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## Consolidated Financial Results for The Fiscal Year Ended July 31, 2021 (Japan GAAP)



September 10, 2021

Company name: Ateam Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 3662  
 URL: <https://www.a-tm.co.jp/en/>  
 Representative: Takao Hayashi, President  
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 Scheduled date of Annual General Shareholders' Meeting: October 27, 2021  
 Scheduled date of commencing dividend payments: October 7, 2021  
 Scheduled date of filing securities report: October 28, 2021  
 Supplementary briefing material for the financial results: Yes  
 Schedule of financial results briefing: Yes (September 10, 2021, for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended July 31, 2021 (August 1, 2020 – July 31, 2021)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Fiscal year ended July 31, 2021	31,252	-1.5	701	-44.9	895	-28.3	877	-
Fiscal year ended July 31, 2020	31,739	-14.6	1,273	-54.7	1,249	-55.5	-519	-

Note: Comprehensive income (million JPY)

Fiscal year ended July 31, 2021: 1,169 [-%]

Fiscal year ended July 31, 2020: -516 [-%]

	Net income per share-basic	Net income per share-diluted	Return on equity	Return on asset	Operating income to revenue ratio
	JPY	JPY	%	%	%
Fiscal year ended July 31, 2021	45.07	45.07	7.6	5.6	2.2
Fiscal year ended July 31, 2020	-26.59	-	-4.3	7.5	4.0

Note: Equity in earnings of affiliates (million JPY)

Fiscal year ended July 31, 2021: -

Fiscal year ended July 31, 2020: -

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million JPY	Million JPY	%	JPY
As of July 31, 2021	15,751	11,582	73.0	605.98
As of July 31, 2020	16,063	11,722	72.5	594.54

Note: Shareholders' equity (million JPY)

As of July 31, 2021: 11,500

Fiscal Year ended July 31, 2020: 11,639

### (3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million JPY	Million JPY	Million JPY	Million JPY
Fiscal year ended July 31, 2021	451	440	-1,343	6,035
Fiscal year ended July 31, 2020	1,108	-1,030	-313	6,480

## 2. Dividends

	Annual dividend per share					Total dividends paid (annual)	Dividend payout ratio (consolidated)	Dividends on equity attributable to shareholders of parent company (consolidated)
	Q1	Q2	Q3	Q4	Total			
	JPY	JPY	JPY	JPY	JPY	Million JPY	%	%
Fiscal year ended July 31, 2020	-	0.00	-	16.00	16.00	315	-	2.6
Fiscal year ended July 31, 2021	-	0.00	-	16.00	16.00	306	35.5	2.7
Fiscal year ending July 31, 2022 (forecast)	-	-	-	16.00	16.00		-	

\*The dividends for the fiscal year ending July 31, 2022 is undecided.

## 3. Forecasts for the Fiscal Year Ending July 31, 2022 (August 1, 2021 - July 31, 2022)

Regarding the consolidated earnings forecast for the fiscal year ending July 31, 2022, we will not disclose at this time due to uncertainties and difficulty calculating rational figures. Please refer to "1. Overview of Operating Results (1) Overview of Operating Results in Fiscal Year Ended July 31, 2021 (Outlook for the Consolidated Performance in the Next Fiscal Year). We will promptly disclose forecasts as soon as it is judged that a reasonable numerical value can be calculated.

### \*Notes

(1) Significant changes in scope of consolidation during the current quarter : No

\* Changes in scope of consolidation of specified subsidiaries:  
Newly consolidated: (-) Newly excluded companies: (-)

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

- (i) Changes in accounting policies due to revisions in accounting standards, etc. : No
- (ii) Changes in accounting policies other than above (i) : No
- (iii) Changes in accounting projections : No
- (iv) Restatement : No

(3) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury stock)	As of July 31, 2021	19,789,200	As of July 31, 2020	19,783,200
(ii) Number of shares of treasury stock at the end of the period	As of July 31, 2021	811,388	As of July 31, 2020	205,588
(iii) Average number of shares during the period	Fiscal year ended July 31, 2021	19,477,509	Fiscal year ended July 31, 2020	19,512,565

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

(Reference) Summary of non-consolidated performance

**Non-consolidated Performance for the Fiscal Year Ended July 31, 2021 (August 1, 2020 - July 31, 2021)**

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Fiscal year ended July 31, 2021	11,127	-6.8	-529	-	569	-45.8	921	-
Fiscal year ended July 31, 2020	11,937	-20.2	-191	-	1,050	-32.0	-559	-

	Net income per share-basic	Net income per share-diluted
	JPY	JPY
Fiscal year ended July 31, 2021	47.29	47.28
Fiscal year ended July 31, 2020	-28.62	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million JPY	Million JPY	%	JPY
As of July 31, 2021	13,977	8,702	61.7	454.17
As of July 31, 2020	13,667	8,798	63.8	455.19

Note: Shareholders' equity (million JPY) As of July 31, 2021: 8,619  
As of July 31, 2020: 8,715

<Reason for Difference Between Non-Consolidated Performance and Previous Results Fiscal Year Results>

In the fiscal year ended July 31, 2021, revenue, operating income, and ordinary income differed from the previous consolidated fiscal year due to the occurrence of revenue decline within the Entertainment Business attributable to non-consolidated performance (a decrease of 52.4% from the previous consolidated fiscal year). In addition, the recording of loss on valuation of stocks of subsidiaries and affiliates resulted in a difference in net income from the previous consolidated fiscal year.

