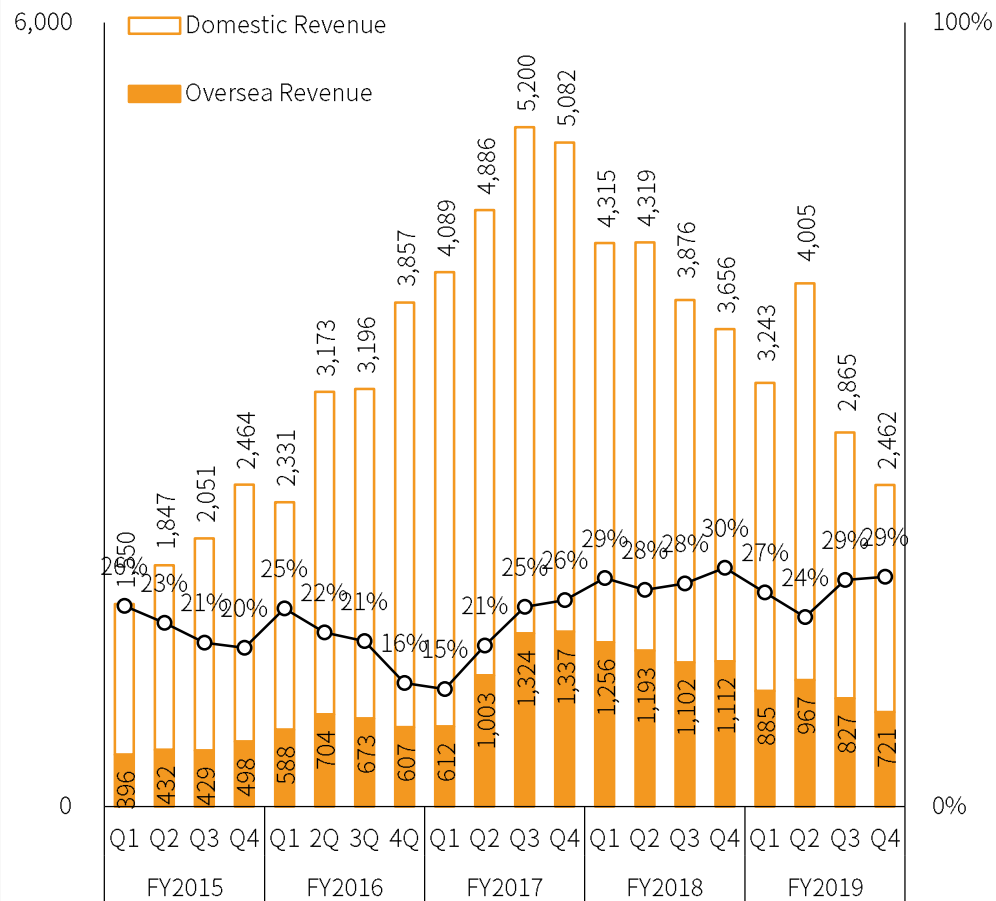


- **Change in Revenue Reporting within the Entertainment Business:** Previously, all revenue was recorded at the time of in-app purchase charges; however, for titles released from 2018 and onward, revenue is recorded upon consumption of the in-app items purchased

