

Ateam Inc.

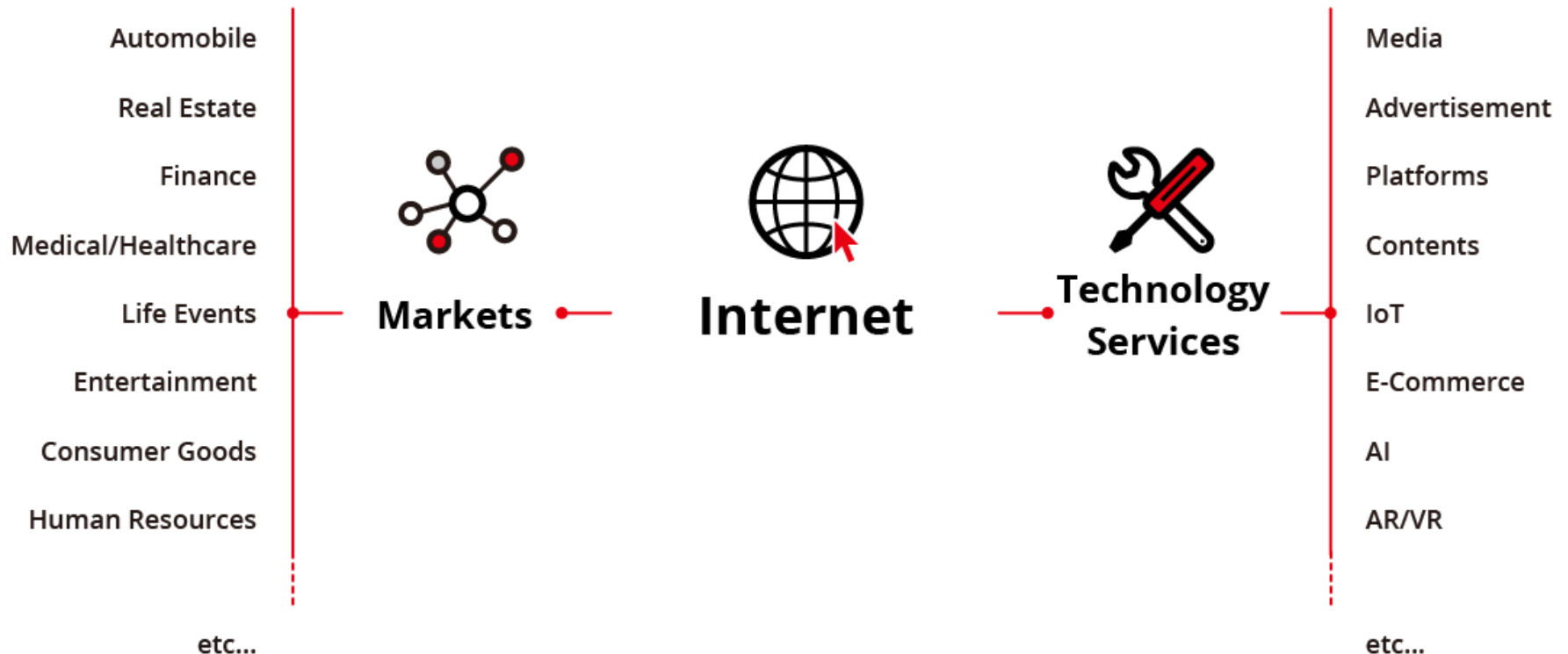
Business Report FY2020 Q2

March 13, 2020



As of February 29, 2020, Ateam Celebrated Its 20th Anniversary!
Thank You For All Your Support!

Ateam is an IT Company that Develops Business Around the Internet



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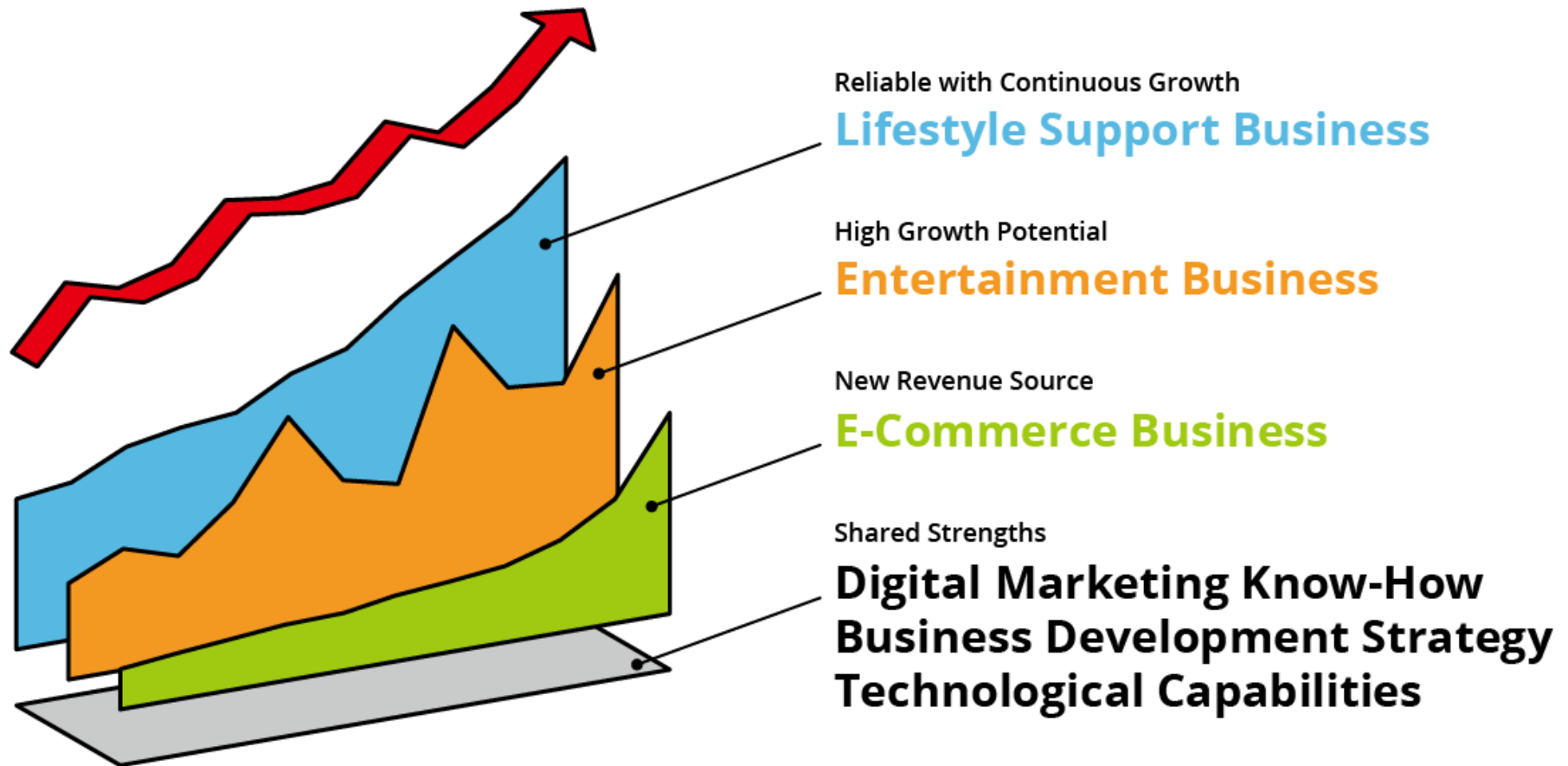
- 1. Medium- and Long-Term Policy**
 - 2. FY2020 Q2 Financial Results**
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 - 4. Segment Topics**
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- APPENDIX A : Company Overview
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1. Medium- and Long-Term Policy

- 2. FY2020 Q2 Financial Results
- 3. FY2020 Q2 Business Details
- 4. Segment Topics
- 5. FY2020 Guidance

Management Strategy

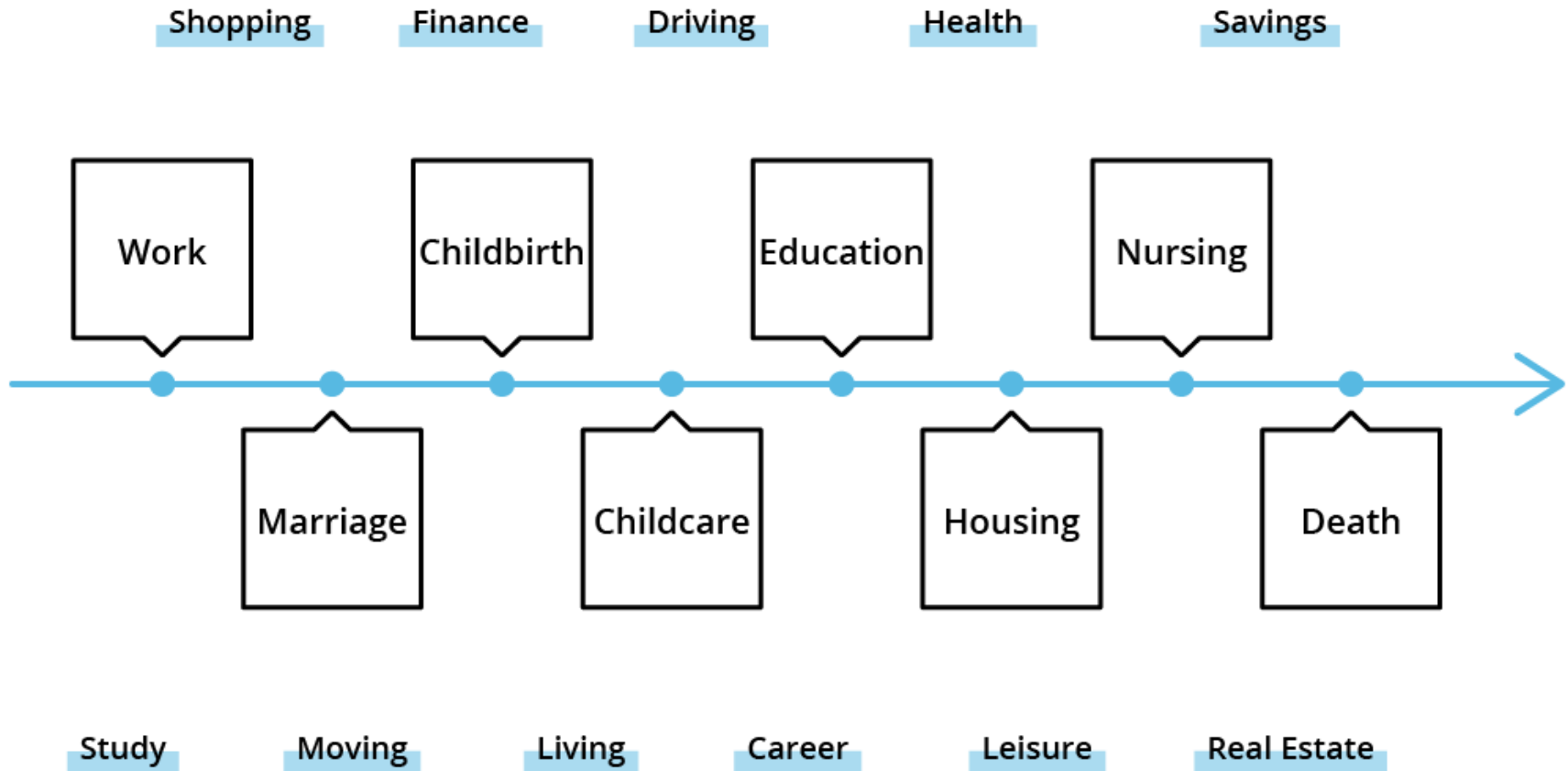
A Business Portfolio that Optimizes Operational Stability



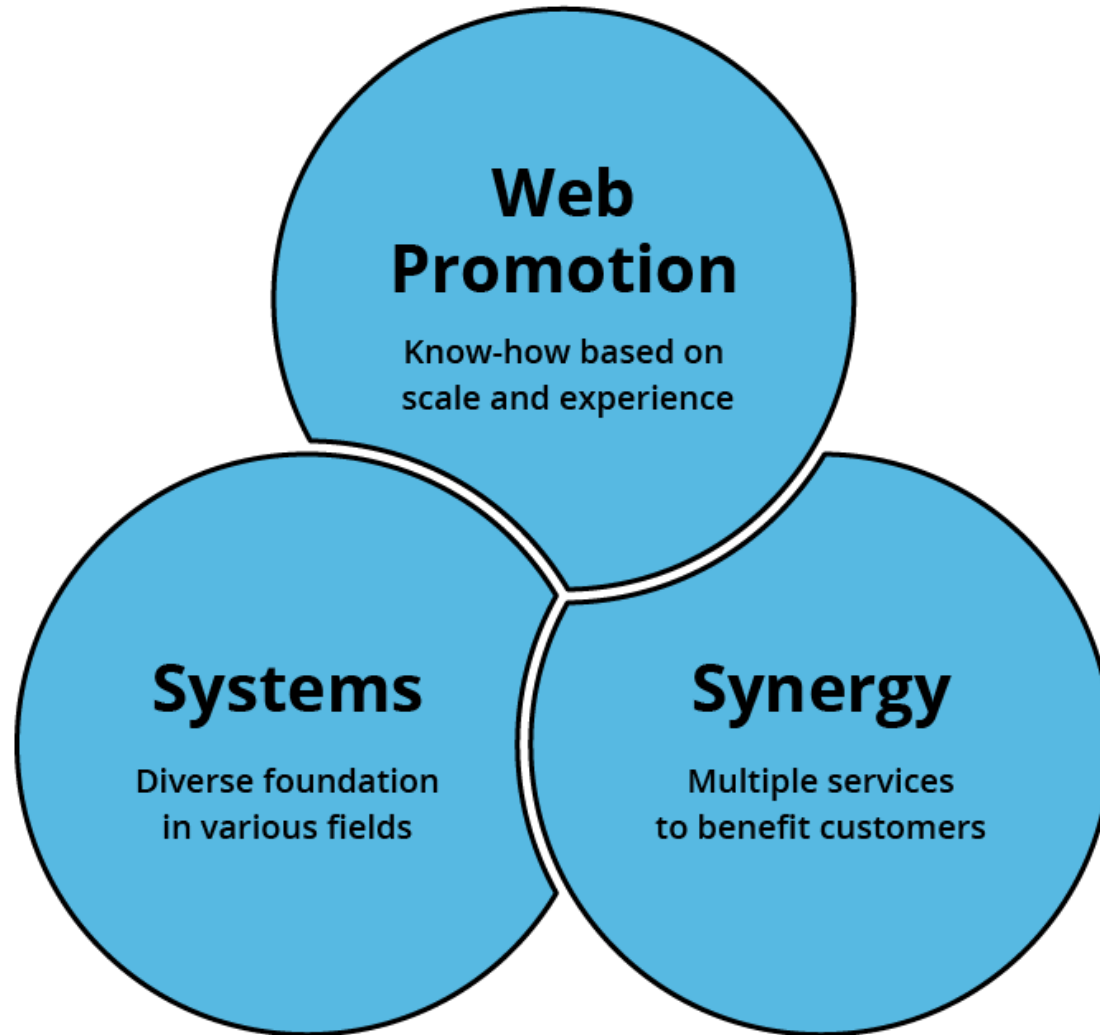
Lifestyle Support Business

Vision of the Lifestyle Support Business

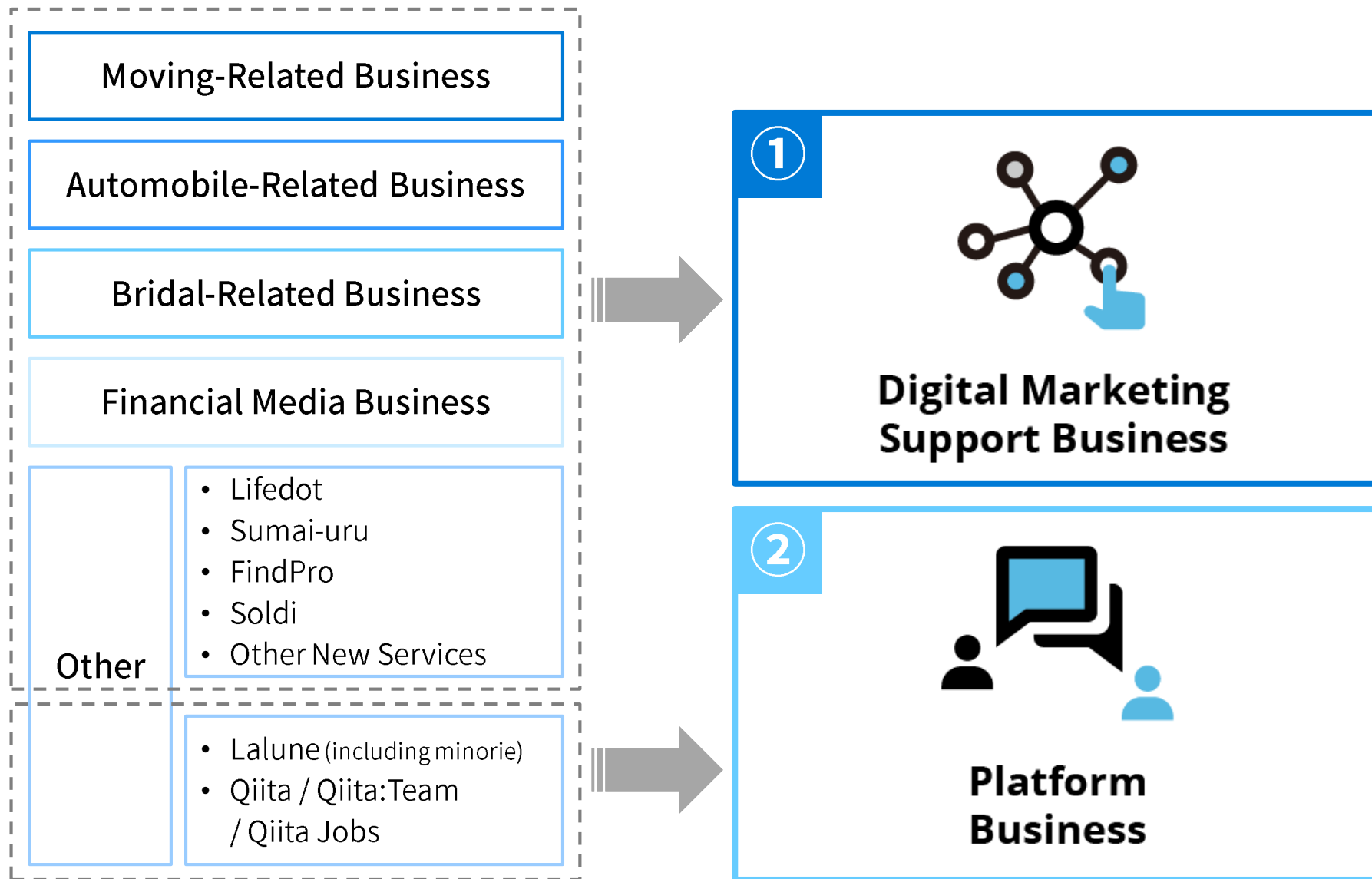
Supporting Various Life Events, From Cradle to Grave