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

\*Explanation of the proper use of financial results forecast and other notes

The forward-looking statements including earnings forecasts herein are based on information available to Ateam and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast, please refer to the "(1) Overview of Operating Results in Fiscal Year Ended July 31, 2021 (Outlook for Consolidated Performance in the Next Fiscal Year)" on page 4 of the attachments to this financial results report.

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## 1. Overview of Operating Results

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

### (1) Overview of Operating Results in Fiscal Year Ended July 31, 2021

Ateam Inc. and its consolidated subsidiaries adhere to the corporate philosophy “To Be a Company Where All Can Achieve Happiness Together”, “To Be a Company that Continues 100 Years from Today”. Operating in various technical and business fields, the corporate officers and employees unite under this corporate philosophy to plan, develop and operate game content, comparison and information websites, and e-commerce sites that are supported and used by individual users via the internet. Specifically, we are operating business in three core segments.

The Entertainment Business engages in the planning, development and operation of game and tool applications. The Lifestyle Support Business engages in the planning, development and operation of various online services. The E-Commerce Business engages in the planning, development and operation of multiple e-commerce websites that handle various products, including our online bicycle store under the name “cyma”.

During the fiscal year ended July 31, 2021, regarding revenue, although E-Commerce Business significantly increased year on year due to improved operational efficiency, the decrease in existing game revenue for the Entertainment Business along with the decrease in user count in the Lifestyle Support Business due to COVID-19 effects resulted in overall revenue to decrease year on year. As for operating income and ordinary income, although segment profit increased in association with revenue increase for the E-Commerce Business, the continued expensed development cost for the new large-scale IP game in the Entertainment Business resulted in overall operating income and ordinary income to decline year on year.

Regarding net income/loss attributable to shareholders of parent company, during the previous consolidated third quarter, goodwill and impairment loss on trademark rights related to Increments Inc. was recorded, while a gain in investment securities was recorded during the current third quarter upon review, resulting in a significant increase year on year.

Because of the above, during the fiscal year, Ateam posted revenue of 31,252 million JPY (down 1.5% year on year), operating income of 701 million JPY (down 44.9% year on year), ordinary income of 895 million JPY (down 28.3% year on year), and net income attributable to shareholders of parent company of 877 million JPY (compared with a net loss attributable to shareholders of parent company of 519 million JPY in the previous fiscal year).

The operating performance by segment for the fiscal year was as follows:

#### Entertainment Business

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

Considering recent changes in the global game market environment, user needs and technological advances, the Entertainment Business has decided to move away from specializing only in smartphone games, to focusing on the entire global digital distribution of game market including smartphone games, PC games and console games digital distribution. We aim for long-term future growth by collaborating with popular IP across the globe while also incorporating multi-device deployment.

In the fiscal year ended July 31, 2021, regarding revenue, overall existing games continued a downward trend,

resulting in revenue to decline year on year. As for segment profit, although profits through efficient operation of existing game apps were realized, due to the expensed development cost for “FINAL FANTASY VII THE FIRST SOLDIER”, a smart device game for the global market, co-developed with SQUARE ENIX CO., LTD., overall segment profit decreased from the previous fiscal year.

As a result, during the fiscal year, the Entertainment Business posted revenue of 7,272 million JPY (down 13.9% year on year) and operating income of 369 million JPY (down 52.4% year on year).

### Lifestyle Support Business

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

As of FY2021, the e-commerce (including “minorie”, etc.) in the Women’s Healthcare Services has been classified as “Other business” from the “Platform business”, resulting in our sub-segments to be “Digital Marketing Support business”, “Platform business” and “Other”.

The “Digital Marketing Support business” centers on digital marketing support that refers prospective customers to partner companies via our own-medias and has the potential for speedy horizontal business expansion. This business model accumulates profits by being able to quickly launch and expand services in several different business areas.

Typically, all our services are free of charge for individual users, and the main revenue source comes from the customer referral and contract fees we provide our partner clients.

The “Platform business” provides a “hub” where information gathered through applications and websites can not only accumulate, but such user data can be utilized to enhance unique value to build market advantage. This business model aims to increase and improve the value of this data and to provide solutions, thus creating a cycle of value.

The main revenue source is advertising revenue, membership fees, and sales from providing tools and EC solutions.

In the fiscal year ended July 31, 2021, regarding revenue, although the effects of COVID-19 continued to heavily impact the wedding venue information website “Hanayume”, the moving comparison website “Hikkoshi Samurai” trended well during the busy season, thus resulting in overall revenue to slightly increase year on year.

As for segment profit, in addition to the decrease in profit associated with decreased “Hanayume” revenue, the impact on SEO (Search Engine Optimization) of the cash loan comparison website “NaviNavi Cashing” and the credit card comparison website “NaviNavi Credit Card” due to the Google core algorithm update in December 2020, investment in listing advertisements increased, resulting in overall segment profit to decline.

As a result, during the fiscal year, the Lifestyle Support Business posted revenue of 20,384 million JPY (up 1.5% year on year) and operating income of 1,450 million JPY (down 23.5% year on year).

### E-Commerce Business

In the E-Commerce Business, we operate E-Commerce websites that handle multiple products, including our online bicycle store “cyma”.

Since the establishment in 2013, “cyma” has three warehouses in the Tokai, Kanto and Kansai areas, which are stockpiled with bicycles we purchased from both domestic and oversea manufacturers. Each warehouse employs certified mechanical staff, making it possible to deliver fully assembled bicycles directly to the consumer’s doorstep. Our primary revenue source is through bicycle sales and/or related accessories from our online store.

Going forward, with the mission of “shopping that moves your heart”, we will continue to improve our product lineup, sales methods, and delivery quality daily, and provide services that allow users to experience shopping that greatly exceeds their expectations.