Entertainment Overseas Revenue Ratio Trends

Overseas Sales Trends

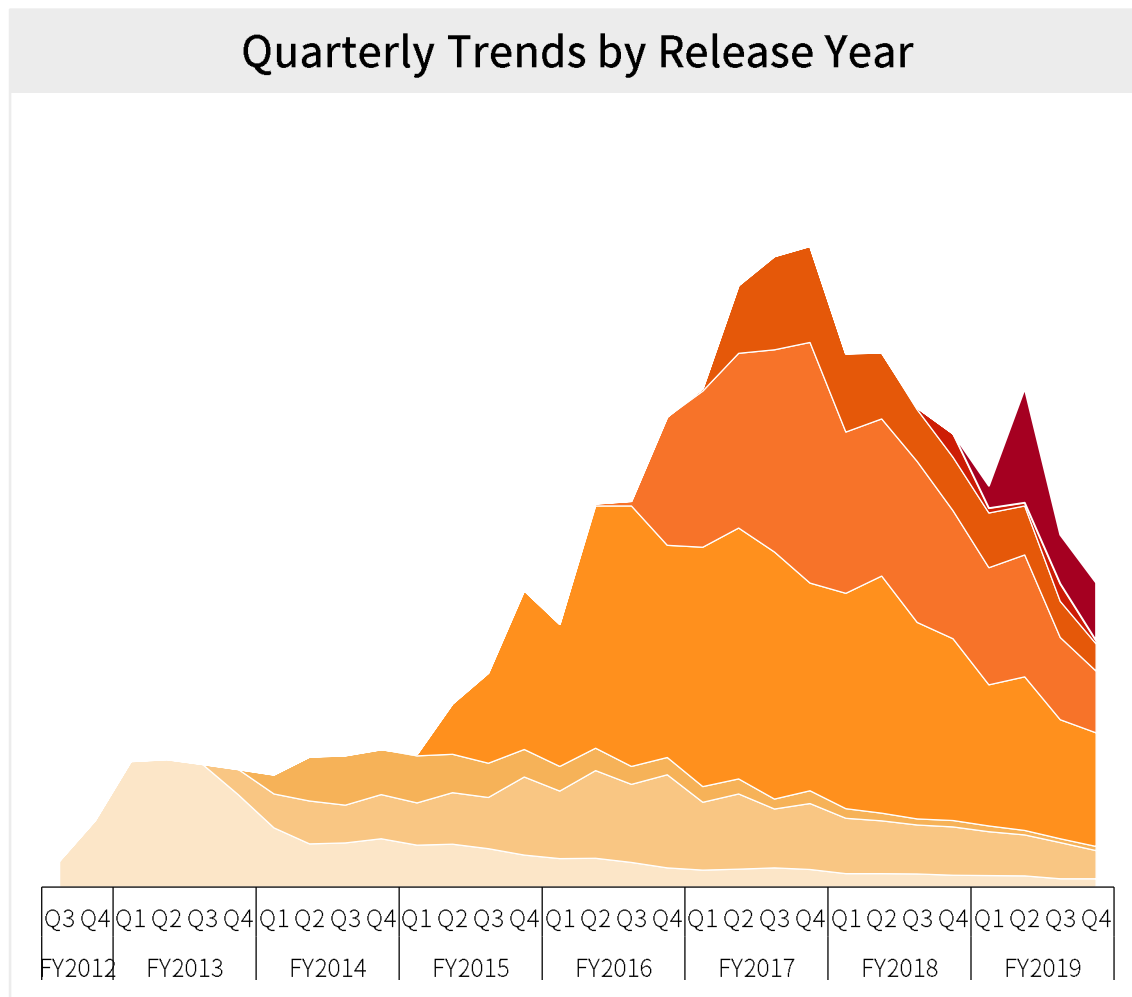
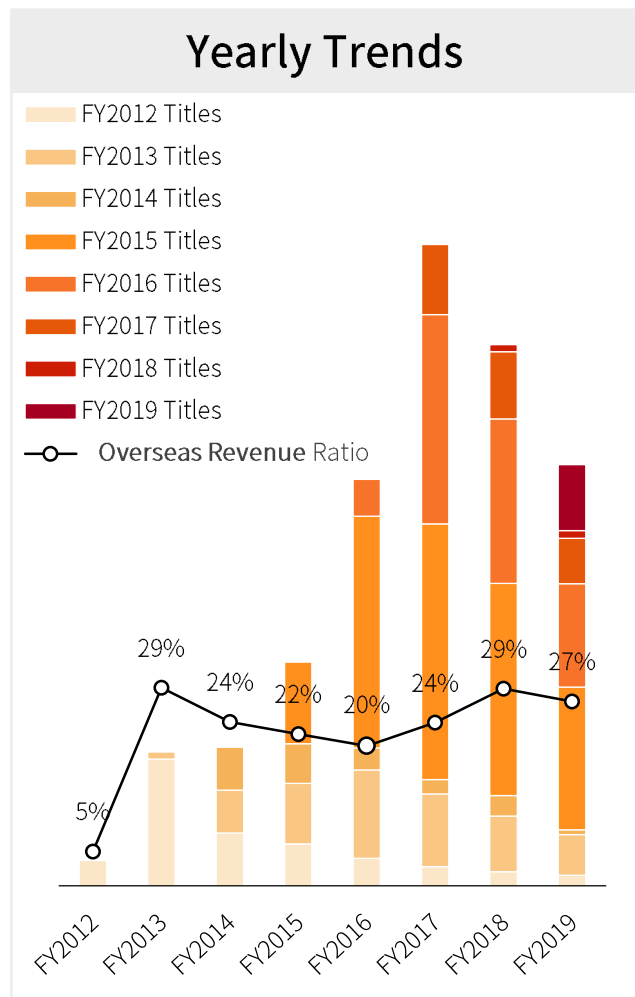
(Million JPY)