Strengths of the Lifestyle Support Business



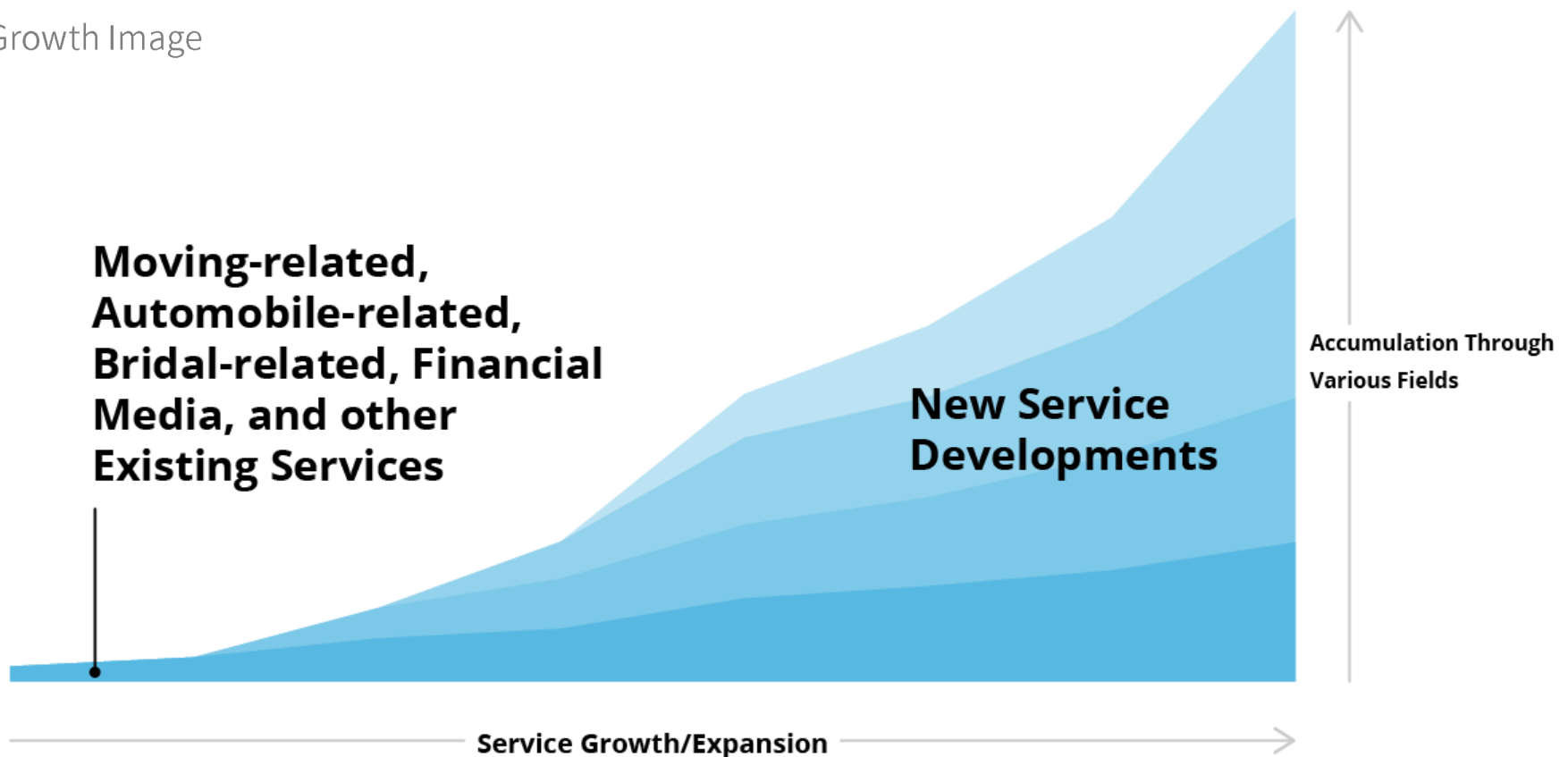
Review of Sub-segments



Digital Marketing Support Business

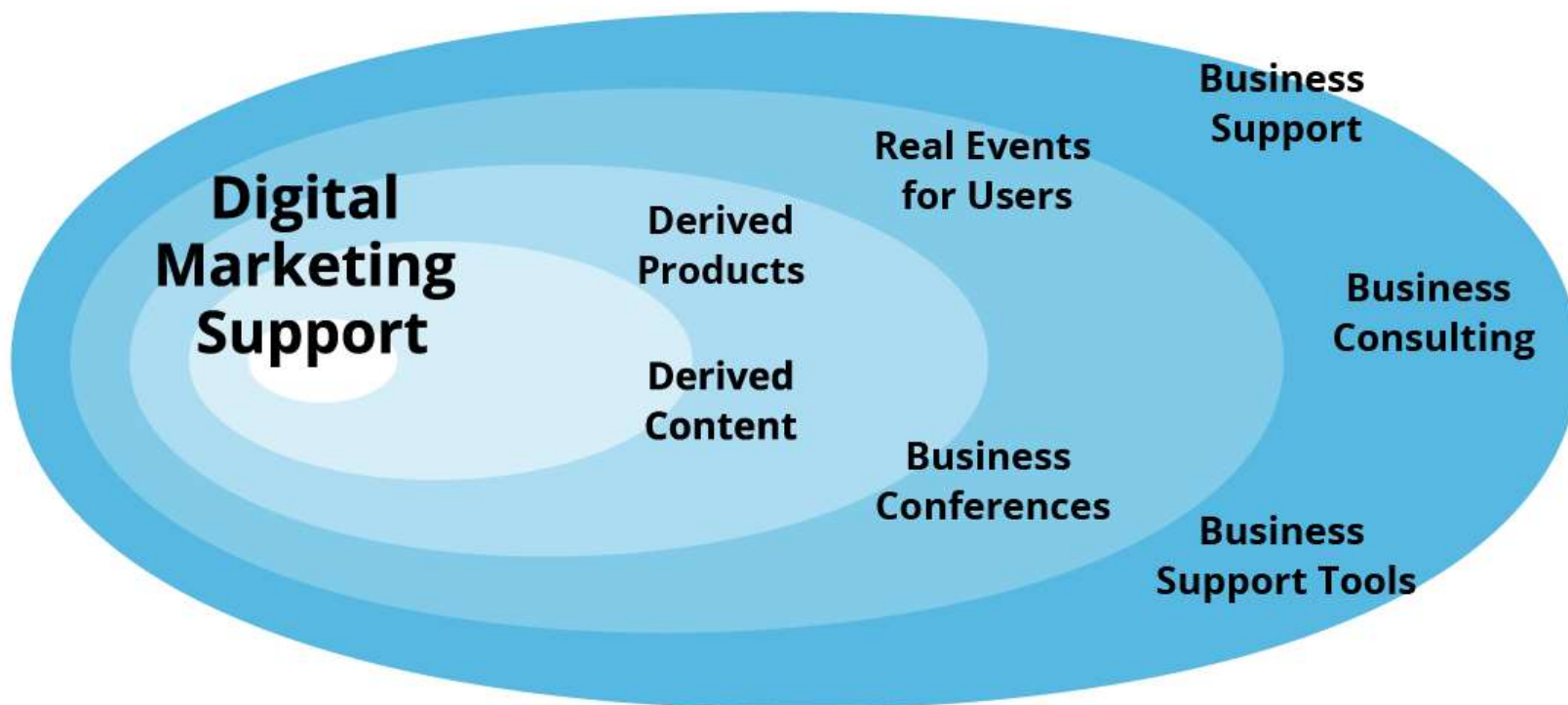
Aim for **Rapid Expansion** in Various Fields Centered on Digital Marketing Support That Refers Prospective Customers to Affiliated Businesses Through Owned Media

*Growth Image



Digital Marketing Support Business Development

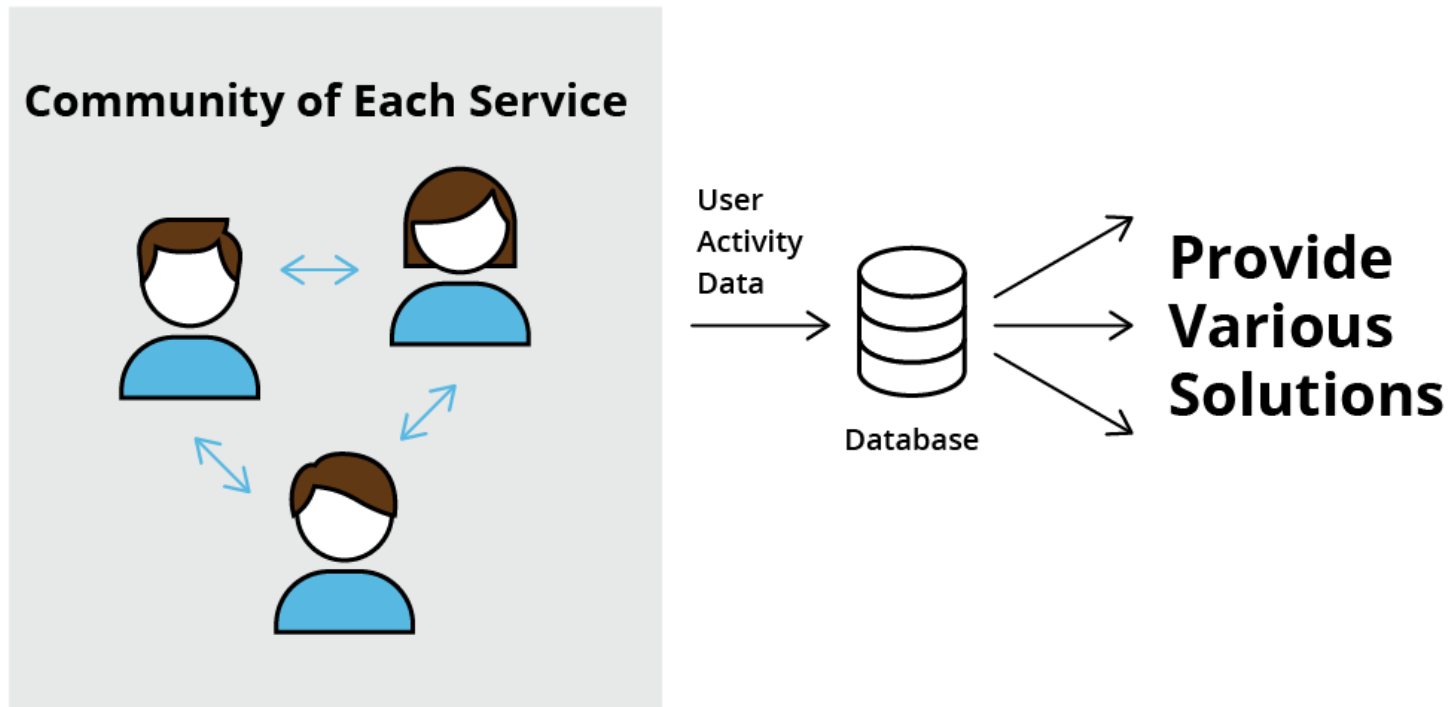
Going Beyond Digital Marketing Support, Aim to Provide Both Users and Partner Companies with Various Peripheral Services to Promote Industry Development



Platform Business

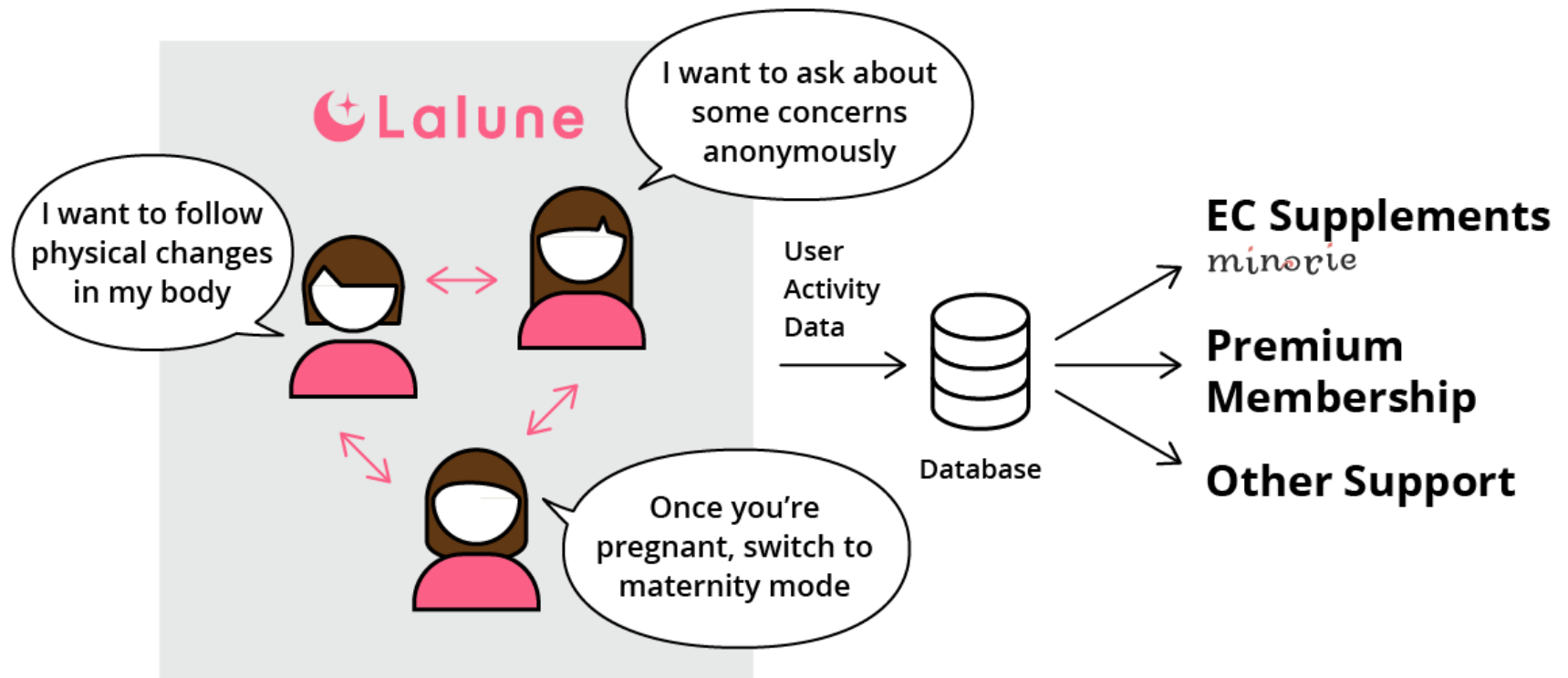
Providing a “Hub” Where User Data is Gathered and Utilized to Further Enhance Business Value in Addition to **Building Market Advantage**