In the fiscal year ended July 31, 2021, with the continued improvement of operational efficiency, thorough inventory control along with the maintained demand for bicycles following social distance practices in response to COVID-19, in addition to the implementation of mass marketing using famous entertainers starting the second half of the fiscal year, revenue increased year on year along with improved segment profit, resulting in the first ever full-year profit.

We will continue to realize stable business growth for “cyma” in addition to the new release of non-synthetic human grade dog food brand “Obremo” as of August 30, 2021, and will aim for growth in multiple products in the future.

As a result, during the fiscal year, the E-Commerce Business posted revenue of 3,595 million JPY (up 12.5% year on year) and operating income of 84 million JPY (compared with an operating loss of 43 million JPY in the previous fiscal year).

### *Outlook for Consolidated Performance in the Next Fiscal Year*

In the fiscal year ending July 31, 2022, Ateam intends to continue to strengthen and expand its operations across all segments and upgrade its business portfolio through continued investments in business creation in pursuit of sustained growth and medium- to long-term corporate value accretion. Additionally, by realizing diverse working styles including working from home, we will continue to focus on developing human resources, shaping its environment and strengthening its organizational structure, while limiting the number of recruits.

Regarding the consolidated business outlook for the fiscal year ending July 31, 2022, although we will continue to invest in our businesses, we believe that the various measures we made in advance in the previous fiscal year will flourish and it will be a year of further advances.

The outlook for business performance by segment is as follows:

The Entertainment Business will continue to efficiently manage its core game titles, “Valkyrie Connect”, “Unison League” and “Revue Starlight Re LIVE” while focusing on the development collaboration of “FINAL FANTASY VII THE FIRST SOLDIER”, a smart device game for the global market, co-developed with SQUARE ENIX CO., LTD., scheduled to be released sometime this fiscal year. Depending on the release time of this title and the subsequent promotion and management trends, it can be a major upside factor for business performance; however, at this point it is difficult to make a reasonable earnings outlook.

In the Lifestyle Support Business, although the impact of COVID-19 on partial business activities is expected to continue, we aim to increase the number of users, revenue per user, and profitability in both the Digital Marketing Support business and the Platform business, while continuing to focus on acquiring mutual customers between services. Furthermore, in anticipation of medium- to long-term growth, active investments will be made to strengthen and develop new services. The impact of COVID-19 on business results is also expected to continue for some services.

The E-Commerce Business will continue to expand other products besides the online bicycle store “cyma”, and released a new product “Obremo” in August. We will continue to strengthen fulfillment and by providing a new purchasing experience, hope to establish our position as an original E-Commerce service that generates sustainable profits in the medium to long term. There are still many uncertainties including seasonal factors, the impact of COVID-19, and the launch of new products, but we plan to make flexible investments while looking at long-term growth and changes in the external environment.

Based on the above, in the fiscal year ending July 31, 2022, it is expected that the impact of the new collaborative IP game “FINAL FANTASY VII THE FIRST SOLDIER” will be extremely large on the consolidated financial forecasts for the fiscal year ending July 31, 2022. In February 2021, we announced our collaborators and game title, and in June 2021, implemented a closed beta test and made steady progress toward the release sometime during the year 2021. Nevertheless, the impact of the release and launch status of the game on business performance is still uncertain, making it is extremely difficult to calculate such numerical values. Thus, we will postpone the disclosure of earnings forecasts at this time. In addition, we will promptly disclose the appropriate calculation as soon as it is finalized.



(2) Overview of Financial Position for the Fiscal Year Ended July 31, 2021

(i) Position of Assets, Liabilities and Net Asset

*Assets*

As of the end of the fiscal year under review, Ateam posted total assets of 15,751 million JPY, a decrease of 312 million JPY compared with the end of the previous fiscal year. The decrease was mainly attributable to a 445 million JPY decrease in cash and deposits.

*Liabilities*

As of the end of the fiscal year under review, Ateam posted liabilities of 4,168 million JPY, a decrease of 172 million JPY compared with the end of the previous fiscal year. The decrease was mainly attributable to a 366 million JPY decrease in accounts payable - other.

*Net Assets*

As of the end of the fiscal year under review, Ateam posted net assets of 11,582 million JPY, a decrease of 139 million JPY compared with the end of the previous fiscal year. The decrease was mainly attributable to a 996 million JPY increase in treasury shares.

(ii) Cash Flows

As of the end of the fiscal year under review, cash and cash equivalents (“cash”) decreased by 445 million JPY from the end of the previous fiscal year to 6,035 million JPY. The respective statuses of cash flows during the fiscal year under review and their contributing factors are as follows:

*Cash Flows from Operating Activities*

Cash provided by operating activities during the fiscal year under review was 451 million JPY, compared to 1,108 million JPY the previous consolidated fiscal year. This was mainly due a decrease of 425 million JPY in depreciation and 107 million JPY in impairment loss along with a 592 million JPY decrease in accounts receivable - trade, despite income taxes paid of 864 million JPY.

*Cash Flows from Investing Activities*

Cash used in investing activities during the fiscal year under review was 440 million JPY, compared to 1,030 million JPY the previous consolidated fiscal year. This was mainly due to income of 773 million JPY from the sales of investment securities.

*Cash Flows from Financing Activities*

Cash provided by financing activities during the fiscal year under review was 1,343 million JPY, compared to 313 million JPY in the previous consolidated fiscal year. This was mainly due to the expenditure of 1,034 million JPY for the acquisition of treasury stock.