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

Native App Performance Trends by Release Year

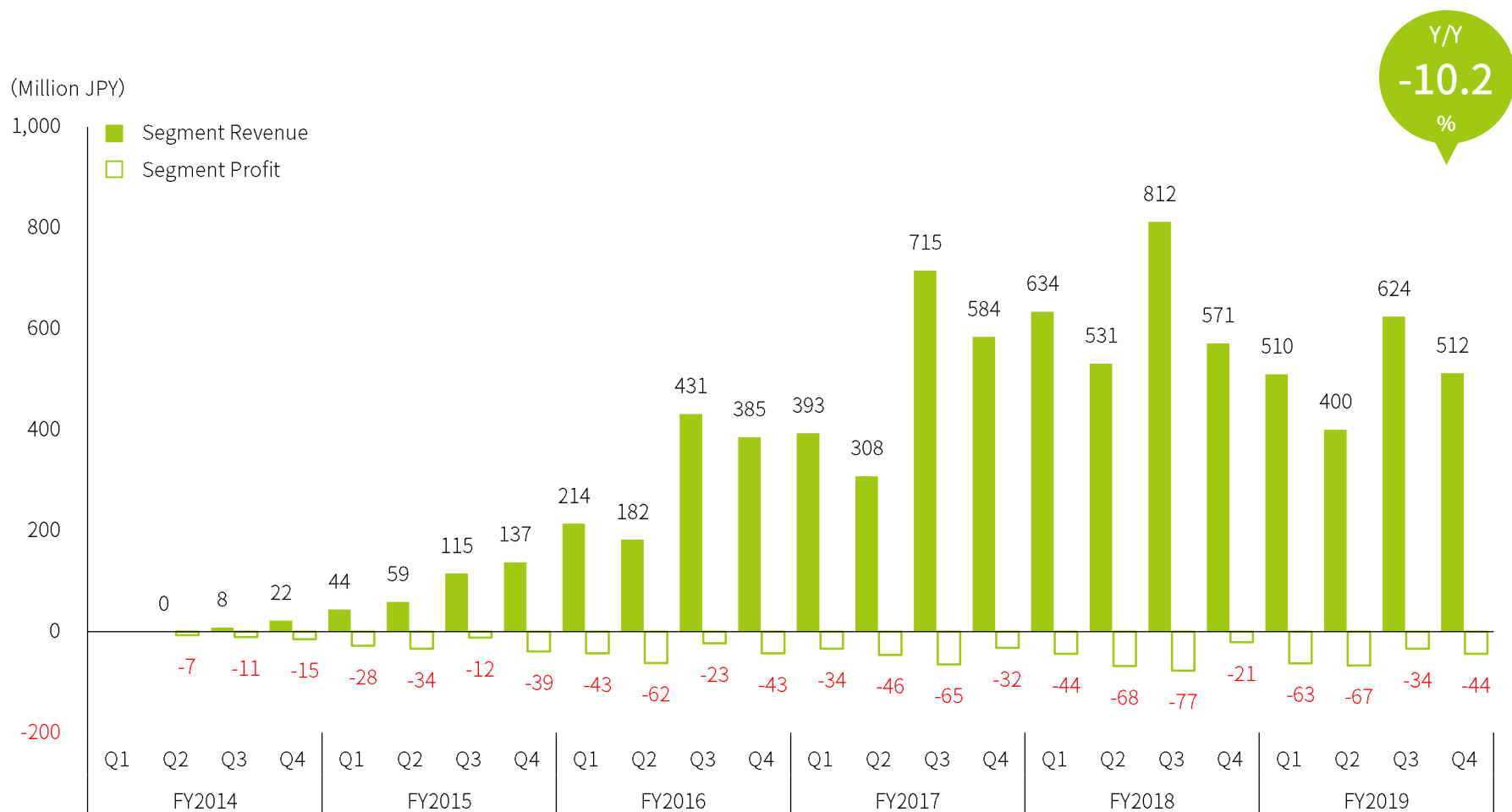
■ FY2015 & FY2016 Titles Support Performance for the Long Term



* Overseas versions of game apps are classified from time of release, which may differ from Japanese versions

E-Commerce Business Performance Trends

■ Due to Continued Optimizing of Operations, Revenue Declined Y/Y



* Peak business period is March – April (Q3)

4. FY2020 Guidance

FY2020 Consolidated Financial Forecast

(Million JPY)

	FY2019 Results			FY2020 Forecast		
	Full-Year	% of Revenue	Y/Y	Full-Year	% of Revenue	Y/Y
Revenue	37,151	100.0%	98.6%	35,000	100.0%	94.2%
Lifestyle Support	22,525	60.6%	118.8%	25,000	71.4%	111.0%
Entertainment	12,577	33.9%	77.8%	8,000	22.9%	63.6%
EC	2,048	5.5%	80.3%	2,000	5.7%	97.7%
Operating Income	2,811	7.6%	59.8%	1,000	2.9%	35.6%
Lifestyle Support	3,137	8.4%	102.0%	2,500	7.1%	79.7%
Entertainment	1,532	4.1%	42.7%	0	-	-
EC	-210	-	-	-200	-	-
Other	-1,648	-	-	-1,300	-	-
Ordinary Income	2,809	7.6%	59.4%	1,000	2.9%	35.6%
Net Income	1,473	4.0%	44.6%	500	1.4%	33.9%

Initiatives and Notes on FY2020 Guidance

Overall

A Year of Growth & Endurance After Seed Stage

- Multiple “seeds” planted and nurtured simultaneously in hopes of the next catalyst
- Steadily preparing for large growth after FY2021

Lifestyle Support

Increase Revenue While Maintaining Profits for Existing Services; Accelerate Upfront Investment for New Services

- Existing: Bridal-related will continue to be a driving force for growth; others are entering maturity
- New: Forecasts based on the premise of accelerating investment prior to gradual top-line growth

Ent.

Focus on New Development Based on Policy Change; Partial Cost of New IP Game Development to be Expensed

- Existing: Aim to maximize efficiency and profitability. Forecasts based on recent KPI trends
- New: Development costs are incorporated into forecast based on current outlook

EC

Focus on Strategic Improvements to Achieve Profit by FY2022

- Realistic forecast based on recent KPI trends
- Costs related to optimization of product mix, turnover rate and continued fulfillment included