Platform

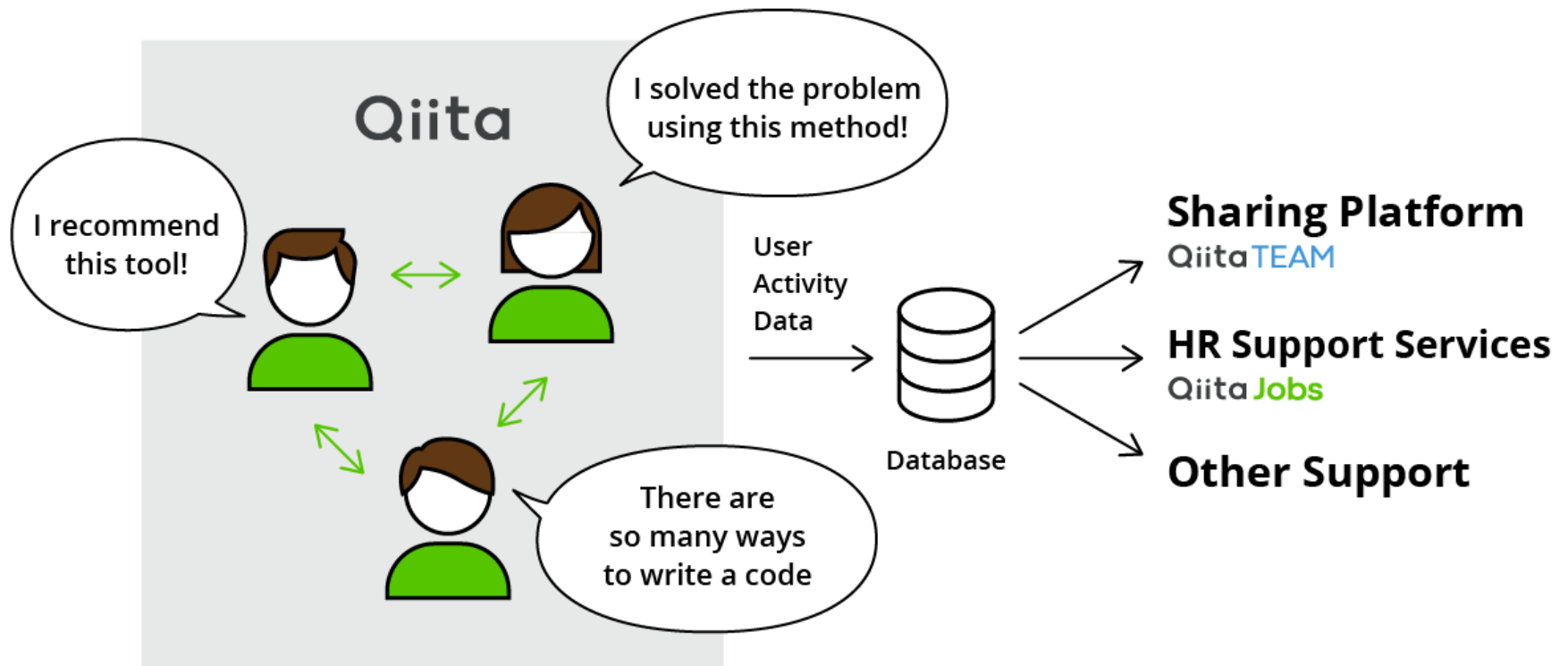


Women's Healthcare Service

Lalune Platform



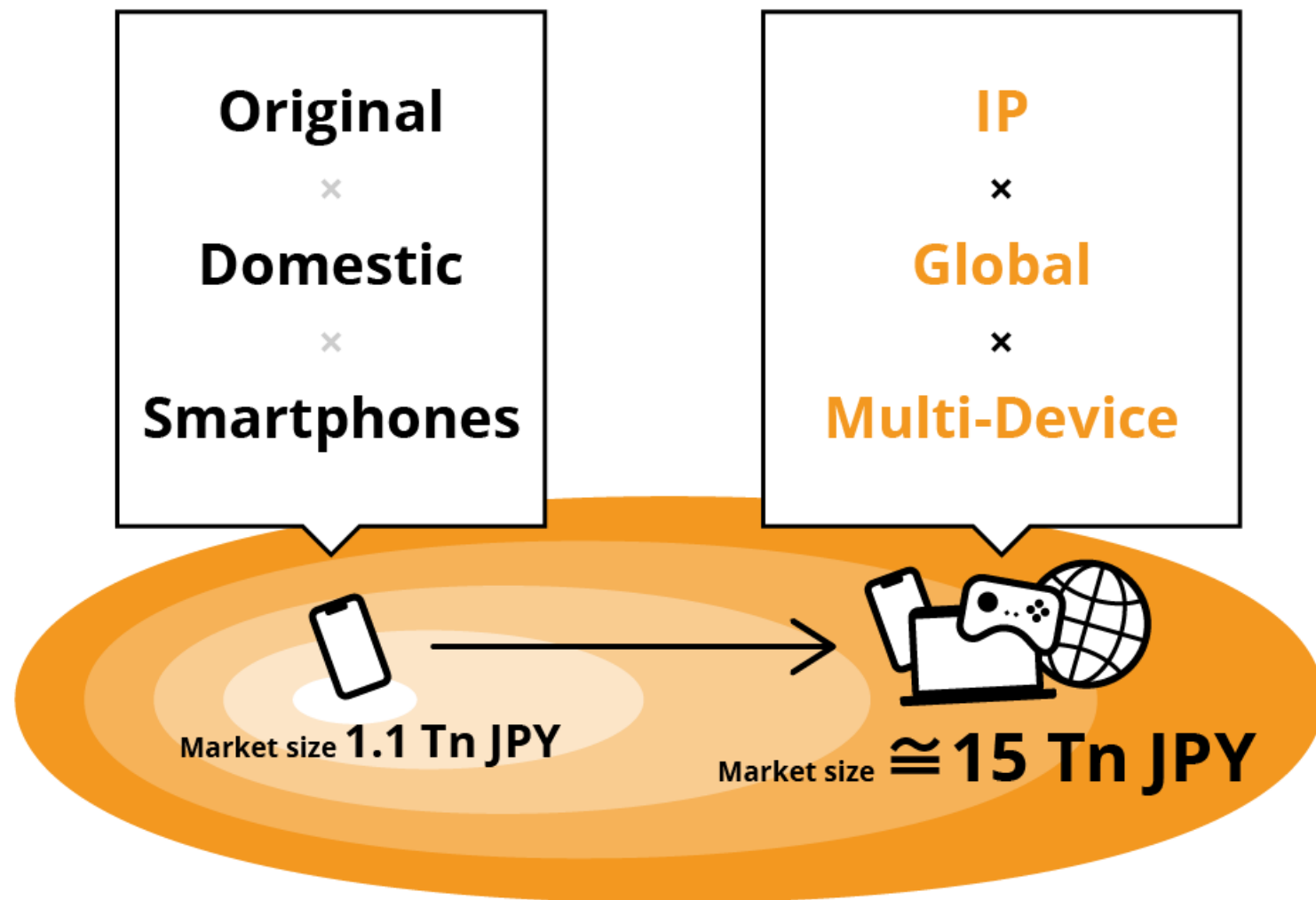
Qiita Platform



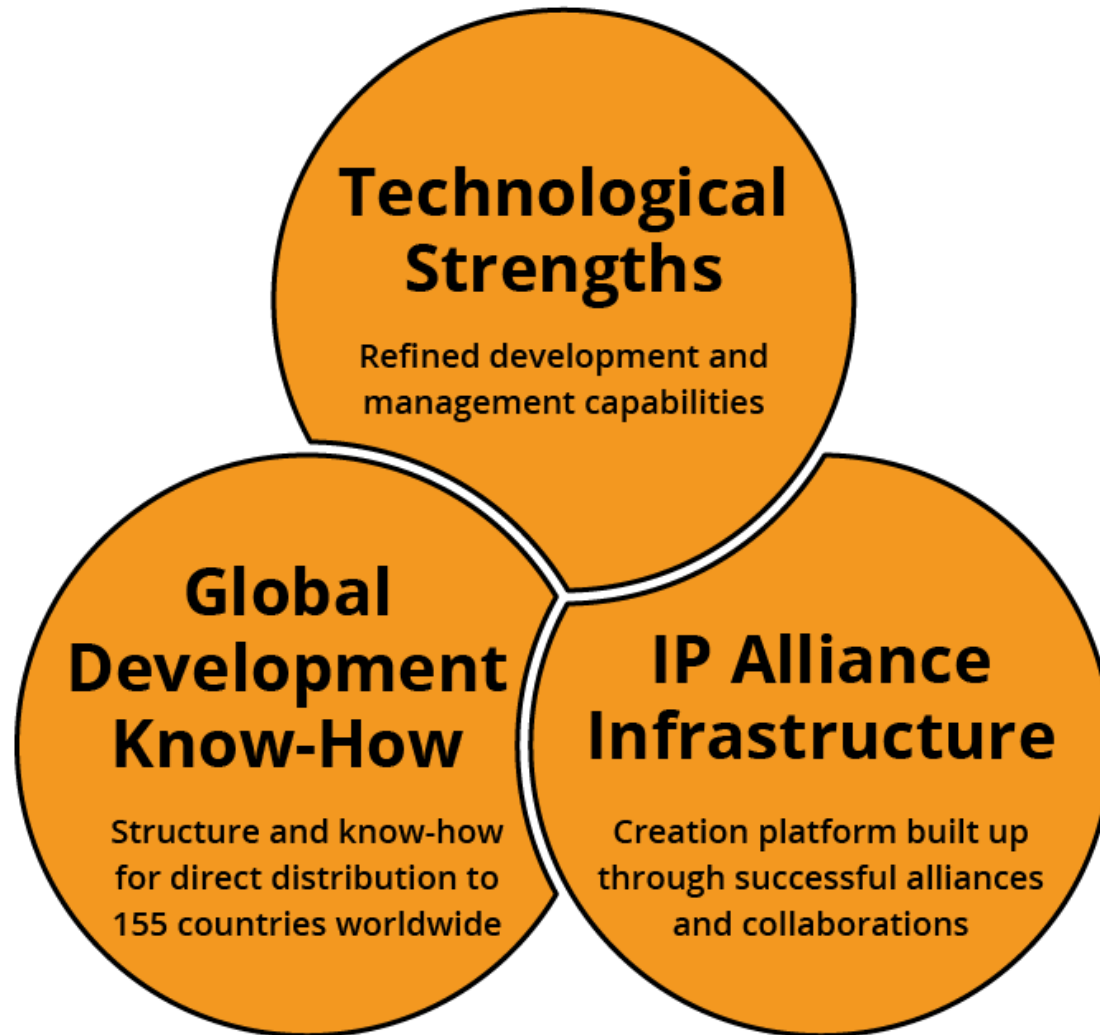
Entertainment Business

Business Policy

Jumping onto the Next Stage with IPs, a Global Focus, and Multi-Device Support!



Strengths of the Entertainment Business

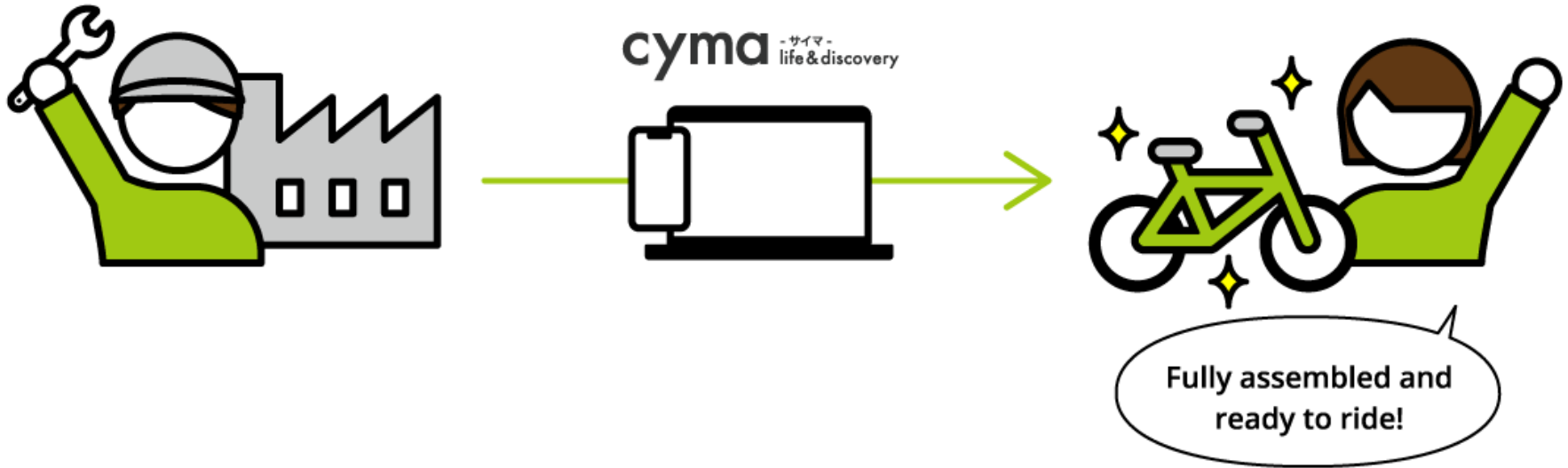


E-Commerce Business

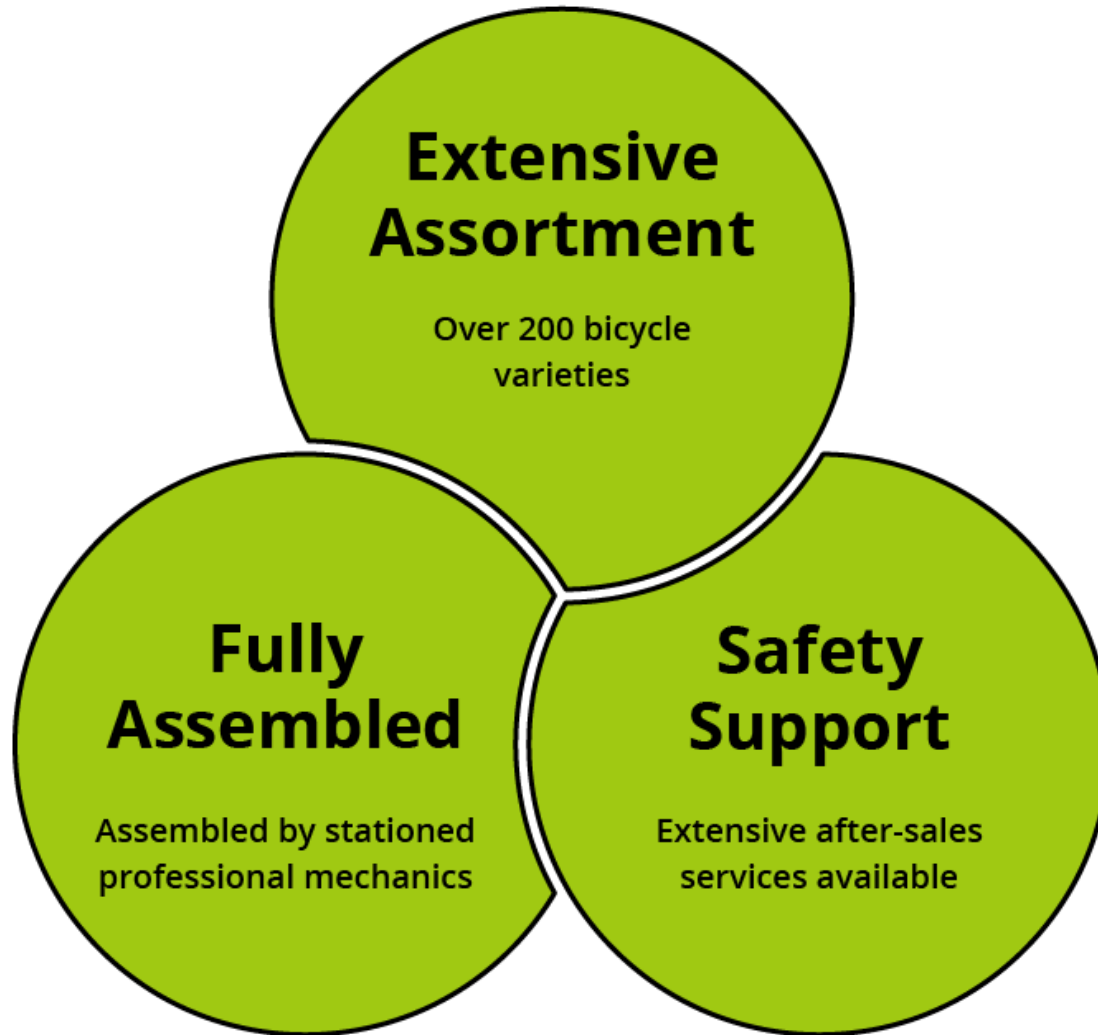
Vision of the E-Commerce Business

Aim to be an Online Bicycle Store that Provides Both User Convenience and Industry Development