(Reference) Trends in cash flow indicators

	Fiscal year ended July 31, 2017	Fiscal year ended July 31, 2018	Fiscal year ended July 31, 2019	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
Equity ratio (%)	56.0	69.3	71.9	72.5	73.0
Market value equity ratio (%)	408.1	273.7	126.6	101.4	176.6
Cash flow to interest- bearing liabilities ratio (years)	0.1	0.1	0.0	0.0	0.0
Interest coverage ratio (times)	1,113.3	1,945.7	19,158.8	1,305.2	322.3

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Cash flow to interest-bearing debt ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest expenses paid

(Notes 1) Market capitalization is calculated based on the number of shares issued excluding treasury stock.

(Notes 2) Cash flow from operating activities is used for cash flow.

(Notes 3) Interest-bearing debt includes all debt reported on the consolidated balance sheets on which interest is paid.

### (3) Basic Policy Regarding Profit Distribution, and Dividend Payments for Current and Next Fiscal Year

Ateam believes that it is important to solidify the financial base and upgrade its business portfolio through upfront investments in new business creation in pursuit of sustained growth. At the same time, we consider the return of earnings to shareholders to be an important issue and set a dividend policy of providing continuous and stable shareholder returns.

Based on this policy, after comprehensively considering factors such as business performance and financial condition in the fiscal year under review, we have decided to pay a year-end dividend of 16.0 JPY per share. We will continue to provide stable shareholder returns.

### (4) Risk Factors

Listed below are the main factors that could pose a risk to the Ateam's business condition. Certain matters that do not constitute risk factors but could be important considerations in investors' investment decisions are also disclosed below from the standpoint of proactively disclosing information to investors. Our policy is to sufficiently recognize the potential for these risks to arise and to work to prevent them from arising and respond swiftly in cases where they do arise.

Among the matters listed below, those that relate to the future, unless otherwise provided, were determined by Ateam as of the date of submission of this report and, as there is inherent uncertainty, actual results may differ. Also, this is not an exhaustive list of all risks that may arise in the future.

#### 1) Risks Related to the Business Environment

The mobile game, internet and e-commerce market, the three business areas that we operate in, have continued to grow significantly due to the spread of smartphones and the increase of internet users.

We expect such trends to persist but if markets' growth rates slow and are affected by deterioration in economic sentiment or actual economic volatility, Ateam's performance and financial position may be affected.

#### 2) Risks Related to Business

##### (i) Competition

Ateam provides various content and services for the internet. To improve competitiveness, we strive to provide unique content and create websites in pursuit of optimal usability, and work to diversify services and enhance customer support, among other efforts.

However, intensifying competition with corporations providing similar services and/or new up-and-coming business operators may affect Ateam's business and performance.

##### (ii) Relations with Business Partners (Platform Operation Businesses, Service Alliance Businesses and Business Collaborators)

Ateam's Entertainment Business provides content to users through platforms dedicated to distributing game apps such as App Store operated by Apple Inc. and Google Play operated by Google Inc. We entrust the collection of sales payment from content users and pay the agent commission fees for payment collection and system usage fees to the businesses that operate these services.

Also, Ateam is involved in business collaborations with both domestic and overseas game publishers and sales include shared revenue with these business collaborators. At the same time, revenue for the Lifestyle Support

Business includes fee revenue and advertisement revenue from referrals of expected customers and advertisements for service alliance businesses. Ateam complies with contracts with business partners and strives to maintain friendly relations. We also aim for management that keeps portfolio balance of business partners and services in mind so as not to rely too heavily on a specific business partner. However, in the event that, changes to a business partner's policies or business strategies or situations such as rate changes or the dissolution of an alliance were to occur, Ateam's performance and business development may be affected.

(iii) Effect from Foreign Exchange

For Ateam's Entertainment Business, content is provided to overseas users through overseas digital distribution services or through overseas local publishers, and proceeds from the sale of in-content items are collected in local currencies by the overseas platform operation businesses.

In addition, Ateam's E-Commerce Business imports bicycle products (including parts) from overseas manufactures, primarily in China. Ateam will hedge foreign currency exposure with forward exchange contracts and other such instruments as necessary while keeping in mind the balance of its entire revenue and expenditure in foreign currencies, but if Ateam incurs losses as a result of effective exchange rates deviating materially from initially anticipated exchange rates, Ateam's financial position and performance may be affected.

(iv) Collection of Accounts Receivable

In developing its business and services, Ateam makes transactions with various businesses. Those businesses may follow through with management decisions such as reviewing business strategies, withdrawing from business and business integrations with other companies depending primarily on the market environment and the current state of competition for each business. Ateam accordingly endeavors to partner with businesses able to stably and soundly operate on an ongoing basis, but if a business partner discontinues its operations for an aforementioned or other reason, receivables due from the business partner may fall into arrears or become uncollectible. In such an event, Ateam's performance may be affected.

(v) Product Quality Assurance

Ateam's E-Commerce Business sources bicycles and parts from domestic and overseas (mainly Chinese) suppliers. After receiving an order from a user, a bicycle undergoes additional assembly and maintenance and is shipped to the user. If a user or third party is involved in an accident, is injured or otherwise suffers damages due to a cause directly or indirectly related to the assembly or maintenance of, or a defect in, a bicycle sold by the E-Commerce business, Ateam may be subject to claims for damages or other compensation.

Additionally, Ateam imports, purchases and sells certain merchandise manufactured to Ateam's specifications by contract manufacturers. Japan's Product Liability Act may apply to such merchandise. When ordering such merchandise to be manufactured to our specifications, we are required to comply with Japanese Industrial Standards (JIS) both in Japan and overseas, procure high-quality parts, and select trustworthy manufacturers. Ateam is striving for thorough quality assurance by checking specification details for sample products, requiring final inspections when shipping completed products and inspections of overall quality and function, strengthening ties to contract manufacturers, and, when needed, sending employees for in-person inspections.