Notes on FY2020 Guidance

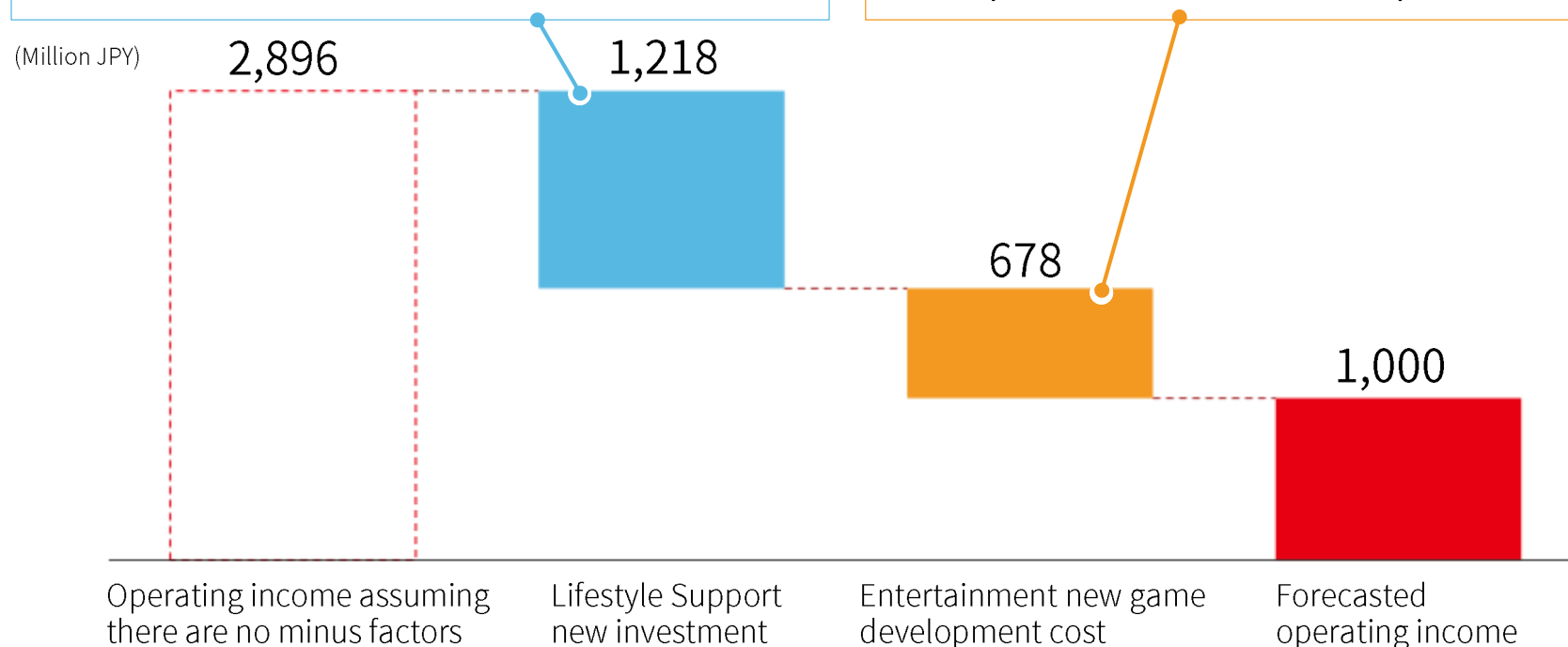
Temporary Increase in Expense Results in Abnormal Pressure on Profit

New Business Investment to Lower Profit

- From seed stage to growth stage
- Additional service releases in FY2020

Expense for New Collaboration Cost

- Unlike previous collaborations, part of development costs will be expensed rather than capitalized



FY2020 Year-End Dividend Forecast

■ Continue to Provide Stable Shareholder Returns Over the Long Term While Taking into Account Business Performance

	FY2016 Result		FY2017 Result		FY2018 Result	FY2019 Result	FY2020 Forecast
	Interim	Year-End	Interim	Year-End	Year-End	Year-End	Year-End
Date of allotment	01/31	07/31	01/31	07/31	07/31	07/31	07/31
Date of distribution	04/04	10/07	04/04	10/06	10/05	10/04	Oct
Dividend per share	5.0 JPY	7.5 JPY	5.0 JPY	22.0 JPY	32.5 JPY	16.0 JPY	16.0 JPY
Total dividend amount	239 million JPY		517 million JPY		640 million JPY	315 million JPY	-
Full-year payout ratio	18.2%		19.8%		19.1%	21.2%	-

*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

APPENDIX

Company Overview

Company Profile as of July 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)	8 (includes 1 overseas subsidiary)
Number of employees	1,046 (excludes directors & part-time employees)
Shares per unit	100 shares