Bikes, Simply Ready to Ride

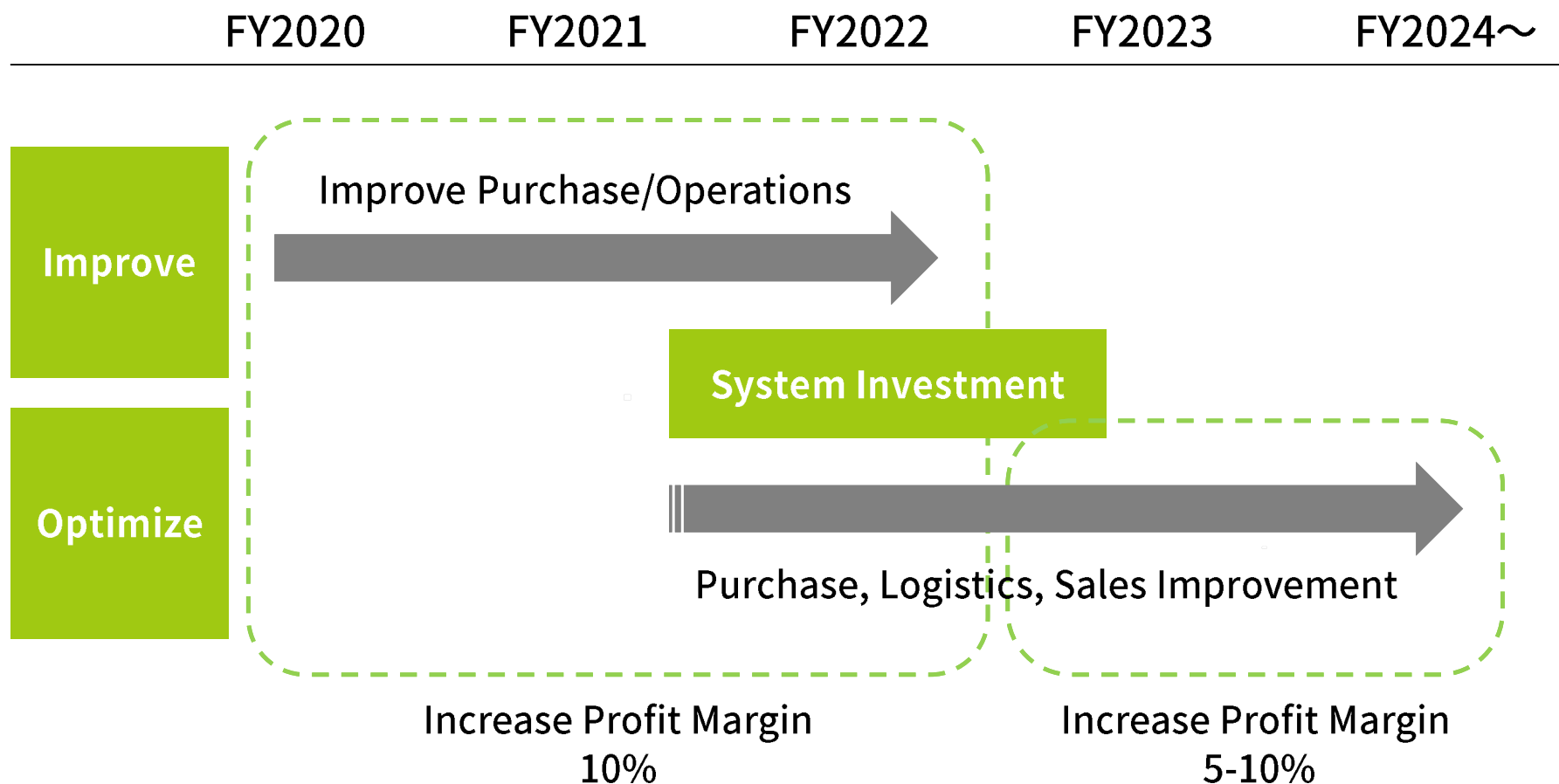


E-Commerce Business Features



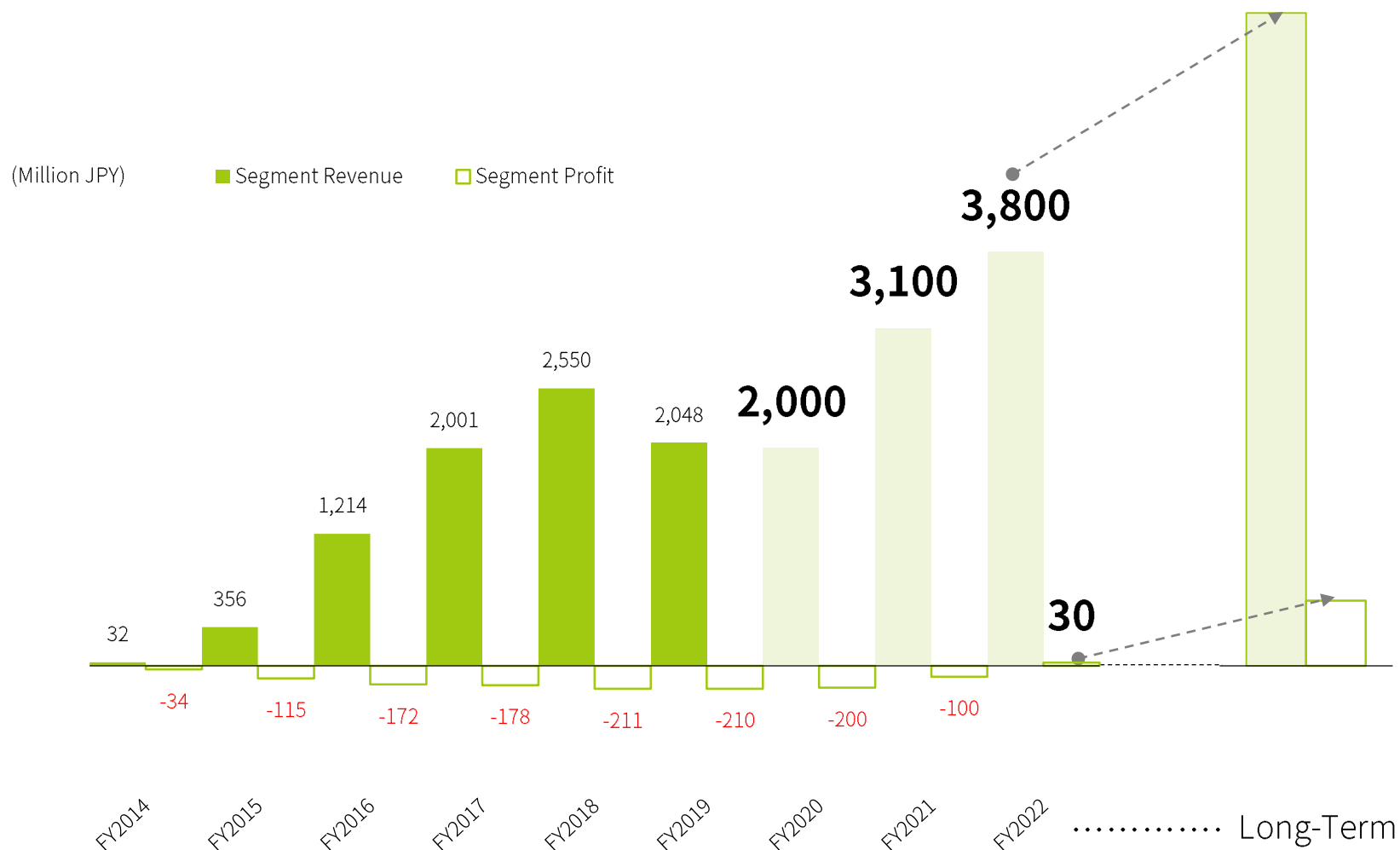
Initiatives for Medium- to Long-Term Growth

Besides Operational Improvements, Plan to Invest in the Implementation of System Automation



Medium- to Long-Term Growth Image

Upon Profitability in FY2022, Accelerate Growth and Improve Profitability



Getting IT Done



2. FY2020 Q2 Financial Results

- 3. FY2020 Q2 Business Details
- 4. Segment Topics
- 5. FY2020 Guidance

FY2020 Q2 Financial Summary (Nov 2019 - Jan 2020)

Overall

Revenue Down Y/Y & Q/Q, OP Decline Y/Y But Up Q/Q

- Revenue: 7,866 million JPY (Y/Y 82.0%, Q/Q 96.5%)
- Operating income: 192 million JPY (Y/Y 27.8%, Q/Q 128.5%)
- Net income: 50 million JPY (Y/Y 10.5%, Q/Q 67.2%)

Lifestyle Support

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

- Revenue: 5,148 million JPY (Y/Y 99.2%, Q/Q 93.2%)
- Profit: 481 million JPY (Y/Y 74.8%, Q/Q 102.0%)

Y/Y Flat Due to A/C Sales Withdrawal; Continued Investment Cause Profit Dip

% of Revenue

65.4%

Ent.

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

- Revenue: 2,112 million JPY (Y/Y 52.7%, Q/Q 106.2%)
- Profit: 196 million JPY (Y/Y 32.3%, Q/Q 450.6%)

New Development Costs Cause Y/Y Profit Dip, Q/Q Up Due to Holiday Events

% of Revenue

26.9%

EC

Revenue Up Y/Y But Down Q/Q

- Revenue: 606 million JPY (Y/Y 151.4%, Q/Q 95.1%)
- Profit: -53 million JPY (Y/Y —, Q/Q —)

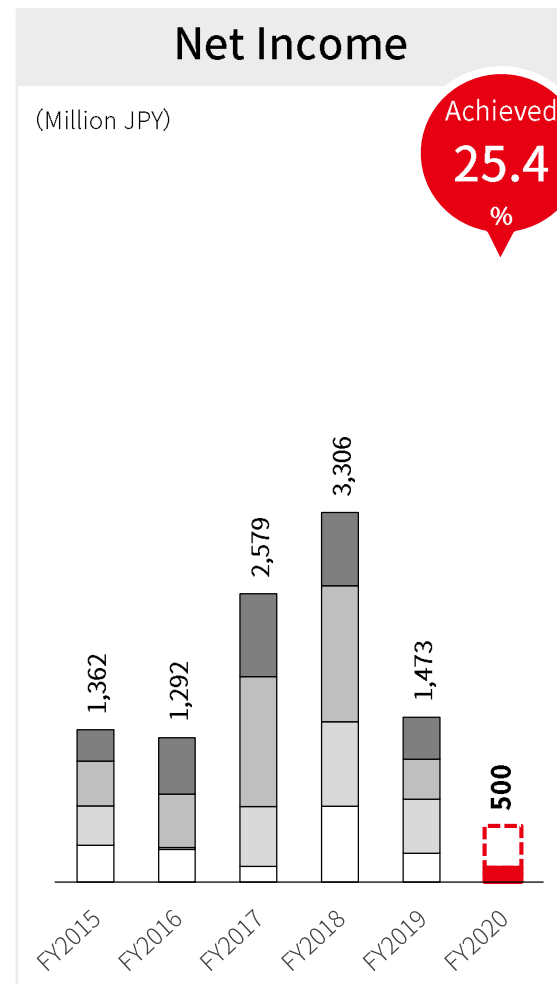
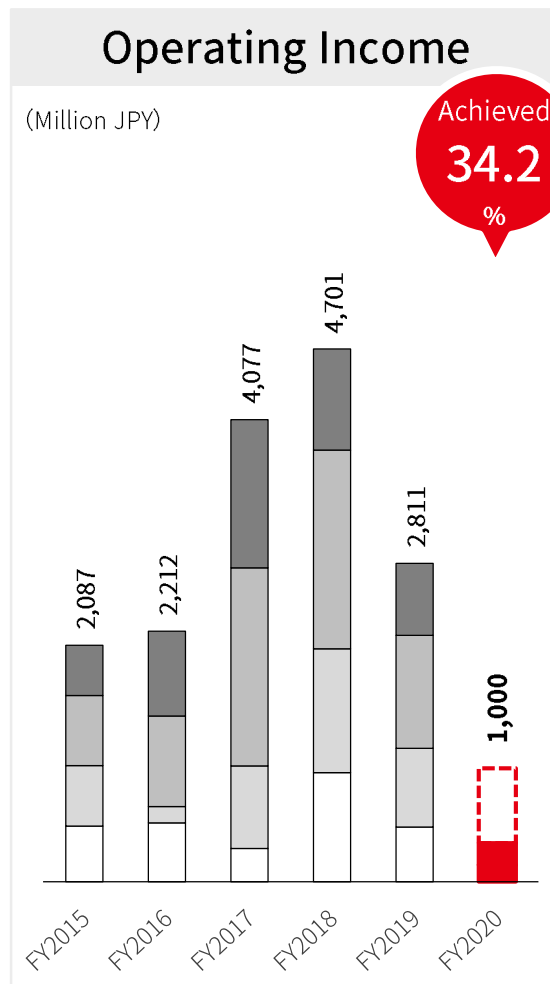
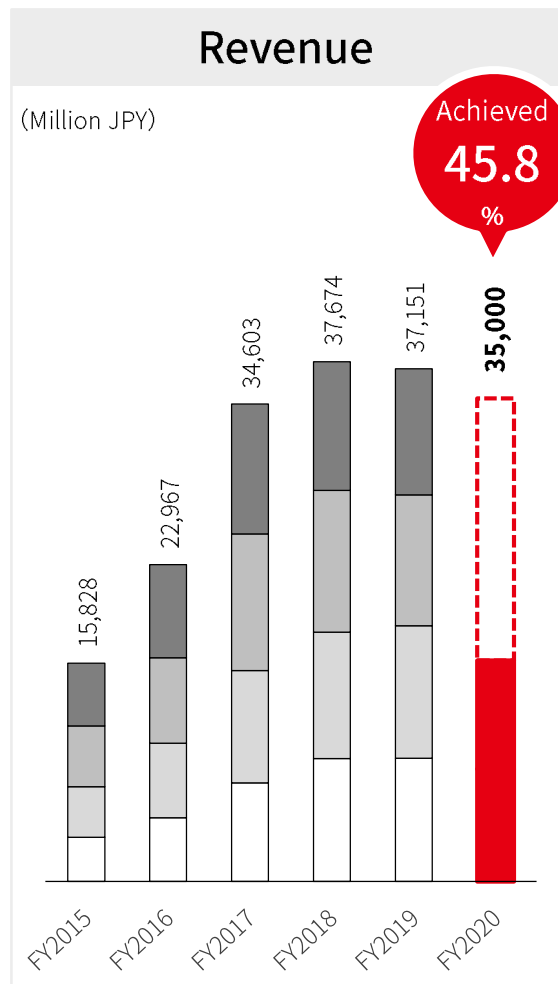
Significant Increase Y/Y Due to Revision of S&H and Delivery Before Holidays

% of Revenue

7.7%

FY2020 Financial Results vs. Forecasts

■ Profit Concentrated in H2 Due to Seasonal Factors; H1 In-Line With Forecasts



FY2020 Q2 Results

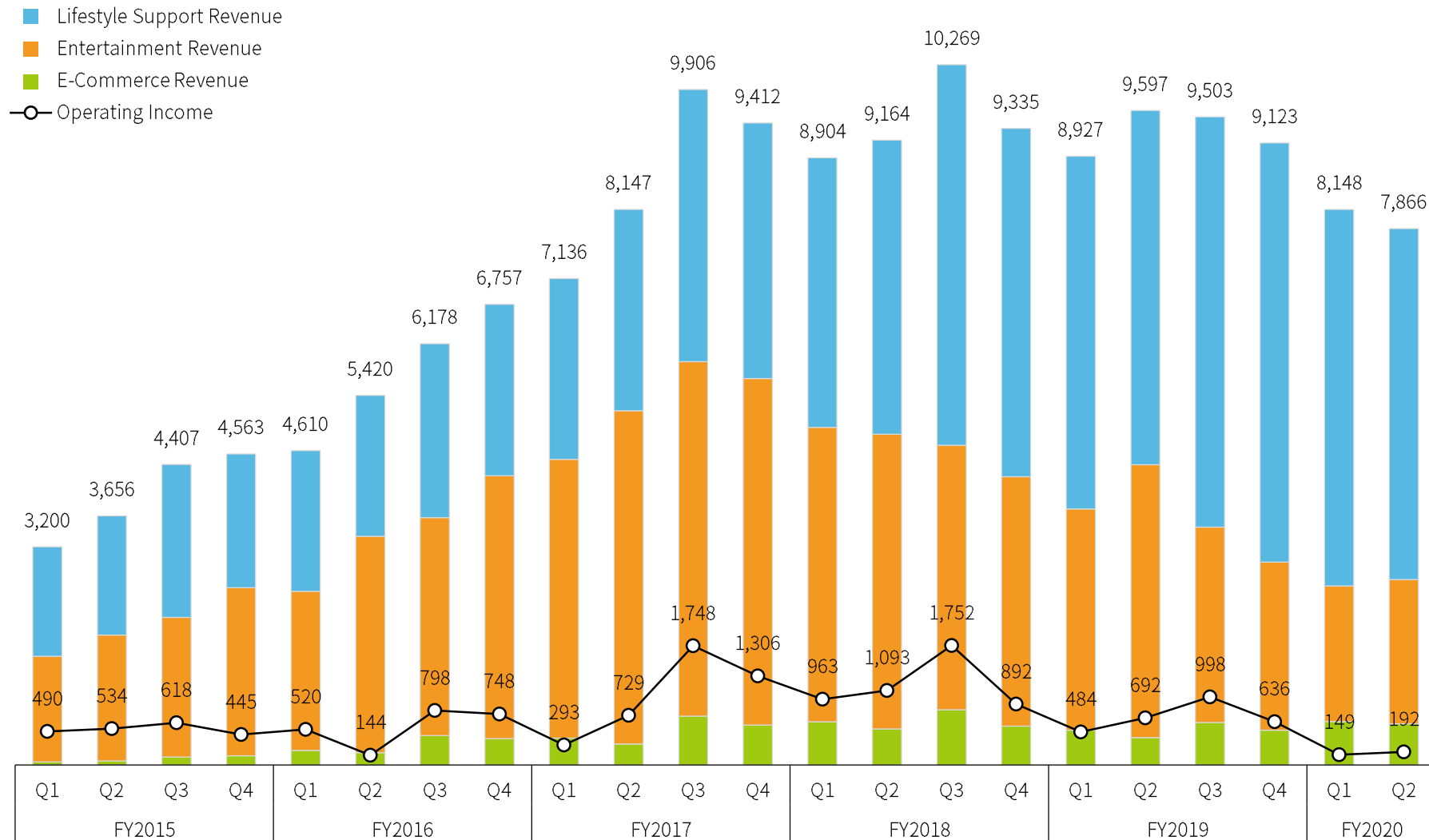
(Million JPY)

FY2020 Q2 <u>Six-Month Results</u> (Aug 2019 – Jan 2020)				
	FY2020 Q2		FY2019 Q2	
		%		Y/Y
Revenue	16,014	100.0%	18,524	86.5%
Operating Income	342	2.1%	1,177	29.1%
Ordinary Income	350	2.2%	1,168	30.0%
Net Income	126	0.8%	741	17.1%

FY2020 Q2 <u>Three-Month Results</u> (Nov 2019 – Jan 2020)						
	FY2020 Q2		FY2019 Q2		FY2020 Q1	
		%		Y/Y		Q/Q
Revenue	7,866	100.0%	9,597	82.0%	8,148	96.5%
Operating Income	192	2.4%	692	27.8%	149	128.5%
Ordinary Income	206	2.6%	661	31.2%	144	143.1%
Net Income	50	0.6%	484	10.5%	75	67.2%

Consolidated Quarterly Financial Trends

(Million JPY)



Quarterly Trend of Key Management Indicators

(Million JPY)

	FY2017			FY2018				FY2019				FY2020	
	Q2	Q3	Q4	Q1	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	9,503	9,123	8,148	7,866
Operating income	729	1,748	1,306	963	1,093	1,752	892	484	692	998	636	149	192
Promotional expenses	3,551	3,623	3,410	3,600	3,866	3,730	3,609	3,931	3,980	3,726	3,410	3,600	3,229
Labor costs, recruitment expenses	935	931	1,066	1,025	1,089	1,195	1,443	1,435	1,463	1,529	1,604	1,581	1,560
Commission fees, etc.	1,779	2,051	2,108	1,588	1,572	1,561	1,395	1,304	1,592	1,289	1,201	1,047	1,090
Subcontractor expense, server fees	297	315	331	532	518	620	605	605	646	661	660	548	534
Office rental fees, utility expenses	218	238	243	249	251	288	291	292	293	296	296	287	286
Employees (people)	627	710	718	723	788	898	955	989	1,024	1,115	1,115	1,113	1,123

* 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 Slight Decline In Proportion to Revenue Trend