Moreover, although Ateam has purchased product liability (PL) insurance for product liability compensation in preparation for the unforeseen scenario, in the event that an accident occurs related to product liability, aside from the amount for damage compensation, there may be costs such as those related to the recall of products, exchanges

and repairs, and design changes, and said accident could harm the business' or Ateam's reputation in society. With the entry into new products, we will continue to pursue quality control for all products, however, Ateam's performance and the brand image for services may be affected.

(vi) Investment and M&A's

Ateam contributes capital in venture investment and investment limited partnerships with the aim of nurturing and supporting companies with high growth potential from an early stage. Of the recipients of such capital contribution, those companies that have yet to make an initial public offering carry uncertainty with respect to their future, including changes in the market environment, and insufficiencies in their development or management capabilities. If such uncertainties manifest and preclude an investee company from achieving expected results and the company's operating performance stagnates or deteriorates, such investment may not be recoverable, and Ateam's business and performance may be affected.

In addition to investment development, Ateam plans to carry out M&A's in order to grow and expand business. Regarding M&A, the financial details of the targeted company along with possible risks will be examined in advance; however, upon acquisition, if an occurrence of contingent liabilities or determination of recognized debt were to emerge after examination, or business development after M&A does not proceed as planned, it may affect the performance and financial condition of the company.

3) Risk Related to Impairment Losses on Non-current Assets

Ateam's Entertainment Business records personnel expenses and subcontracting expenses related to game development as assets on the consolidated balance sheets and depreciates these assets over an appropriate number of years.

However, some games may not be as successful as expected. Ateam's investment in such a title may no longer be recoverable within the anticipated timeframe as a result of a decrease in the asset's utility. In such an event, Ateam may book an impairment loss to reduce the asset's carrying amount to reflect the asset's diminished value. As a result, Ateam's performance may be affected and actual results may differ from the results forecast announced at the beginning of the fiscal year.

4) Risks Related to the Organizational Structure

(i) Over-reliance on a Specific Executive

The President of the Company is the founder of the Group, and, because he possesses abundant experience as an engineer, he has, since the establishment of Ateam, supported Ateam's growth and fulfilled an extremely important role involving corporate strategy and various other areas. Ateam is striving to create a management structure that doesn't rely too heavily on him. However, if for any reason he was no longer able to participate in the management, Ateam's performance and future business development may be affected.

(ii) Securing and Training Personnel

While continuing to carry out smooth business expansion and execution of corporate management, it is extremely important for us to secure excellent personnel. However, in the event that it is not possible to secure the necessary personnel in a timely and appropriate manner or in the event that skilled personnel leave Ateam, ordinary business operations and business development may be hindered and Ateam's performance may be affected.

### (iii) Internal Control Management System

To achieve sustained growth and medium- to long-term corporate value accretion, Ateam plans to continuously strengthen its management foundation in tandem with expansion of its scale of operations while restructuring its organization and implementing and augmenting an internal control management system in the aim of strengthening its organizational structure to manage its operations more efficiently and appropriately.

However, in the event that an adequate internal control management system is not established in time following rapid business expansion, Ateam's performance and business development may be affected.

### (iv) Computer Systems and Communication Networks

Ateam's business includes providing services to users through communication networks that connect computer systems such as mobile devices and PCs. To promote stable system operations, Ateam strives for early prevention and avoidance of system trouble primarily by decentralizing servers, making periodic backups and monitoring the operational status of systems. However, in the event of a communication network outage or disruption due to an unforeseen incident (including human error on the part of people within Ateam or not within Ateam) or any other reason, Ateam's business and performance may be significantly affected.

Also, in the event that systems become inoperable for various unforeseeable reasons such as servers being overloaded by a sudden increase in traffic for our sites, or interruptions in the power supply, it is possible that services will be suspended. As a result, Ateam's performance and the brand image for services may be affected.

## 5) Risks Related to Compliance

### (i) Laws and Regulations

Ateam strictly complies with the laws and regulations that are applicable to the business areas that it operates in and is strengthening initiatives related to preventing occurrences such as information leakage, wrongful acquisition of information and virus infection, particularly those that occur by way of the internet. However, depending on the status and details of new legal restrictions and the industry's voluntary regulations that are designed to prevent the above, our future business development may be affected.

Additionally, if new laws or regulations are enacted or legal interpretations change in response to the social climate or other factors and services or content provided by Ateam are affected by the enactment or change, Ateam's performance and corporate image may be affected.

### (ii) Intellectual Property Rights

Ateam actively strives to acquire trademark registration for the names of the sites and services that it operates and pays adequate attention to not infringing on the intellectual property rights of third parties. Also, in relation to the services that we provide, there are times when intellectual property rights held by us are licensed to a third party and times when intellectual property rights held by a third party are licensed to Ateam. In situations such as these, Ateam strengthens its management structure primarily by entering into trademark license agreements.

However, in the event that Ateam unintentionally infringes on the intellectual property rights of a third party due mainly to discrepancy in the interpretation of the scope of intellectual property rights or contract terms, we may be sued by the third party regarding the infringement of intellectual property rights or receive a demand to cease the use of said intellectual property. As a result, resolving such an issue could take a large amount of costs and time, and Ateam's performance and future business development may be affected.

### (iii) Management of Personal Information

Ateam, at times, will obtain personal information from the users of the services and content that it provides. To prevent external leakage and falsification of personal information, Ateam is thorough regarding work flow and authorization systems when handling personal information and carries out strict management in compliance with the “Act on the Protection of Personal Information”.