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

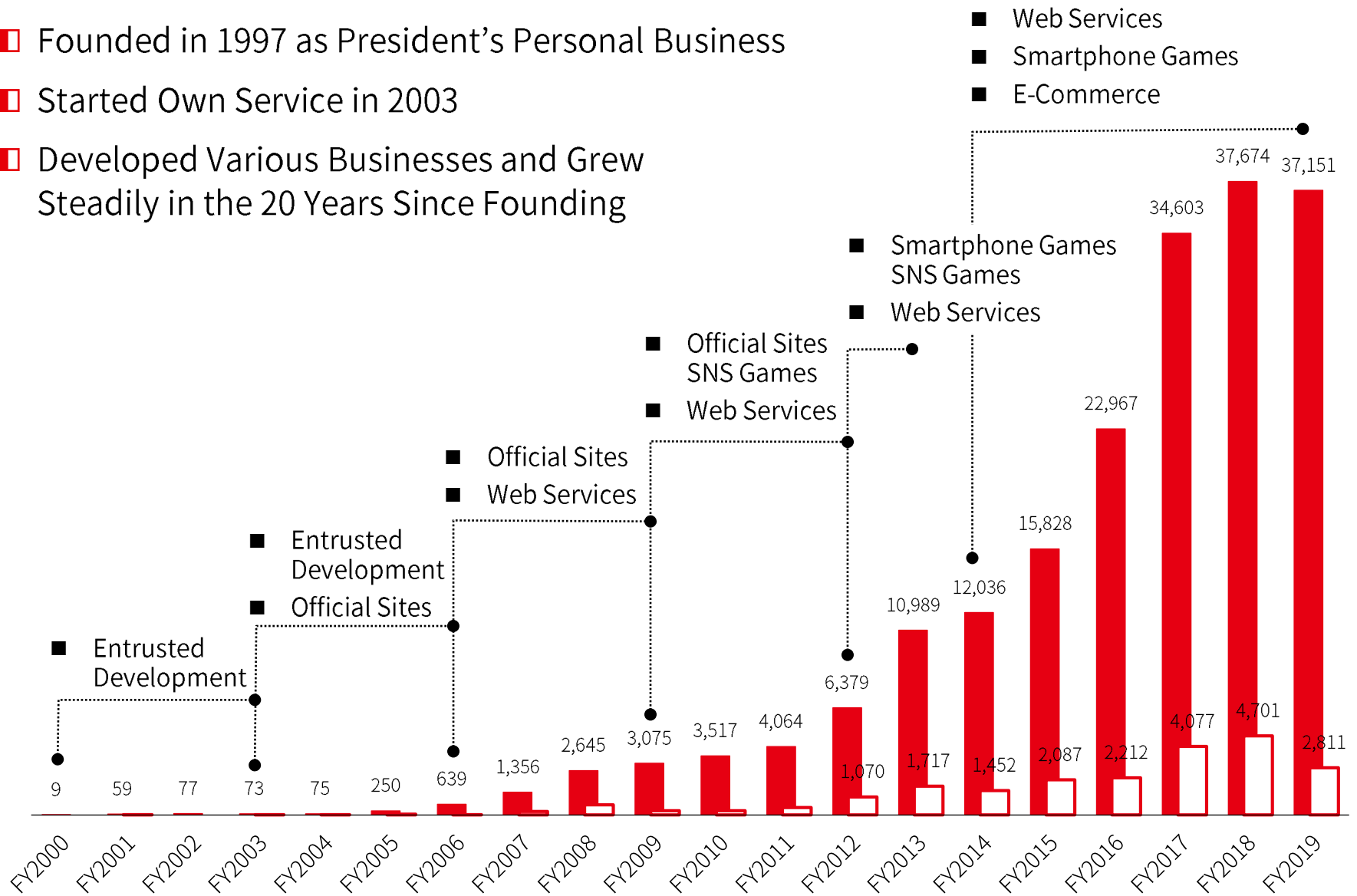
2000.02.29 Established Ateam Ltd.

2004.11.01 Organizational Change to Ateam Inc.

Company History

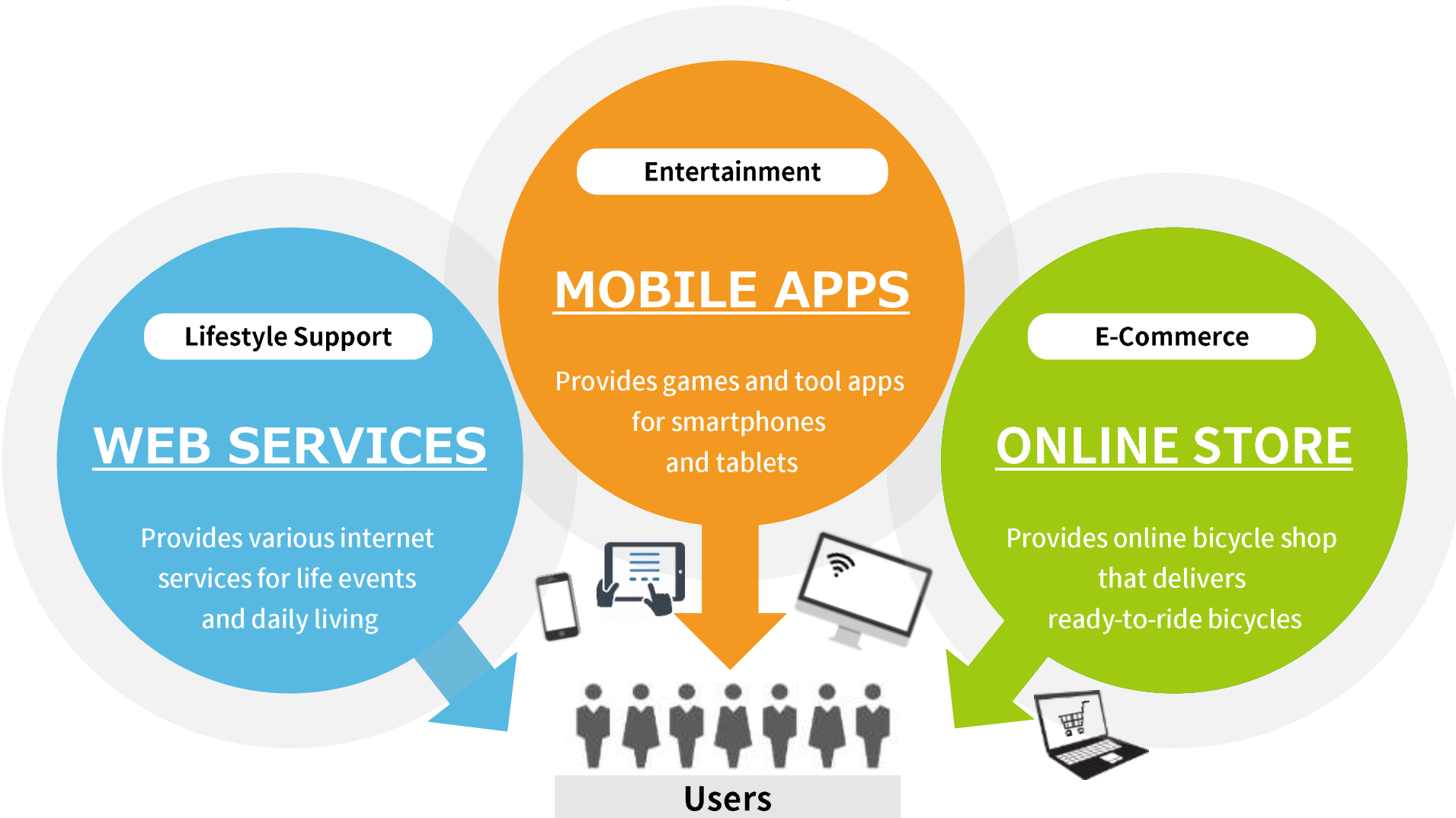
(Million JPY)