■ Entertainment Remained Flat With Continued Priority of Efficient Operation

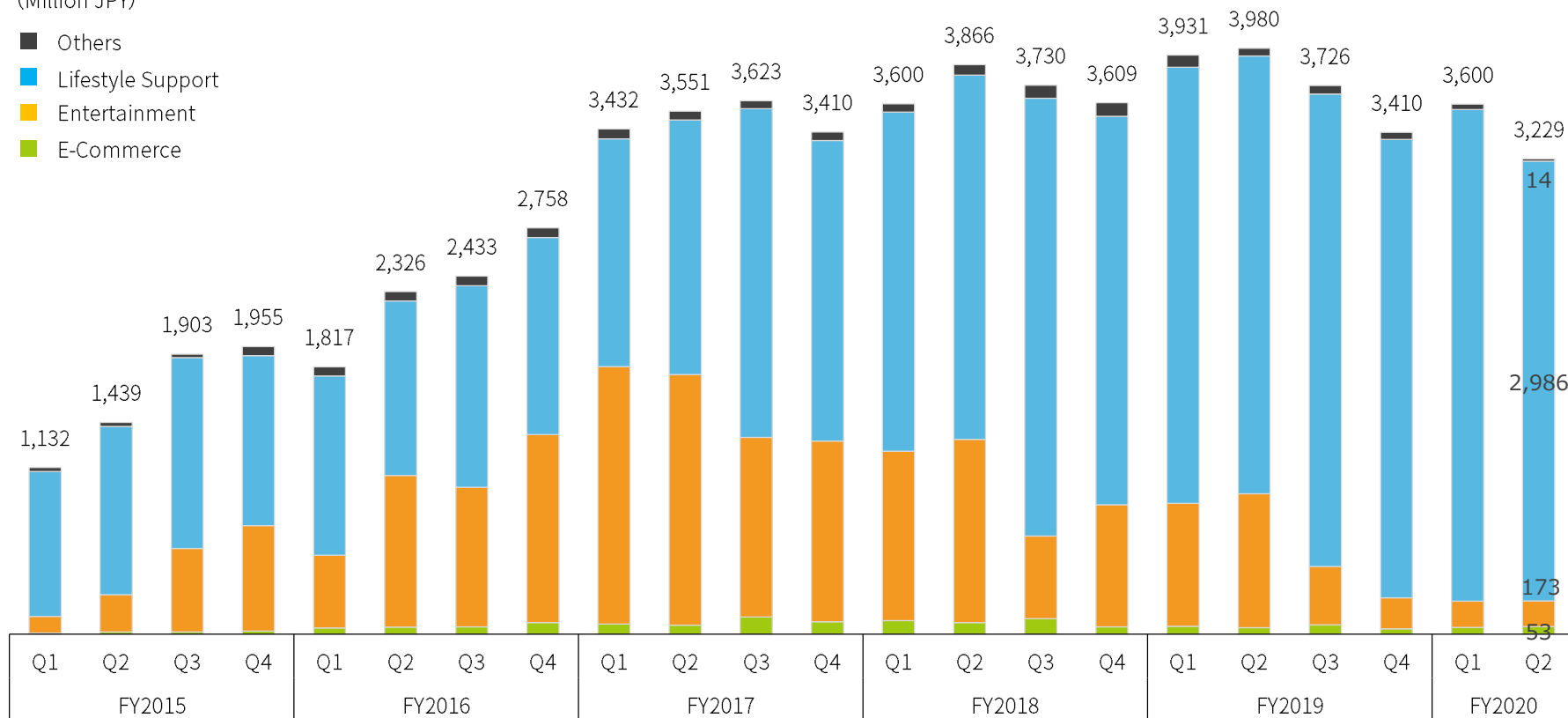
(Million JPY)

■ Others

■ Lifestyle Support

■ Entertainment

■ E-Commerce

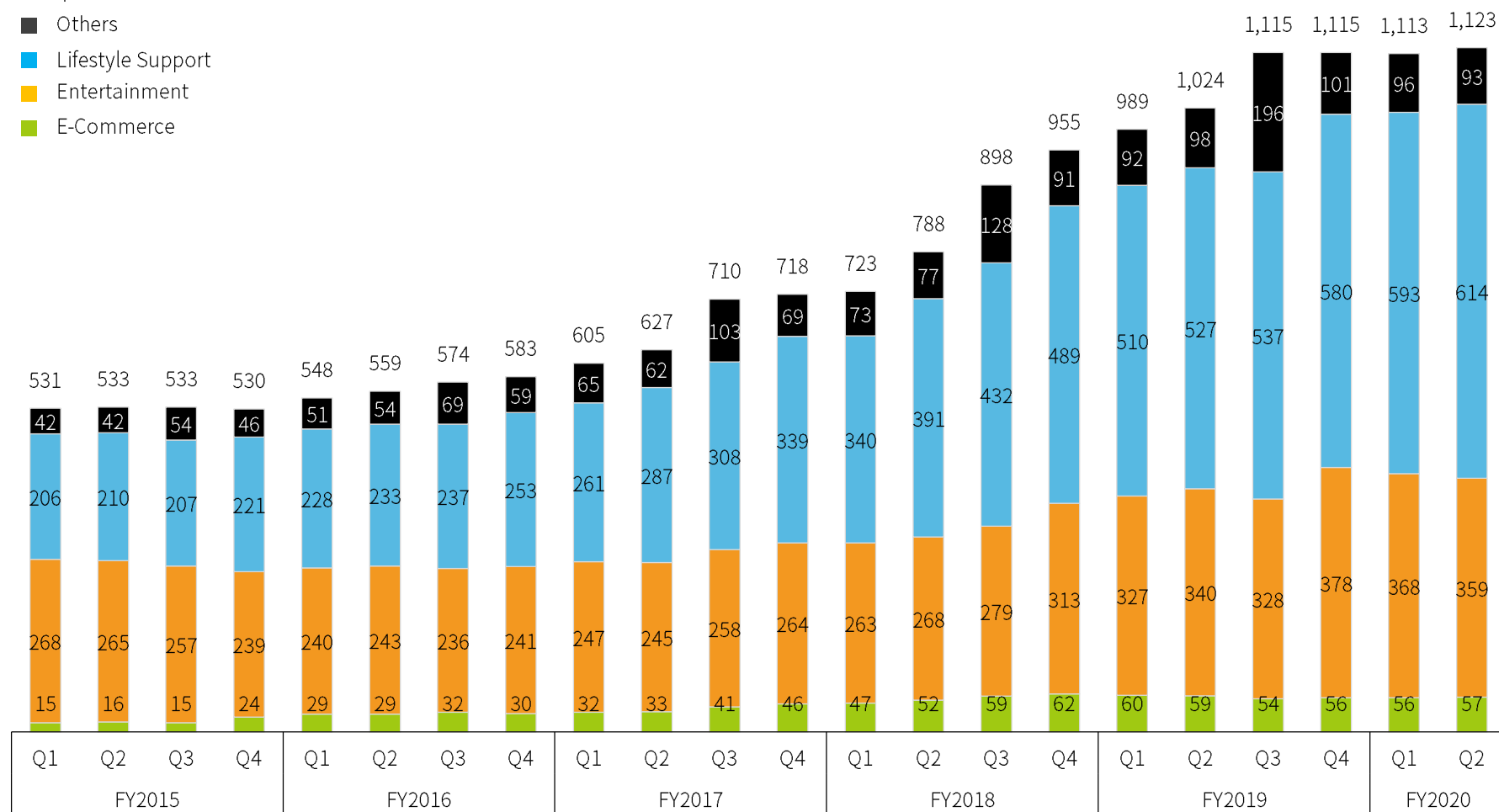


* Breakdown of promotional expenses by segment is shown on “Supplementary Financial Data” of this business report

Number of Employees

(People)

- Others
- Lifestyle Support
- Entertainment
- E-Commerce



* 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)

	FY2020 Q2	FY2020 Q1
Current assets	10,540	10,751
Cash and cash equivalents	5,770	5,900
Accounts receivable	3,316	3,539
Non-current assets	6,254	6,212
Tangible assets	1,673	1,736
Intangible assets	1,446	1,507
Total assets	16,794	16,964

	FY2020 Q2	FY2020 Q1
Current liabilities	3,885	3,900
Non-current liabilities	529	738
Total liabilities	4,414	4,639
Short-term loans payable	0	0
Shareholder's equity	12,307	12,256
Total net assets	12,379	12,324
Liabilities and net assets	16,794	16,964

3. FY2020 Q2 Business Details

- 4. Segment Topics
- 5. FY2020 Guidance

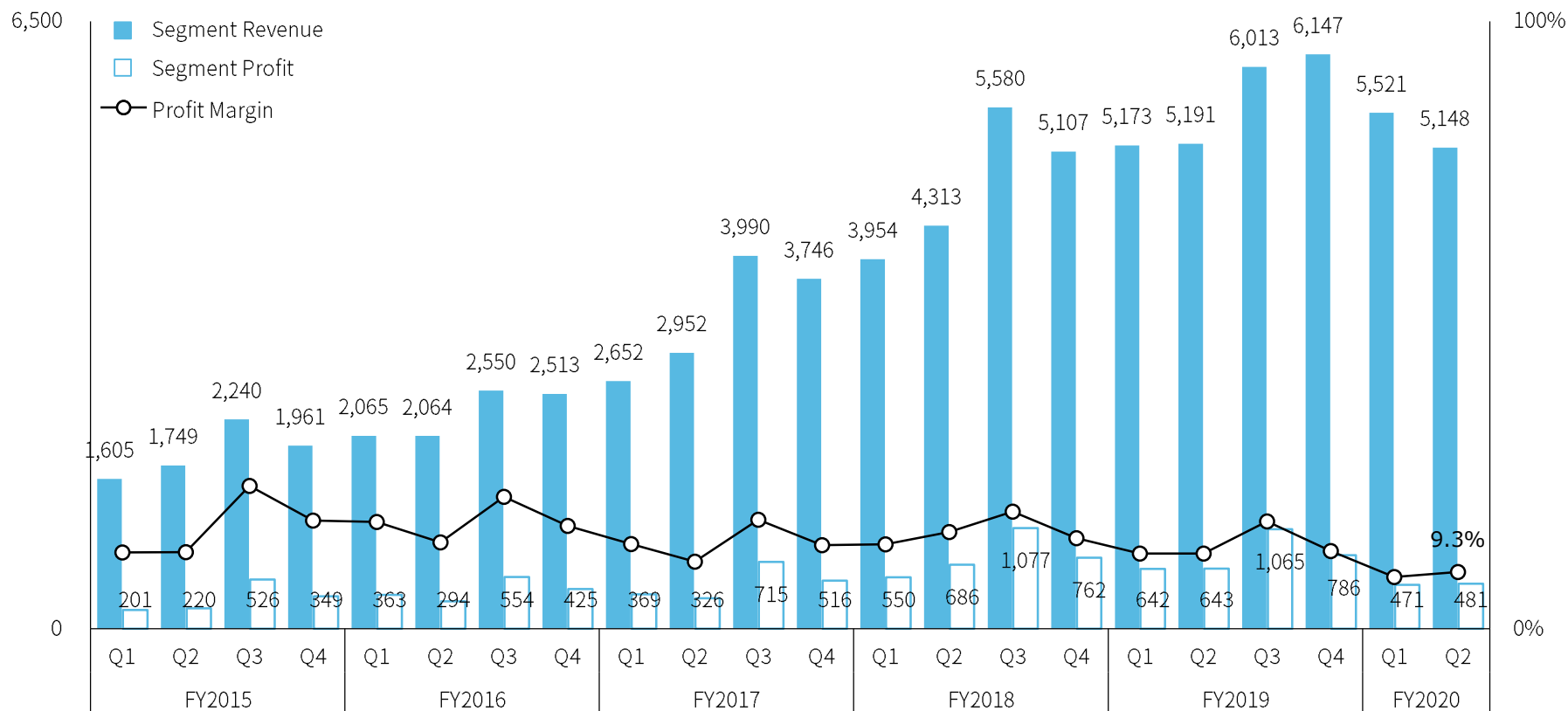
Lifestyle Support Business Performance Trends

■ Y/Y Growth Rate Declined Due to Withdrawal of A/C Sales Service

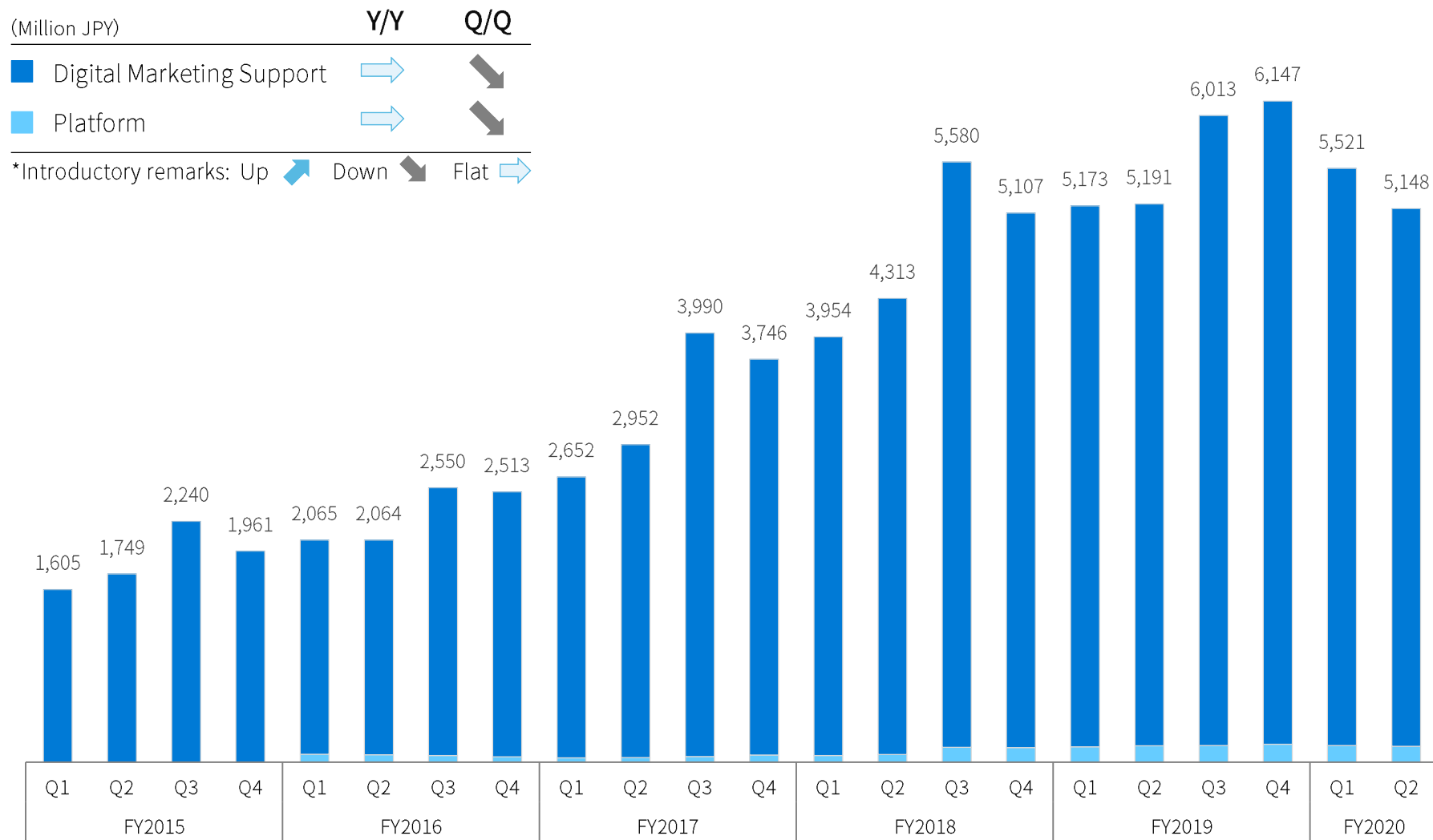
■ Continued Investment in New Services Caused Y/Y Profit Decline

Y/Y
-0.8
%

(Million JPY)



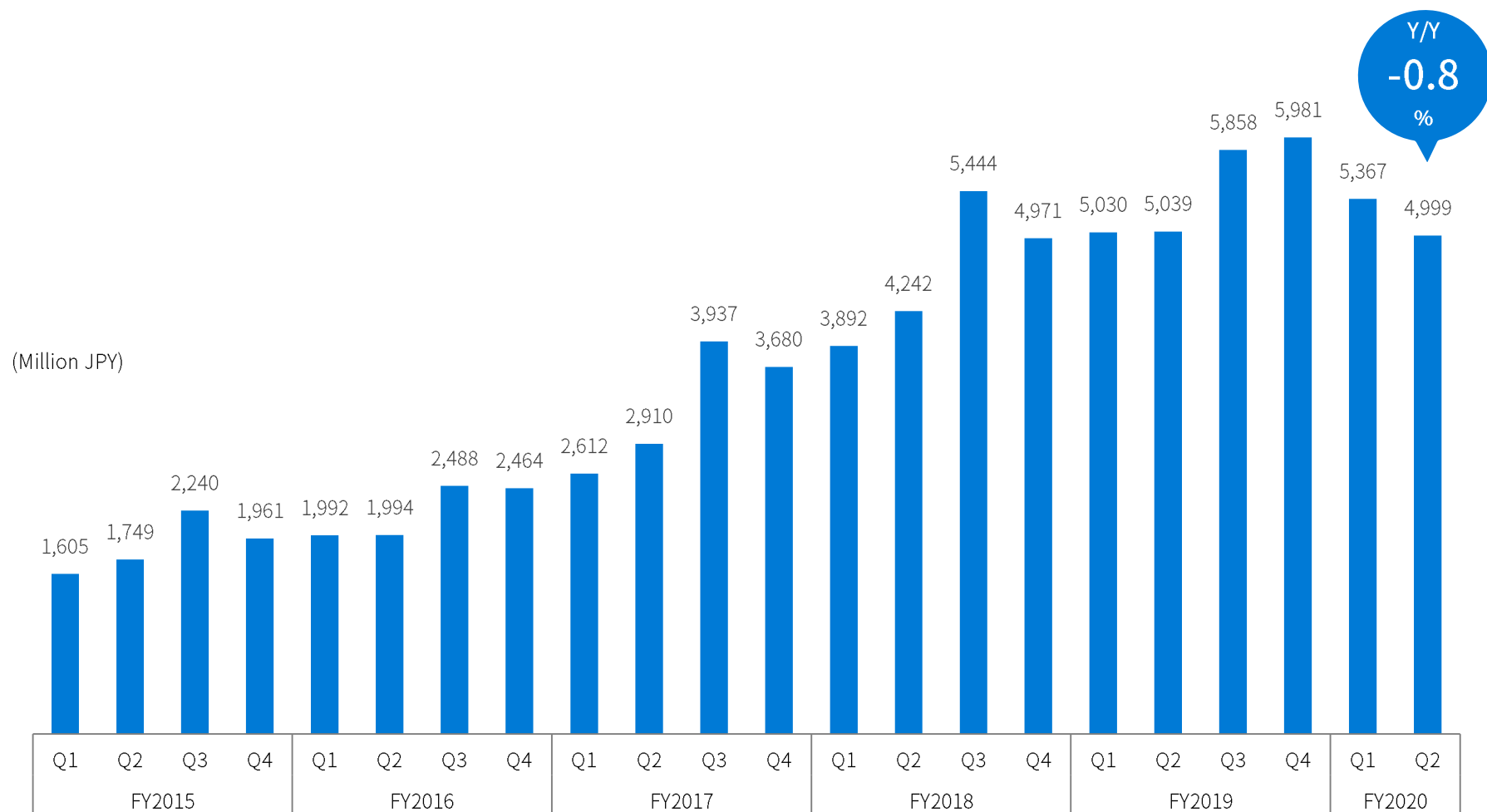
Lifestyle Support Sub-Segment Business Trends