However, in the event that there is trouble such as the leakage or unauthorized use of personal information due to a computer virus, unauthorized access, intentional actions or an accident, we may receive a claim for compensation for damages, the perceived trustworthiness of Ateam may decrease, its corporate image may deteriorate, and more. As a result, Ateam’s performance and business development may be affected.

### (iv) Safety and Soundness of Services

Using the service content that Ateam provides, an indeterminably large number of private users can communicate with each other independently. To protect youth, and to maintain and improve soundness, we strive to ensure the safety and soundness of services by clearly indicating in the user agreement that inappropriate use is prohibited, acquiring EMA certification, and performing continuous monitoring. Ateam also responds to those who breach the user agreement with measures such as requesting improvement or cancelling subscriptions.

However, in the event that there is trouble originating from a user’s inappropriate behavior as a result of it being difficult to be fully aware of what users are doing while using the content, as a result of a sudden increase in content users, regardless of the details of the user agreement, our legal responsibility may come into question. Also, even if our legal responsibility does not come into question, its business and performance may be affected by factors such as deterioration of the content’s brand image.

### (v) Litigation

Ateam strives to prevent legal violations by promoting compliance that is based on adhering to laws and regulations. However, regardless of whether or not legal violations have been made by Ateam’s officers or employees, we believe there is a risk of unforeseen trouble and litigation, involving users, business partners, and other third parties and litigation regarding the above-mentioned intellectual property rights, personal information, and safety and soundness of services.

Depending on the content and result of such litigations, Ateam’s business and performance may be affected. Also, as a result of a large amount of costs for responding to litigations or deterioration of corporate image, Ateam’s performance and business development may be affected.

## 6) Risks Related to Disasters, Spread of Infectious Diseases, and Accidents

In the event of an earthquake, a typhoon, a tsunami or other natural disaster, a fire, a power outage, an international conflict, or the spread of infectious diseases including COVID-19 occurs, Ateam’s business operations may be severely affected. In the event that there is a large-scale natural disaster in the areas that we operate services in, an unavoidable temporary suspension of the provision of services is a possibility. Furthermore, in the event of occurrences that hinder the continuation of business such as damage to facilities or power supply restrictions, or in the event of serious material and human losses primarily resulting from various natural disasters or international disputes, the continuation of business itself may become difficult or impossible. If such circumstances arise, Ateam’s performance may be affected.

## 2. Status of Corporate Group

Ateam is currently comprised of Ateam Inc. and eleven wholly owned subsidiaries.

As for reportable segments, Ateam is expanding business in three core segments. The Entertainment Business plans, develops and operates games and tool applications for smart devices. These games and tool applications provide amusement to people around the world with the theme of “making connections between people a reality”. The Lifestyle Support Business plans, develops and operates various online services that deliver valuable information for both major life events and daily living. The E-Commerce Business plans, develops and operates multiple E-Commerce websites that handle various products, including our online bicycle store under the name “cyma”.

In principle, all three businesses develop products in-house and have accumulated know-how that ranges from planning to operations, which they utilize to develop various services.

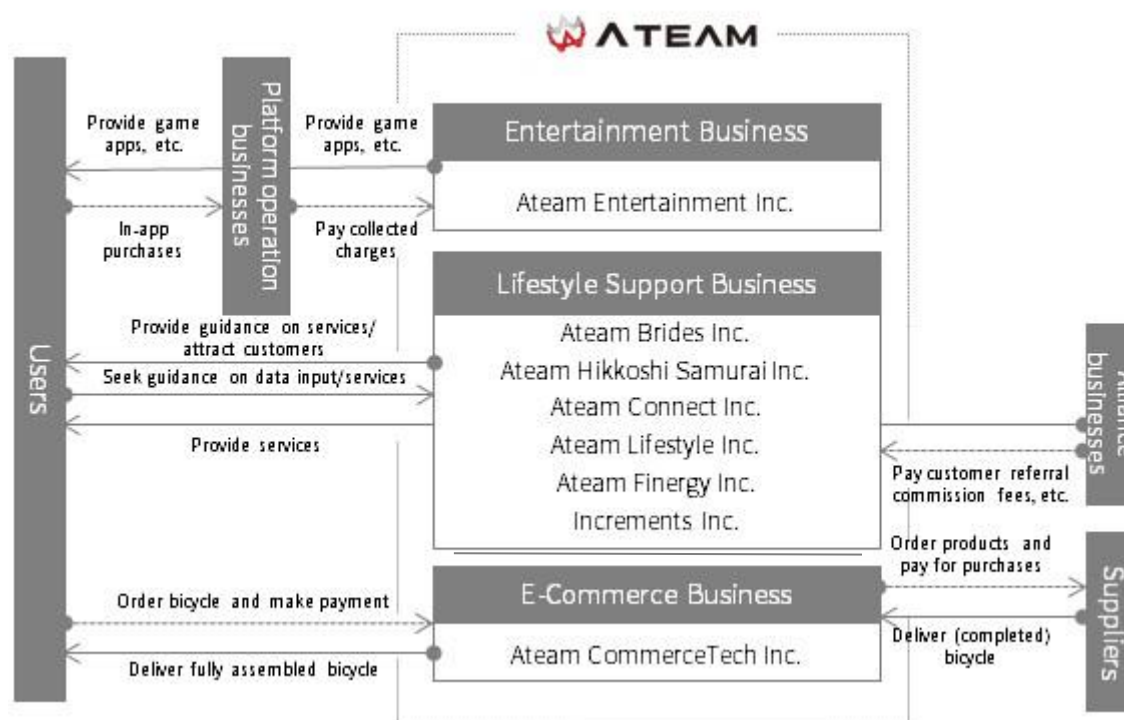
In addition, as of August 1, 2021, Ateam has transitioned to a holding company structure. For details, refer to “(Important Subsequent Events) 1. Transition to a Holding Company Structure Through a Company Split”.