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



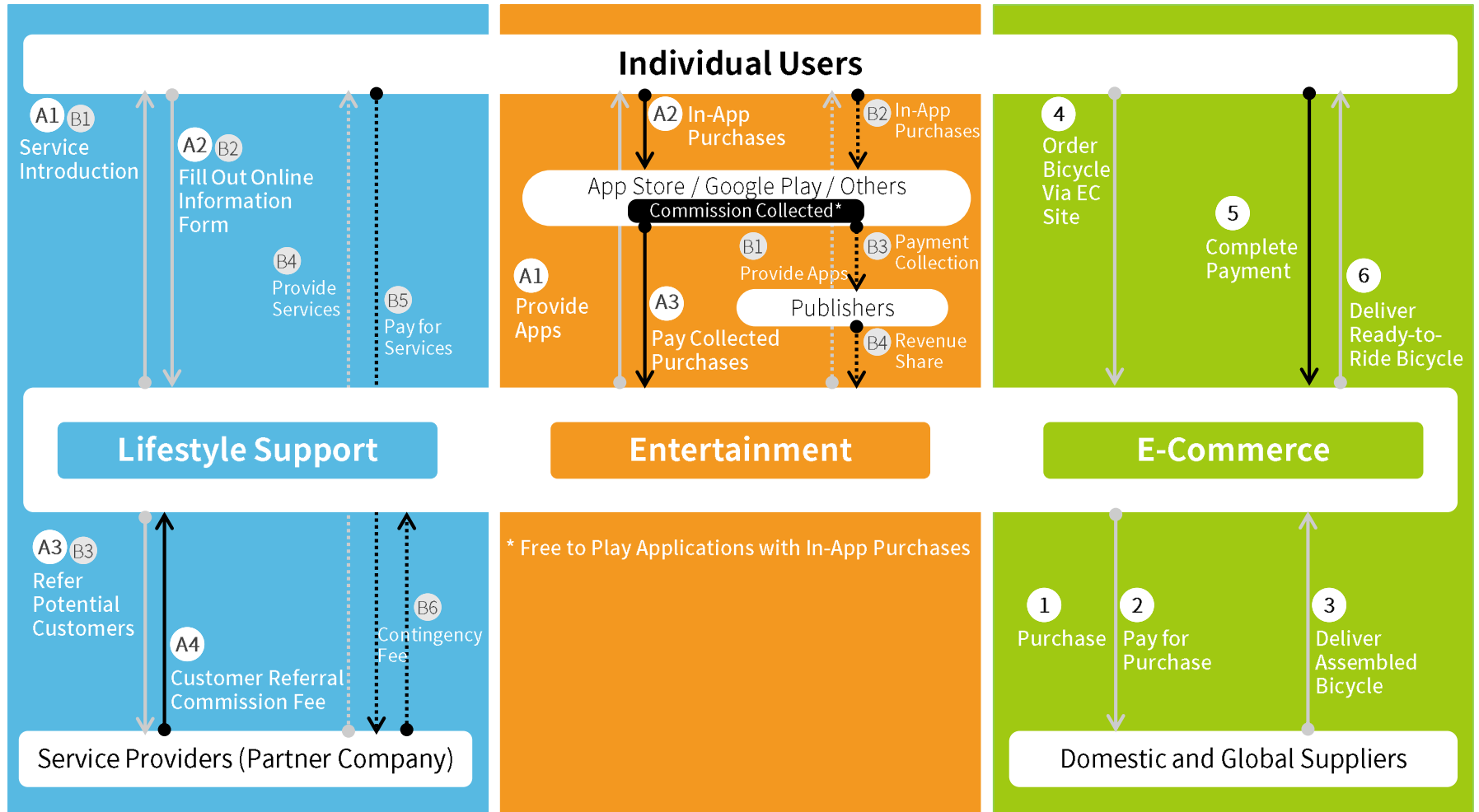
Our Businesses

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 fees are collected by providers of application distribution platforms such as the iTunes App Store & Google Play

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
- Ability to 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) are included in the "Others" sub-segment

APPENDIX

Supplementary Financial Data

P/L (FY2017 Q4 - FY2019 Q4)

(Million JPY)