* “Lalune” was classified within the Entertainment Business during FY2014 and FY2015, thus the revenue for FY2015 is not included in this graph

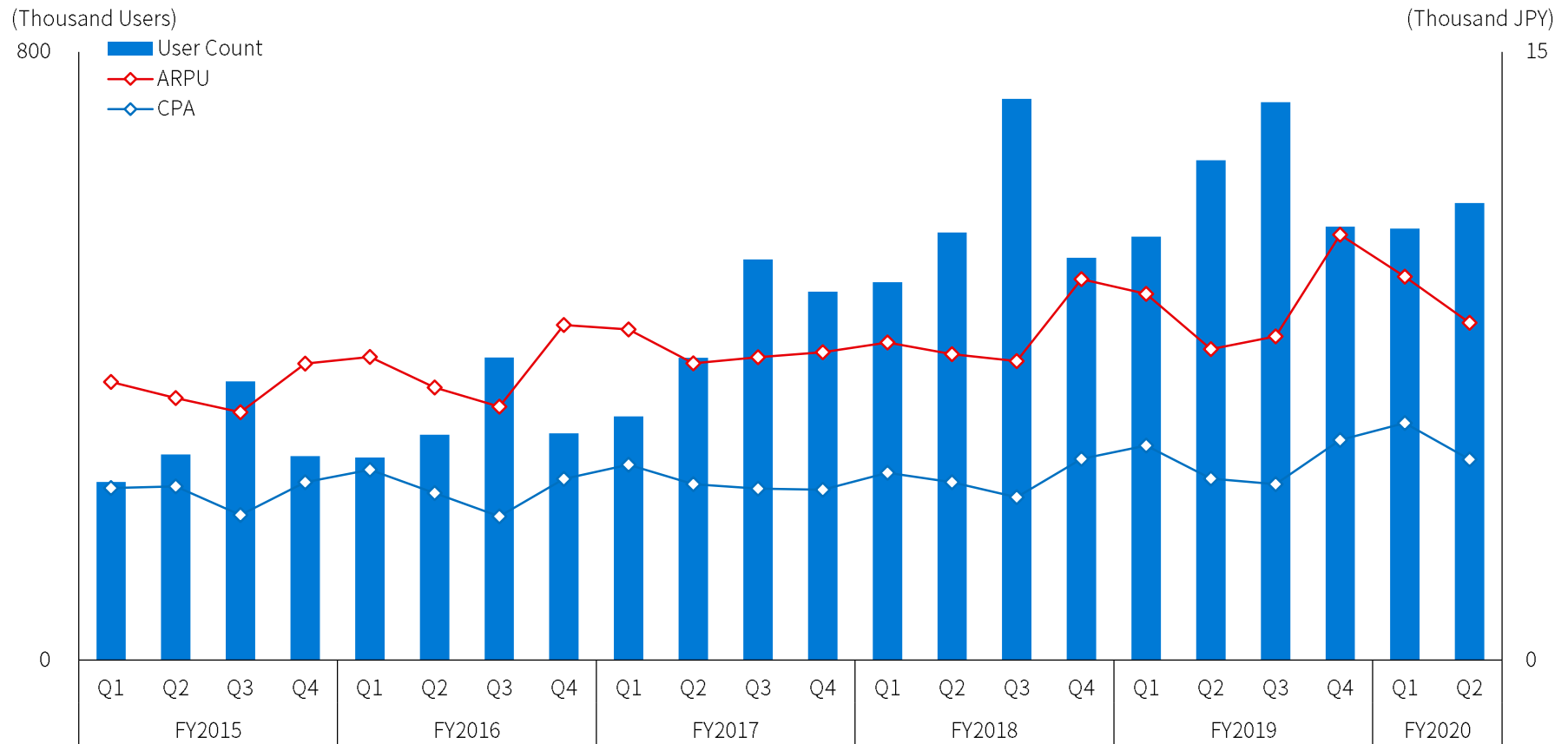
Digital Marketing Support Business Revenue Trends

■ Despite a Decrease in the Number of Cash Loan Comparison Services Along with the Withdrawal of A/C Sales Service, Y/Y Flat Due to New Services



Digital Marketing Support Business KPI Trends

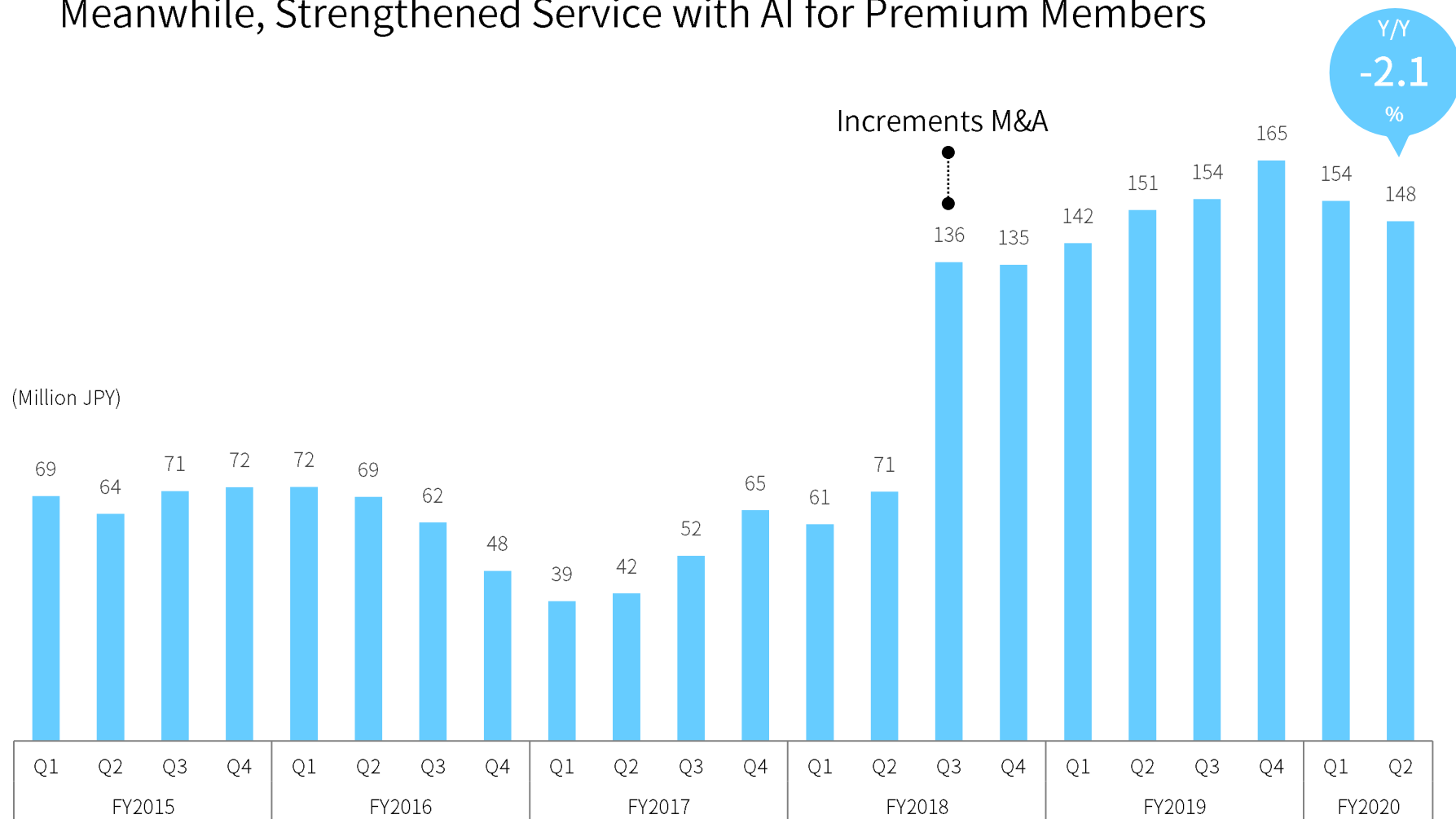
Drop in ARPU and CPA Mainly Due to Cash Loan Comparison Services User Count Decline



- [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]

Platform Business Revenue Trends

- Revenue Down Due to Lower Ad Unit Price for “Lalune”, Resulting in Flat Y/Y
Meanwhile, Strengthened Service with AI for Premium Members



Lifestyle Support Business New Services

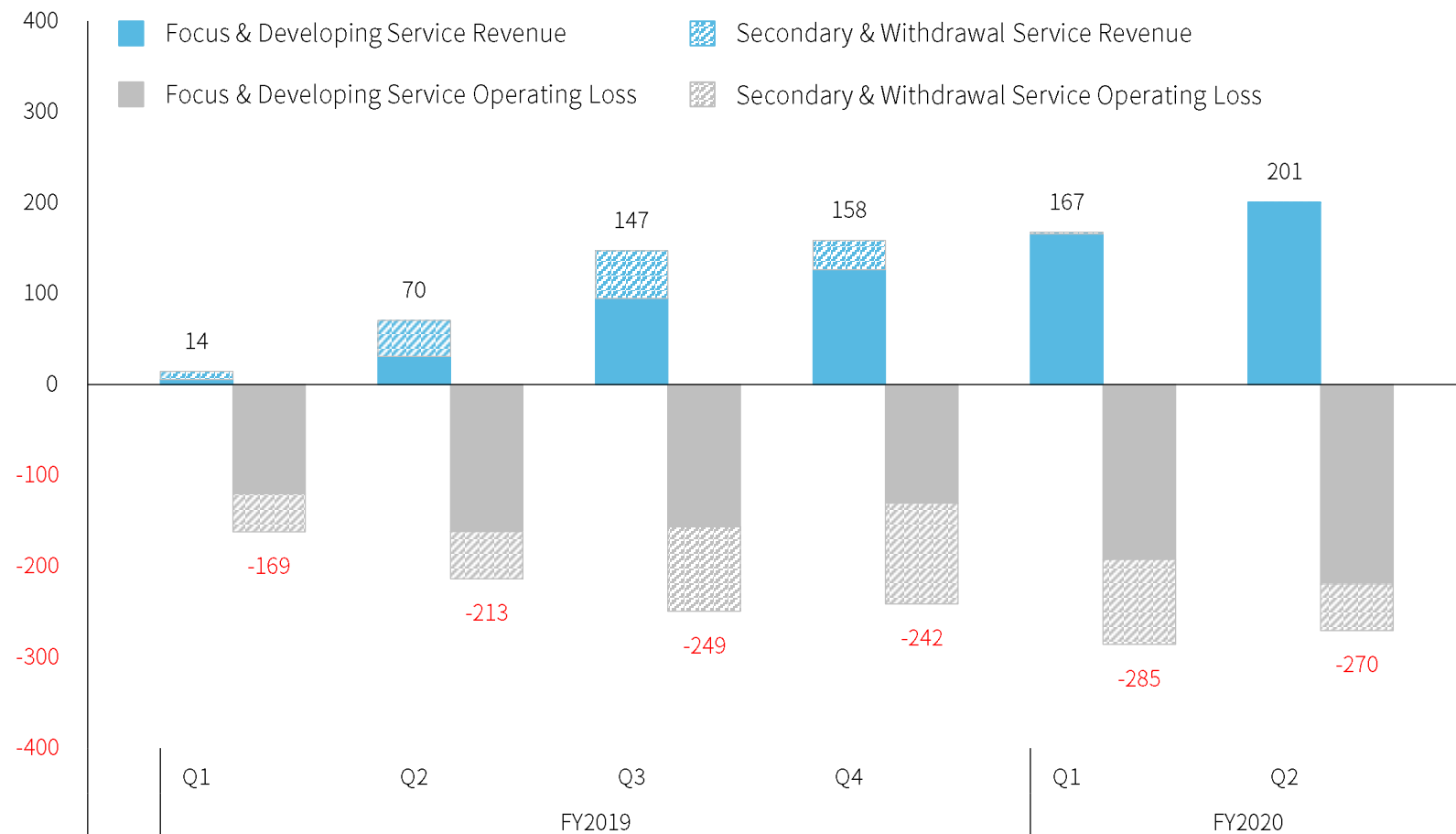
■ Redistribution of Resources Upon Analysis of Status, Progress & Potential

<p>Focus</p>	<p>Focus resources, taking into account progress, potential and growth</p>	<ul style="list-style-type: none"> ■ Re-employment support for engineers “Qiita Jobs” ■ Health insurance info website “NaviNavi Insurance”
<p>Continuous Development</p>	<p>Continue development while checking progress</p>	<ul style="list-style-type: none"> ■ Mortgage info website “NaviNavi Mortgage Loan” ■ Real estate info website “Sumai-uru” ■ Booking engine for home services “FindPro” <p>etc.</p>
<p>Secondary</p>	<p>Reduce resources for efficient operation</p>	<ul style="list-style-type: none"> ■ FX trade support website “NaviNavi FX”
<p>Integration</p>	<p>Integrate with existing services for user needs</p>	<ul style="list-style-type: none"> ■ Online wedding-date/plan booking service “HIMARI”
<p>Withdrawal/Discontinued</p>	<p>Judgement based on progress, environment & investment priority</p>	<ul style="list-style-type: none"> ■ Online service for purchasing used cars “remobii” ■ Unreleased service (1)

Lifestyle Support Business New Service Quarterly Trends

■ Business of Focus and Continuous Development Growing Steadily

(Million JPY)



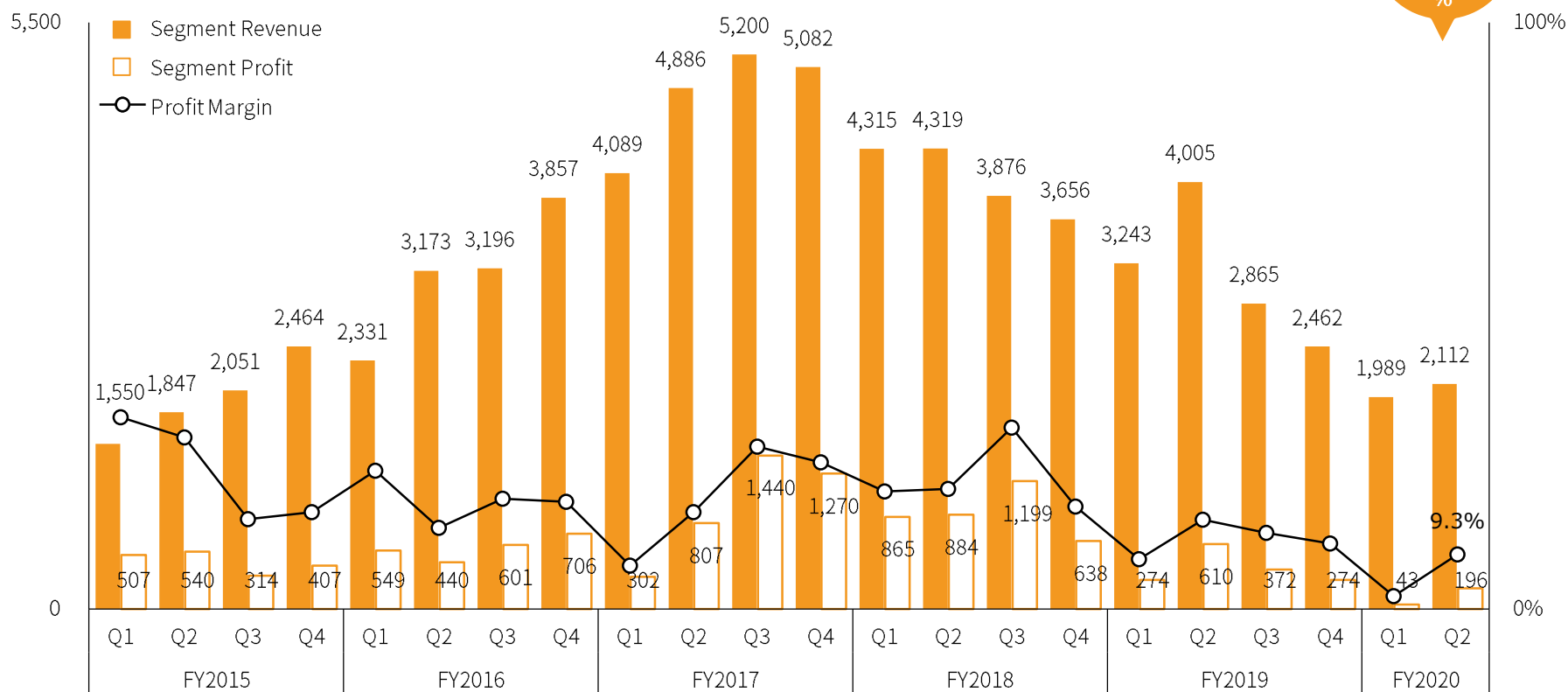
*The above “Operating Loss” is based on management accounting figures. All figures in this document have been rounded down to the nearest million JPY

*Correction: FY2020 Q1 Revenue 167 mil JPY , Operating Loss -285 mil JPY (announced Dec 6, 2019: FY2020 Q1 Revenue 169 mil JPY, Operating Loss -282 mil JPY)

Entertainment Business Performance Trends

- Contribution of Holiday Events of Main Existing Games Result in Q/Q Increase
- Expensed New Title Development Costs Result in Continued Profit Dip