Company name	Segment	Businesses description	Relationship with the Company
Ateam Inc.	-	Business management of group companies	-
Ateam Entertainment Inc. *1	Entertainment Business	Plans, develops and operates games and tool applications for smart devices	Wholly owned subsidiary
Ateam Brides Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Ateam Hikkoshi Samurai Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Ateam Connect Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Ateam Lifestyle Inc.	Lifestyle Support Business	Digital marketing support business Platform business	Wholly owned subsidiary
Ateam Finergy Inc.	Lifestyle Support Business	Digital marketing support business	Wholly owned subsidiary
Increments Inc.	Lifestyle Support Business	Platform business	Wholly owned subsidiary
Ateam CommerceTech Inc. *2	E-Commerce Business	Plans, develops and operates an online bicycle shop	Wholly owned subsidiary

3 other wholly owned subsidiaries



## Schematic overview of Ateam's business



(Note)

\*1: As of August 1, 2021, Ateam succeeded the Entertainment Business to the wholly owned subsidiary Ateam Entertainment Inc. which was established on April 22, 2021.

\*2: As of August 1, 2021, Ateam succeeded the E-Commerce Business to the wholly owned subsidiary Ateam CommerceTech Inc. which was established on April 22, 2021.

### 3. Business Policies

#### Fundamental Business Policies

Based on the corporate philosophy which is expressed as “To Be a Company Where All Can Achieve Happiness Together”, “To Be a Company that Continues 100 Years from Today”, Ateam has a basic policy of providing content and services that continue to be supported and utilized by users through PCs and smart devices in various technical and business fields that are focused on the internet.

By leveraging our strengths in digital marketing know-how, strategic business development and technological skills, Ateam focuses on developing multiple businesses with different characteristics simultaneously, resulting in a business portfolio that optimizes operational stability. We rely on stable and continuous growth in the Lifestyle Support Business and aim for further success with the Entertainment Business which provides explosive yet high potential growth. And as a new challenge, we aim to create a new revenue source through the E-Commerce Business.

In the Entertainment Business, up until now, we have developed original game content for smartphones while operating mainly within Japan. However, in consideration of changes to the market, we have changed our policy to partner with globally popular IPs (intellectual properties) and steer ourselves toward global expansion for the entire global digital distribution of game market including smartphone games, PC games and console games digital distribution.

As for the Lifestyle Support Business, we provide services to make not only the major milestones of life but also everyday life including areas of employment, marriage, childbirth, nursing care, and funeral services more convenient and less stressful.

The E-Commerce Business, with the mission of “shopping that moves your heart”, we aim to create multiple e-commerce websites that handle a variety of products, including our online bicycle store “cyma”.

Going forward, under the theme of “Getting IT Done”. We will continue to challenge new businesses, while aiming for sustainable growth and improving corporate value.

#### **4. Basic Rationale for Selecting the Accounting Standards**

Ateam chooses to use Japanese accounting standards based on comprehensive consideration of the business environment encompassing the Group, the current deployment of business operations, and other factors.

Ateam plans to appropriately consider adopting International Financial Reporting Standards (IFRS) in the future, comprehensively taking into account its internal environment, external environment and Group’s management strategy.

## 5. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated Balance Sheets

(Million JPY)

	As of July 31, 2020	As of July 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	6,480	6,035
Notes and accounts receivable - trade	2,841	3,109
Merchandise	326	405
Supplies	22	44
Other	1,464	792
Allowance for doubtful accounts	-4	-4
Total current assets	11,130	10,383
Non-current assets		
Property, plant and equipment		
Buildings	1,760	1,694
Accumulated depreciation	-649	-741
Buildings, net	1,110	953
Tools, furniture and fixtures	754	711
Accumulated depreciation	-500	-523
Tools, furniture and fixtures, net	254	187
Other, net	19	55
Total property, plant and equipment	1,384	1,195
Intangible assets		
Goodwill	—	239
Software	273	168
Software in progress	203	384
Total intangible assets	477	792
Investments and other assets		
Investment securities	1,763	2,148
Deferred tax assets	479	549
Leasehold and guarantee deposits	819	665
Other	18	19
Allowance for doubtful accounts	-10	-3
Total investments and other assets	3,070	3,380
Total non-current assets	4,932	5,368
<b>Total assets</b>	<b>16,063</b>	<b>15,751</b>

(Million JPY)

	As of July 31, 2020	As of July 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	454	533
Accounts payable - other	2,240	1,873
Income taxes payable	384	370
Provision for sales promotion expenses	146	191
Provision for share awards	38	34
Other	583	636
Total current liabilities	3,847	3,640
Non-current liabilities		
Asset retirement obligations	492	496
Other	1	31
Total non-current liabilities	493	527
Total liabilities	4,340	4,168
<b>Net assets</b>		
Shareholders' equity		
Share capital	837	838
Capital surplus	831	832
Retained earnings	10,391	10,955
Treasury shares	-397	-1,394
Total shareholders' equity	11,663	11,232
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-26	287
Deferred gains or losses on hedges	—	-22
Foreign currency translation adjustment	3	3
Total accumulated other comprehensive income	-23	268
Share acquisition rights	82	82
Total net assets	11,722	11,582
<b>Total liabilities and net assets</b>	<b>16,063</b>	<b>15,751</b>

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

Consolidated Statements of Income (Cumulative)