	FY2017	FY2018				FY2019			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	9,412	8,904	9,164	10,269	9,335	8,927	9,597	9,503	9,123
Q/Q (%)	-5.0	-5.4	+2.9	+12.1	-9.1	-4.4	+7.5	-1.0	-4.0
Lifestyle Support	3,746	3,954	4,313	5,580	5,107	5,173	5,191	6,013	6,147
Entertainment	5,082	4,315	4,319	3,876	3,656	3,243	4,005	2,865	2,462
E-Commerce	584	634	531	812	571	510	400	624	512
Cost of revenues	1,671	1,476	1,649	1,959	1,875	1,765	1,878	1,958	1,917
Cost rate (%)	17.8	16.6	18.0	19.1	20.1	19.8	19.6	20.6	21.0
Selling, G&A expenses	6,434	6,464	6,421	6,558	6,567	6,677	7,026	6,547	6,569
Selling, G&A expenses ratio (%)	68.4	72.6	70.1	63.9	70.4	74.8	73.2	68.9	72.0
Total cost and G&A expenses	8,105	7,940	8,071	8,517	8,443	8,442	8,904	8,505	8,486
Labor costs & recruitment expenses	1,066	1,025	1,089	1,195	1,443	1,435	1,463	1,529	1,604
Promotional expenses	3,410	3,600	3,866	3,730	3,609	3,931	3,980	3,726	3,410
Promotional expenses ratio (%)	36.2	40.4	42.2	36.3	38.7	44.0	41.5	39.2	37.4
Lifestyle Support	2,040	2,302	2,472	2,973	2,637	2,959	2,972	3,208	3,111
Entertainment	1,228	1,150	1,244	560	829	835	910	396	212
E-Commerce	84	93	79	106	50	54	44	63	36
Commissions, etc.	2,018	1,588	1,572	1,561	1,395	1,304	1,592	1,289	1,201
Subcontractor expenses, server fees	331	532	518	620	605	605	646	661	660
Office rental fees, utility expenses	243	249	251	288	291	292	293	296	296
Other expenses	1,034	945	773	1,121	1,096	873	928	1,001	1,313
Operating income	1,306	963	1,093	1,752	892	484	692	998	636
Q/Q (%)	-25.3	-26.3	+13.4	+60.3	-49.1	-45.7	42.8	44.1	-36.3
Lifestyle Support	516	550	686	1,077	762	642	643	1,065	786
Entertainment	1,270	865	884	1,199	638	274	610	372	274
E-Commerce	-32	-44	-68	-77	-21	-63	-67	-34	-44
Others	-447	-407	-483	-446	-487	-368	-493	-405	-380
Operating income margin (%)	13.9	10.8	11.9	17.1	9.6	5.4	7.2	10.3	7.0
Ordinary income	1,308	980	1,096	1,775	877	507	661	1,008	632
Net income	741	678	754	1,217	655	257	484	358	373

P/L (FY2014 - FY2019)

(Million JPY)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Y/Y(%)
Revenue	12,036	15,828	22,967	34,603	37,674	37,151	-1.4
Y/Y (%)	9.5	31.5	45.1	50.7	8.9	-1.4	—
Lifestyle Support	5,834	7,557	9,193	13,342	18,955	22,525	18.8
Entertainment	6,169	7,914	12,559	19,259	16,168	12,577	-22.2
E-Commerce	32	356	1,214	2,001	2,550	2,048	-19.7
Cost of revenues	2,132	2,389	3,615	5,669	6,960	7,518	8.0
Cost rate (%)	17.7	15.1	15.7	16.4	18.5	20.2	+1.7
Selling, G&A expenses	8,451	11,351	17,139	24,855	26,012	26,820	+3.1
Selling, G&A expense ratio (%)	70.2	71.7	74.6	71.8	69.0	72.2	+3.2
Total cost and G&A expenses	10,583	13,740	20,755	30,525	32,973	34,337	+4.1
Labor costs & recruitment expenses	2,638	2,798	3,250	3,807	4,754	6,032	+26.9
Promotional expenses	4,279	6,430	9,335	14,018	14,805	15,048	+1.6
Promotional expenses ratio (%)	35.6	40.6	40.6	40.5	39.3	40.5	+1.2
Lifestyle Support	3,422	4,578	5,109	7,547	10,385	12,251	+18.0
Entertainment	789	1,651	3,748	5,895	3,785	2,355	-37.8
E-Commerce	8	61	221	335	330	200	-39.3
Commissions, etc.	1,737	2,586	4,592	7,318	6,117	5,387	-11.9
Subcontractor expenses, server fees	826	785	1,035	1,198	2,277	2,574	+13.1
Office rental fees, utility expenses	420	433	728	879	1,080	1,179	+9.2
Other expenses	682	706	3,340	3,303	3,937	4,115	+4.5
Operating income	1,452	2,087	2,212	4,077	4,701	2,811	-40.2
Y/Y (%)	-15.4	43.8	6.0	84.3	15.3	-40.2	—
Lifestyle Support	840	1,298	1,637	1,929	3,076	3,137	+2.0
Entertainment	1,409	1,770	2,297	3,820	3,587	1,532	-57.3
E-Commerce	-34	-115	-172	-178	-211	-210	-0.9
Others	-762	-865	-1,549	-1,493	-1,751	-1,648	-5.9
Operating income margin	12.1	13.2	9.6	11.8	12.5	7.6	-4.9
Ordinary income	1,470	2,164	2,094	4,118	4,730	2,809	-40.6
Pre-tax income	1,364	2,091	1,858	3,854	4,732	2,354	-51.3
Net income	807	1,362	1,292	2,579	3,306	1,473	-55.4

B/S (FY2014 - FY2019)