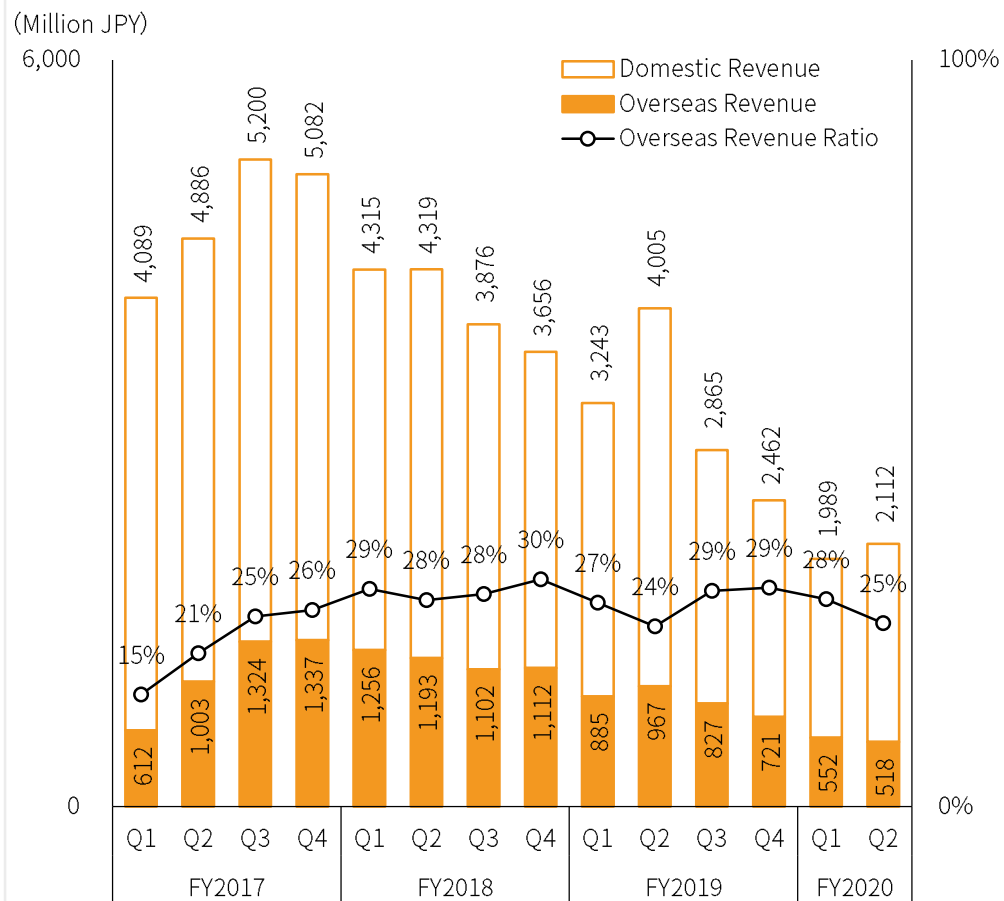
(Million JPY)



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

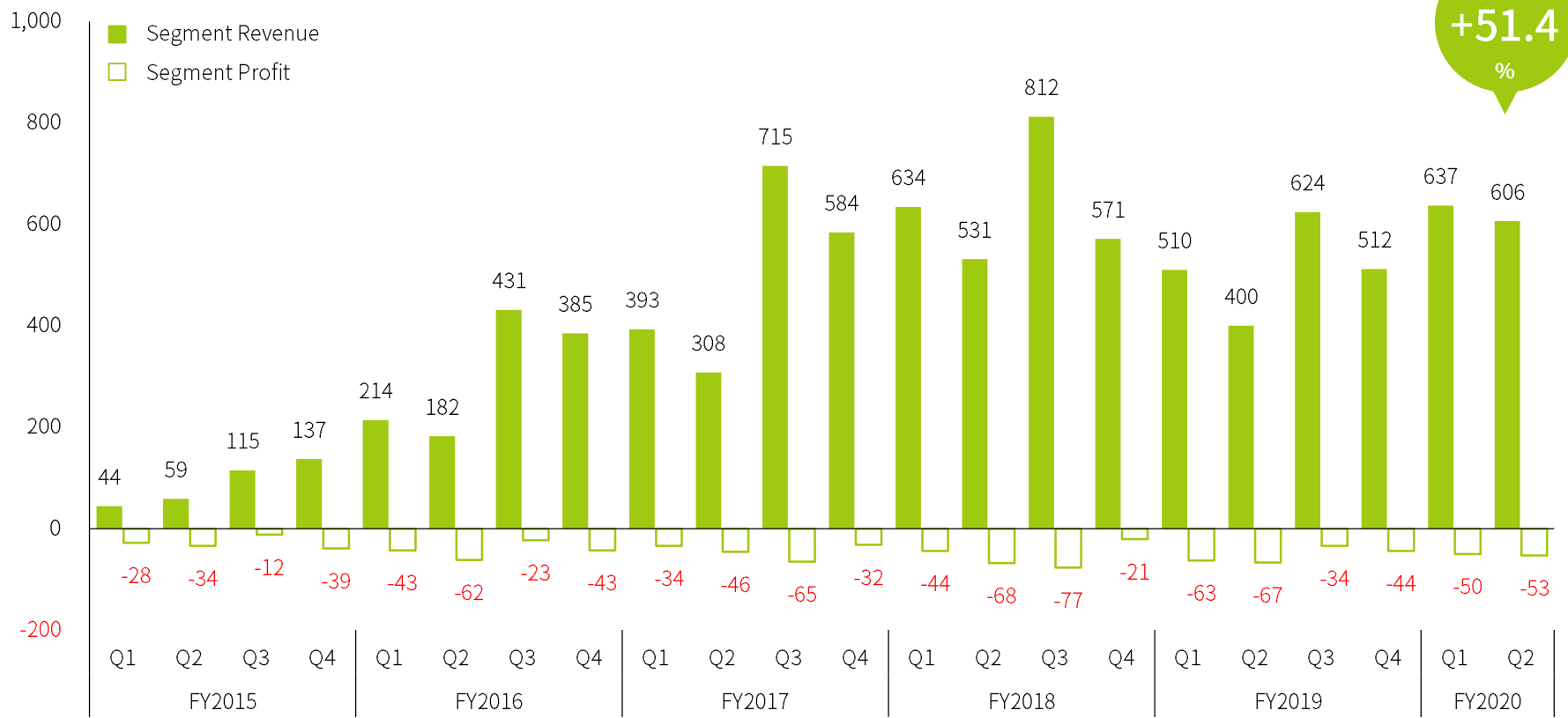


Region:	JP	US	EU	TW HK MO	KR	SE Asia	CN
Revue Starlight	●	●	●	●	●		
BASSA	●			●	●		
Valkyrie	●	●	●	●	●	●	●
Unison	●	●	●	●	●	●	
Derby	●			●		●	
Smash!	●			●			
Legions	●	English Version					
Summoner	●	English Version					

E-Commerce Business Performance Trends

■ Significant Increase Y/Y Due to Improved Operational Efficiency Through Inventory Optimization, Revised S&H Costs and Before Holiday Delivery

(Million JPY)

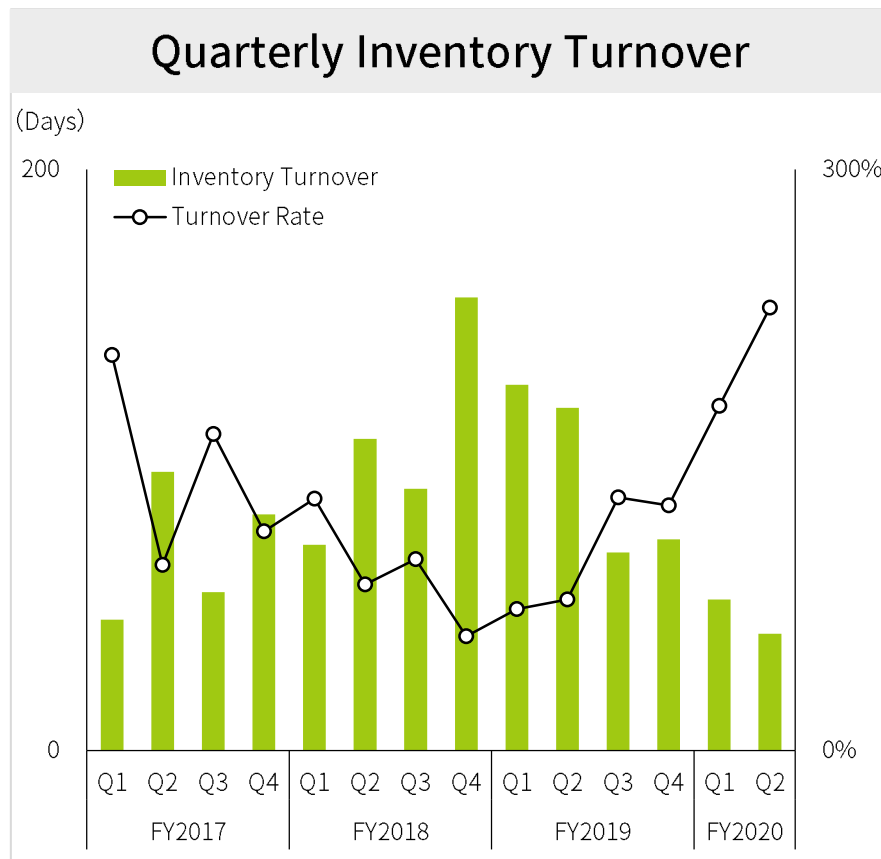
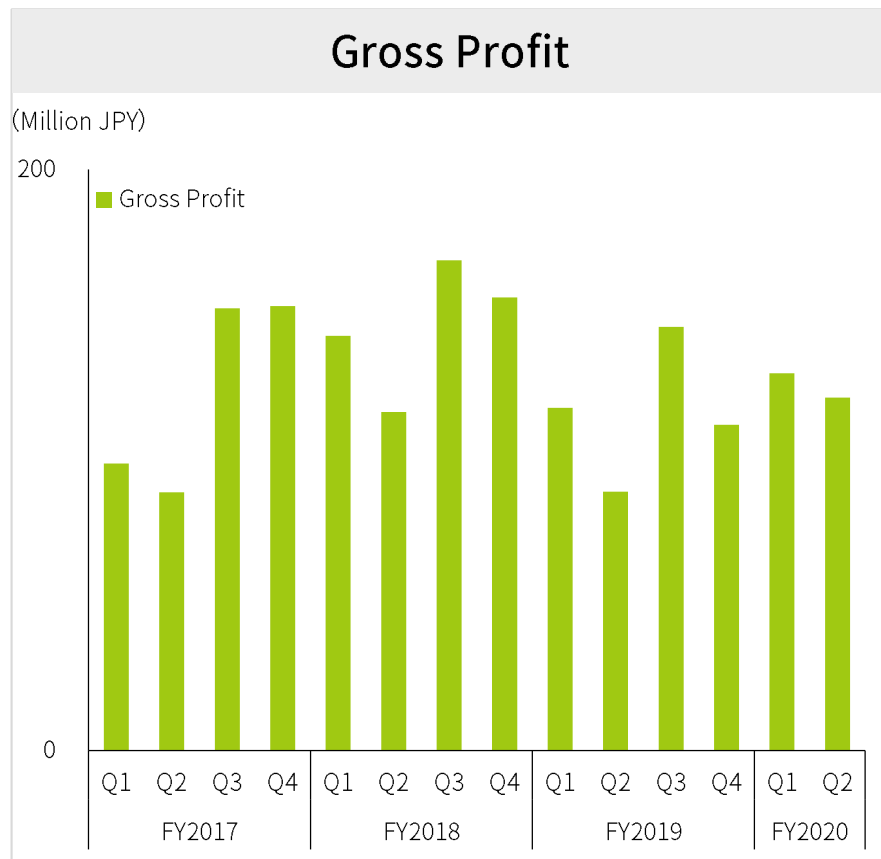


Y/Y
+51.4
%

* Peak business period is March – April (Q3)

E-Commerce Business Quarterly KPI Trends

- Gross Profit Increased Y/Y in Parallel to Revenue Increase
- Maintaining High Turnover Rate as Inventory Optimization Progresses



■ [Gross profit] = segment revenue – variable costs

* Variable costs = purchase + delivery + commission + subcontractor + consumables

■ [①Inventory turnover] = days during the period ÷ [②Inventory rate]

■ [②Inventory rate] = purchase costs ÷ [(beginning inventory + end inventory) ÷ 2]

4. Segment Topics

5. FY2020 Guidance

Segment Topics

Digital Market- ing Support

NaviNavi Insurance

NEW

Insurance Information Website “NaviNavi Insurance” Released!

■ What is “NaviNavi Insurance”?:

Provides information that allows users to select and review several types of health insurance

■ Service Overview:

- Analyze different types of health insurance
- How to select or review your insurance
- Points to consider for each life stage

■ Service Launch:

January 29, 2020



Hanayume

Grand Opening of Second Store in Shinjuku Area

- “Hanayume Wedding Desk Shinjuku West Exit Store”, where you can consult with professionals for your ideal wedding venue, will open on April 16.



Segment Topics

Ent.

Three Kingdoms Smash!

- Held 5 year anniversary event starting Mar 3



Revue Starlight Re LIVE

- Surpassed 2.5 million downloads worldwide



Dark Summoner

- Held 8 year anniversary event starting Feb 21



Valkyrie Connect

- Collaboration with popular anime “Evangelion” as of Jan 31



© khara

Segment Topics

Ent.

Valkyrie Connect

Original

Multi-Device (Smartphone & PC)

Global Release

- The first step to multi-device deployment!
Will soon be available via the STEAM game distribution platform worldwide!
- Scheduled Release Date: Global version: Early April 2020 / Japanese version: Mid-April 2020



VALKYRIE
CONNECT



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* STEAM is a digital distribution service from Valve Corporation that specializes in PC games, PC software, video distribution, hardware, and more. Playing the Windows version of the game will require an Internet connection and the Steam system, available from Valve.

New Game Pipeline Developments

New Game Pipelines Total 3

“IP” × “Smartphones”

1



1

NEW



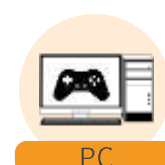
Miku Tap

Announced

Spring of 2020 Release

“IP” × “Global” × “Multi-Device”

2



1

IP Confirmed

Developing

Unannounced

FY2021~ Release

1

IP Arranging

Preparing

Unannounced

FY2021~ Release

Segment Topics

Ent.

Hatsune Miku – Tap Wonder **NEW**

IP

Smartphones

Casual Game

Global Release

- A smartphone game that will be developed with Crypton Future Media, INC.
- New tap & live game of virtual singer “Hatsune Miku”, enjoyable for all ages
- Scheduled for worldwide release around Spring of 2020

Coming Soon!



*This game is not a multi-device release

5. FY2020 Guidance

FY2020 Consolidated Financial Forecast

(Million JPY)

	FY2019 Results		FY2020 (Aug 2019 – Jul 2020)			
	Interim	Full-Year	Interim Results	Full-Year Forecast	% of Revenue	Progress
Revenue	18,524	37,151	16,014	35,000	100.0%	45.8%
Lifestyle Support	10,364	22,525	10,669	25,000	71.4%	42.7%
Entertainment	7,249	12,577	4,101	8,000	22.9%	51.3%
EC	911	2,048	1,243	2,000	5.7%	62.2%
Operating Income	1,177	2,811	342	1,000	2.9%	34.2%
Lifestyle Support	1,285	3,137	952	2,500	7.1%	38.1%
Entertainment	885	1,532	240	0	-	-
EC	-131	-210	-104	-200	-	-
Other	-862	-1,648	-746	-1,300	-	-
Ordinary Income	1,168	2,809	350	1,000	2.9%	35.1%
Net Income	741	1,473	126	500	1.4%	25.4%

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

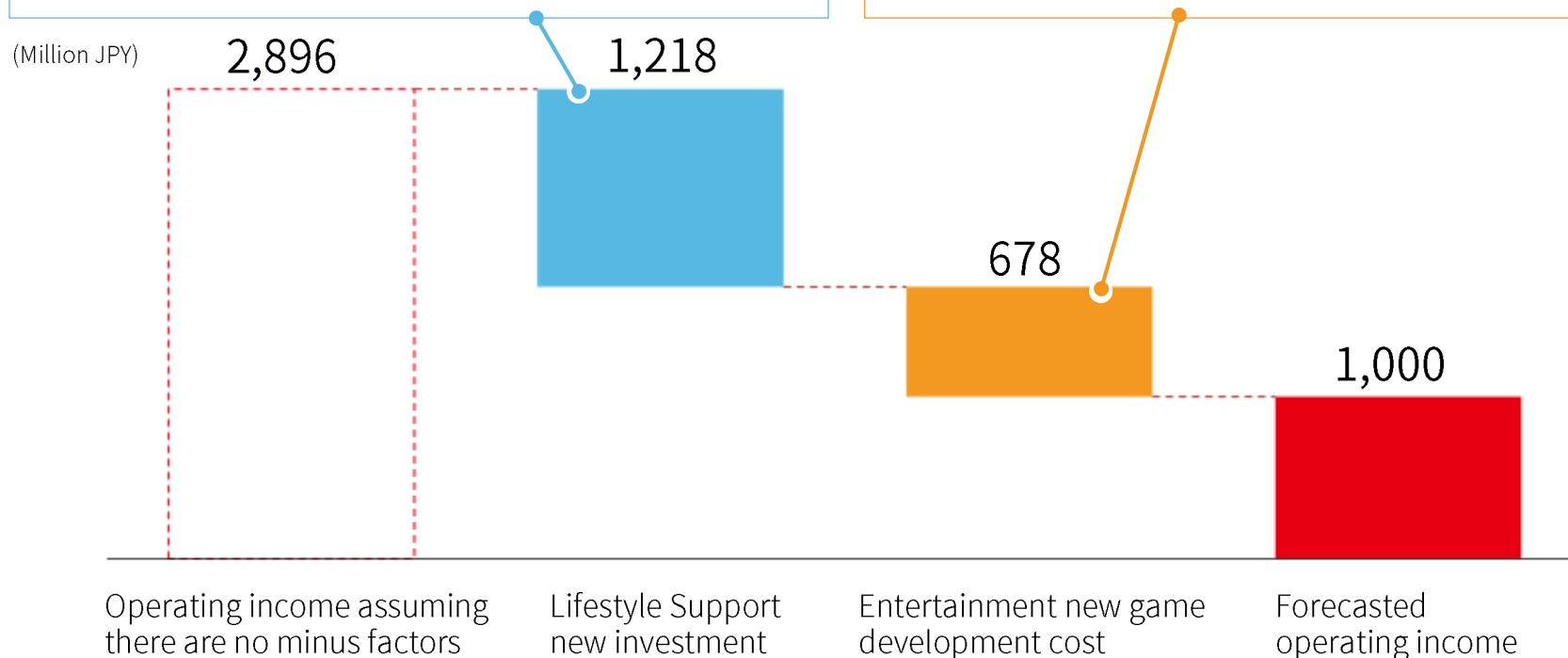
Temporary Increase in Expense Results in Abnormal Pressure on Profit

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



Notes on Second Half of FY2020

Overall

Continue to Review Costs While Responding to Coronavirus (COVID-19) and Related External Changes

Lifestyle Support

Preparing for Coronavirus Impact of Certain Services

- Strengthen online consultation support in response to cancelled bridal events and desk visits
- Due to postponement of moving, impact on “Hikkoshi Samurai” and “Navikuru” service assumed
- Ad revenue for “Qiita” and related services may decrease due to cancellation of HR events

Ent.