(Million JPY)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Assets						
Current assets*	3,973	6,257	6,827	9,613	11,488	11,543
Cash and cash equivalents	2,217	3,097	3,505	5,004	5,984	6,713
Non-current assets*	1,531	1,399	2,759	3,527	5,214	5,729
Tangible assets	120	125	1,321	1,666	1,684	1,711
Intangible assets	355	460	622	507	2,070	1,522
Investments and other assets*	1,055	814	815	1,353	1,459	2,495
Total assets	5,504	7,656	9,586	13,140	16,702	17,273
Liabilities						
Current liabilities	1,305	3,648	4,127	5,202	4,464	4,031
Non-current liabilities	0	0	387	481	583	730
Total liabilities	1,305	3,648	4,514	5,683	5,047	4,761
Interest-bearing liabilities	0	1,700	1,166	632	186	0
Net assets						
Shareholder's equity	4,130	3,900	4,971	7,361	11,566	12,452
Treasury stock	0	-1,403	-1,222	-1,177	-481	-438
Stock option	67	108	100	96	85	85
Total net assets	4,198	4,008	5,072	7,456	11,655	12,511
Total liabilities and net assets	5,504	7,656	9,586	13,140	16,702	17,273

* 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

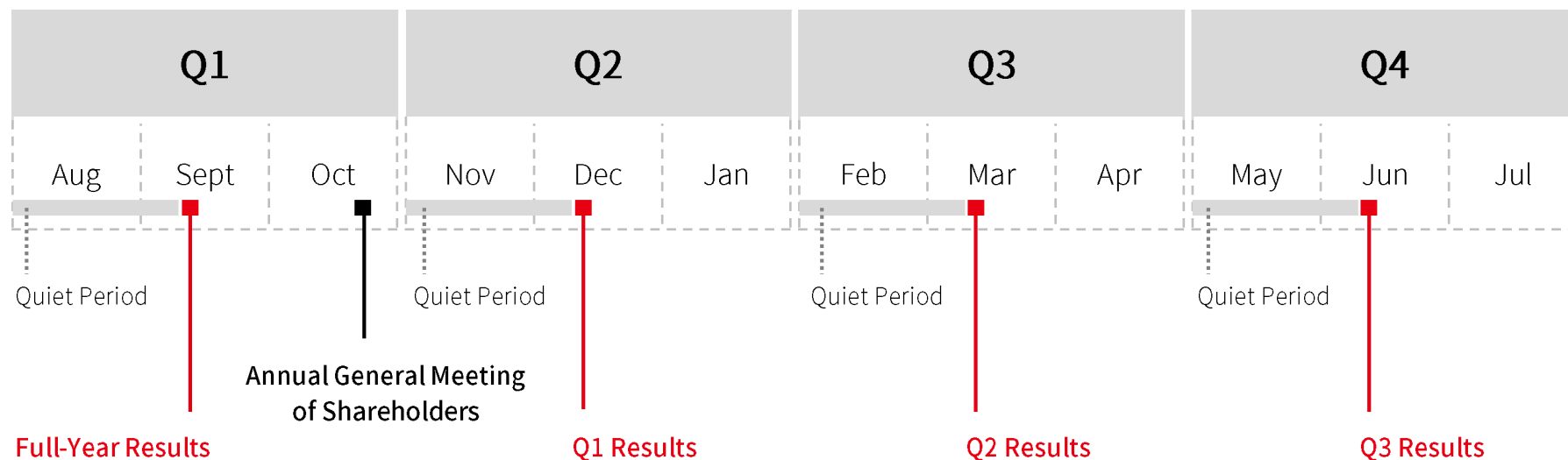
Others (FY2014 - FY2019)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Number of shares issued (year-end)	19,349,200	19,405,600	19,450,000	19,469,800	19,738,200	19,756,200
Treasury stock (shares)	0	580,020	302,562	302,562	35,562	35,562
Average number of shares during the FY	19,255,641	19,310,191	18,846,317	18,904,872	19,401,921	19,510,259
EPS (JPY)	41.96	70.54	68.58	136.45	170.40	75.52
EPS Y/Y (%)	-23.8	45.6	-2.8	+99.0	+24.9	-55.7
ROA (Ordinary income on total assets, %)	29.0	32.9	24.3	36.2	31.7	16.5
Net assets per share (JPY)	213.5	207.2	263.4	389.0	593.7	636.32
Dividend per share (JPY)	10.00	12.50	12.50	27.00	32.50	16.00
Interim dividend (JPY)	5.00	5.00	5.00	5.00	0.00	0.00
Total dividend amount (JPY)	192	238	239	517	640	315
Payout ratio (%)	23.8	17.7	18.2	19.8	19.1	21.2
Shareholder's equity ratio (%)	75.0	50.9	51.9	56.0	69.2	72.1
Equity ratio (%)	75.1	50.9	51.9	56.0	69.3	71.9
ROE (%)	21.2	33.9	29.1	41.8	34.9	12.3
ROIC (=①÷②, %)	20.8	21.0	25.1	34.1	27.9	14.1
① Net operating income after taxes	859	1,178	1,539	2,729	3,284	1,759
② Invested capital (=③+④)	4,130	5,600	6,137	7,993	11,755	12,452
③ Shareholder's equity	4,130	3,900	4,971	7,361	11,566	12,452
④ Short-term loans payable	0	1,700	1,166	632	186	0

* 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

IR Schedule & Contact Information

Yearly Schedule



Contact Information

Corporate Development Division Investor Relations

Tel: (+81) 52-747-5573

E-mail: ir@a-tm.co.jp

Corporate Website Shareholder/Investor Information: <https://www.a-tm.co.jp/en/ir/>

Ateam IR Facebook Page: <https://www.facebook.com/ateamir/>

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



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