New Game Expected to Compensate for Existing Game Decline

- Preparing new smartphone game “Hatsune Miku – Tap Wonder” for coming spring release
- Although Q2 performed well with holiday events, downtrend of existing games continue

EC

Implement Measures for Coronavirus Impact During Busy Season

- Delay of bicycle imports from China may challenge securing inventory to meet season demand
- Will review promotions and procure inventory via other methods

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	October
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 January 31, 2020

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	1,041 (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

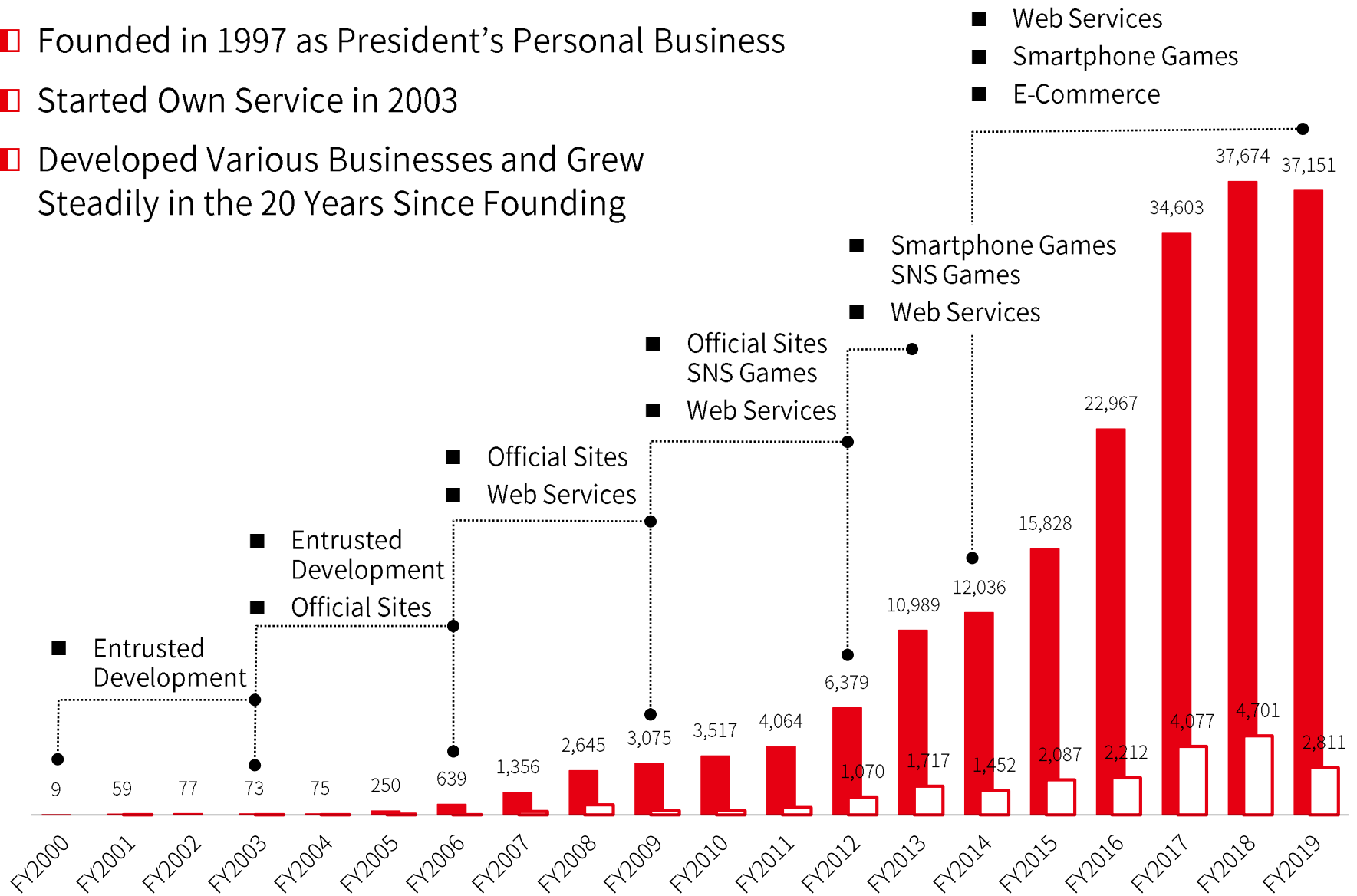
2000.02.29 Established Ateam Ltd.

2004.11.01 Organizational Change to Ateam Inc.

Company History

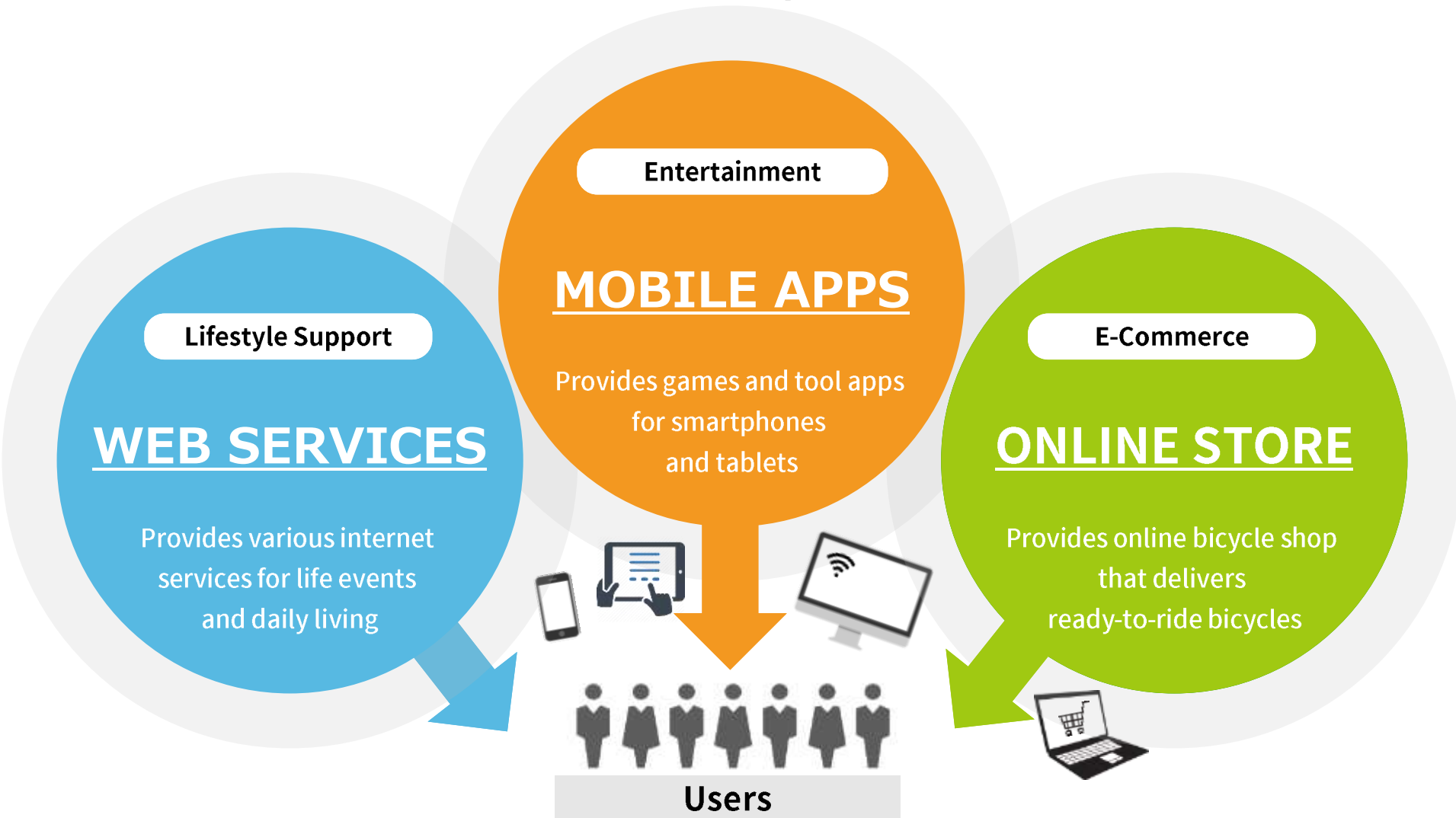
(Million JPY)

- 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



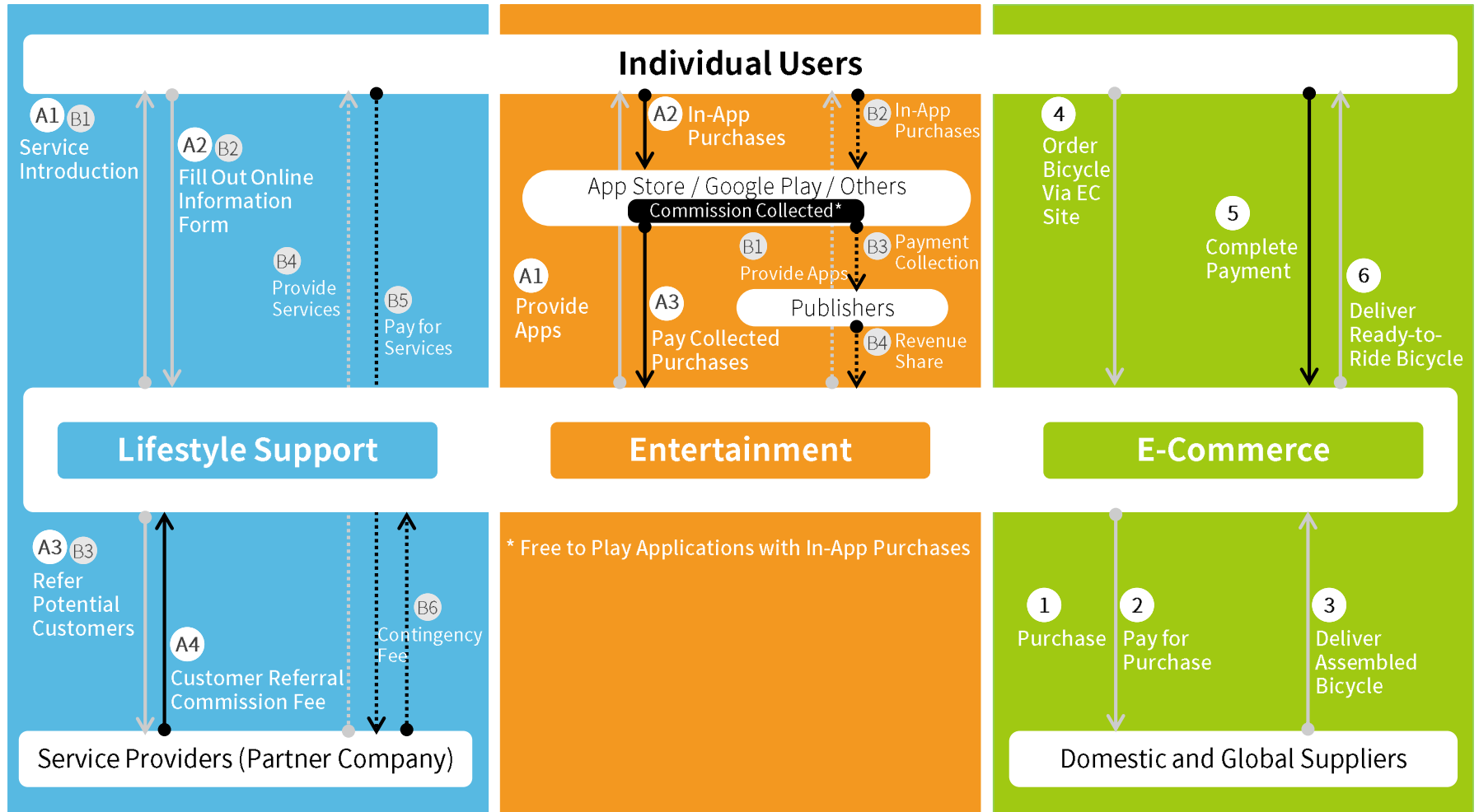
Our Businesses

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

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 media that would increase our market share or synergize well with our existing businesses
- Entertainment: (e.g.) Media 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

Supplementary Financial Data

P/L (FY2018 Q2 - FY2020 Q2)

(Million JPY)

	FY2018			FY2019				FY2020	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	9,164	10,269	9,335	8,927	9,597	9,503	9,123	8,148	7,866
Q/Q (%)	+2.9	+12.1	-9.1	-4.4	+7.5	-1.0	-4.0	-10.7	-3.5
Lifestyle Support	4,313	5,580	5,107	5,173	5,191	6,013	6,147	5,521	5,148
Entertainment	4,319	3,876	3,656	3,243	4,005	2,865	2,462	1,989	2,112
E-Commerce	531	812	571	510	400	624	512	637	606
Cost of revenues	1,649	1,959	1,875	1,765	1,878	1,958	1,917	1,808	1,787
Cost rate (%)	18.0	19.1	20.1	19.8	19.6	20.6	21.0	22.2	22.7
Selling, G&A expenses	6,421	6,558	6,567	6,677	7,026	6,547	6,569	6,190	5,886
Selling, G&A expenses ratio (%)	70.1	63.9	70.4	74.8	73.2	68.9	72.0	76.0	74.8
Total cost and G&A expenses	8,071	8,517	8,443	8,442	8,904	8,505	8,486	7,998	7,673
Labor costs & recruitment expenses	1,089	1,195	1,443	1,435	1,463	1,529	1,604	1,581	1,560
Promotional expenses	3,866	3,730	3,609	3,931	3,980	3,726	3,410	3,600	3,229
Promotional expenses ratio (%)	42.2	36.3	38.7	44.0	41.5	39.2	37.4	44.2	41.1
Lifestyle Support	2,472	2,973	2,637	2,959	2,972	3,208	3,111	3,336	2,986
Entertainment	1,244	560	829	835	910	396	212	179	173
E-Commerce	79	106	50	54	44	63	36	46	53
Commissions, etc.	1,572	1,561	1,395	1,304	1,592	1,289	1,201	1,047	1,090
Subcontractor expenses, server fees	518	620	605	605	646	661	660	548	534
Office rental fees, utility expenses	251	288	291	292	293	296	296	287	286
Other expenses	773	1,121	1,096	873	928	1,001	1,313	933	972
Operating income	1,093	1,752	892	484	692	998	636	149	192
Q/Q (%)	+13.4	+60.3	-49.1	-45.7	42.8	44.1	-36.3	-76.4	28.5
Lifestyle Support	686	1,077	762	642	643	1,065	786	471	481
Entertainment	884	1,199	638	274	610	372	274	43	196
E-Commerce	-68	-77	-21	-63	-67	-34	-44	-50	-53
Others	-483	-446	-487	-368	-493	-405	-380	-315	-417
Operating income margin (%)	11.9	17.1	9.6	5.4	7.2	10.3	7.0	1.8	2.4
Ordinary income	1,096	1,775	877	507	661	1,008	632	144	206
Net income	754	1,217	655	257	484	358	373	75	50

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

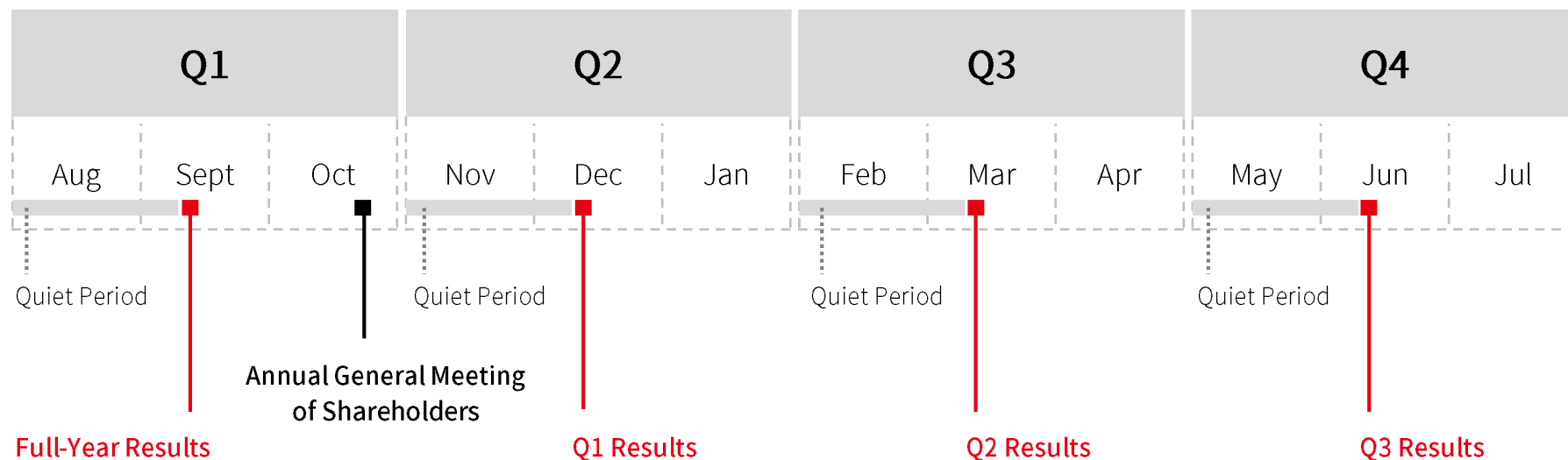
Others (FY2014 - FY2019)

	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/>

“To Be a Company Where All Can Achieve Happiness Together”

“To Be a Company that Continues 100 Years from Today”



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