Consolidated Statements of Comprehensive Income (Cumulative)

(Million JPY)

	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
Revenue	31,739	31,252
Cost of sales	7,654	8,193
Gross profit	24,084	23,059
Selling, general and administrative expenses	22,811	22,357
Operating income	1,273	701
Non-operating income		
Interest and dividend income	0	2
Foreign exchange gains	—	7
Commission income	20	23
Gain on investments in investment partnerships	—	175
Subsidy income	8	6
Other	8	12
Total non-operating income	37	227
Non-operating expenses		
Interest expenses	0	1
Loss on investments in investment partnerships	2	—
Foreign exchange losses	16	—
Commission expenses	—	2
Loss on sale of receivables	2	19
Loss related COVID-19	35	—
Other	4	10
Total non-operating expenses	62	33
Ordinary income	1,249	895
Extraordinary income		
Gain on sale of investment securities	5	770
Total extraordinary income	5	770
Extraordinary losses		
Impairment losses	1,253	107
Loss on valuation of investment securities	—	46
Total extraordinary losses	1,253	154
Profit before income taxes	0	1,511
Income taxes – current	705	832
Income taxes – refund	-122	—
Income taxes – deferred	-62	-198
Total income taxes	520	633
Net income (loss)	-519	877
Net income (loss) attributable to shareholders of parent company	-519	877

(Million JPY)

	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
Net income (loss)	-519	877
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	314
Deferred gains or losses on hedges	—	-22
Foreign currency translation adjustment	3	0
Total other comprehensive income	2	291
Comprehensive income	-516	1,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-516	1,169

## (3) Consolidated Statement of Changes in Equity

Fiscal year ended July 31, 2020

(Million JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	836	830	11,223	-438	12,452
Changes during period					
Issuance of new shares	1	1			2
Dividends of surplus			-312		-312
Profit (loss) attributable to owners of parent			-519		-519
Purchase of treasury shares				-0	-0
Disposal of treasury shares				40	40
Net changes in items other than shareholders' equity					
Total changes during period	1	1	-832	40	-789
Balance at end of period	837	831	10,391	-397	11,663

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-26	-0	-26	85	12,511
Changes during period					
Issuance of new shares					2
Dividends of surplus					-312
Profit (loss) attributable to owners of parent					-519
Purchase of treasury shares					-0
Disposal of treasury shares					40
Net changes in items other than shareholders' equity	-0	3	2	-3	-0
Total changes during period	-0	3	2	-3	-789
Balance at end of period	-26	3	-23	82	11,722

Fiscal year ended July 31, 2021

(Million JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	837	831	10,391	-397	11,663
Changes during period					
Issuance of new shares	0	0			0
Dividends of surplus			-313		-313
Profit (loss) attributable to owners of parent			877		877
Purchase of treasury shares				-1,034	-1,034
Disposal of treasury shares				38	38
Net changes in items other than shareholders' equity					
Total changes during period	0	0	564	-996	-430
Balance at end of period	838	832	10,955	-1,394	11,232

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gain/loss	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-26	-	3	-23	82	11,722
Changes during period						
Issuance of new shares						0
Dividends of surplus						-313
Profit (loss) attributable to owners of parent						877
Purchase of treasury shares						-1,034
Disposal of treasury shares						38
Net changes in items other than shareholders' equity	314	-22	0	291	-	291
Total changes during period	314	-22	0	291	-	-139
Balance at end of period	287	-22	3	268	82	11,582



## (4) Summary of Consolidated Statements of Cash Flows

(Million JPY)

	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	0	1,511
Depreciation	475	425
Impairment losses	1,253	107
Amortization of goodwill	97	21
Increase (decrease) in allowance for doubtful accounts	-26	-6
Increase (decrease) in provision for sales promotion expenses	-43	45
Increase (decrease) in provision for share awards	-2	-3
Interest income	-0	-2
Interest expenses	0	1
Foreign exchange losses (gains)	1	-3
Loss (gain) on sale of investment securities	-5	-770
Loss (gain) on valuation of investment securities	—	46
Loss (gain) on investments in investment partnerships	2	-175
Subsidy income	-8	-6
Decrease (increase) in trade receivables	662	-247
Decrease (increase) in inventories	11	-102
Increase (decrease) in trade payables	171	77
Increase (decrease) in accounts payable - other	-113	-362
Increase (decrease) in guarantee deposits received	-200	—
Other, net	-223	160
Subtotal	2,053	716
Interest received	0	2
Interest paid	-0	-1
Income taxes paid	-1,074	-864
Income taxes refund	122	592
Subsidies received	8	6
Net cash provided by (used in) operating activities	1,108	451
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-145	-40
Purchase of intangible assets	-310	-281
Proceeds from sale of investment securities	5	773
Purchase of investment securities	-628	-85
Proceeds from withdrawal of investment securities	66	19
Proceeds from share of profits on investment securities	17	221
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-271
Payments of leasehold and guarantee deposits	-41	-9
Proceeds from refund of leasehold and guarantee deposits	8	130
Other, net	-1	-17
Net cash provided by (used in) investing activities	-1,030	440
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	—	-1
Repayments of long-term borrowings	—	-0
Proceeds from issuance of shares	2	0
Purchase of treasury shares	—	-1,034
Proceeds from disposal of treasury shares	—	38

Dividends paid	-313	-314
Other, net	-3	-32
Net cash provided by (used in) financing activities	-313	-1,343
Effect of exchange rate change on cash and cash equivalents	2	7
Net increase (decrease) in cash and cash equivalents	-233	-445
Cash and cash equivalents at beginning of period	6,713	6,480
Cash and cash equivalents at end of period	6,480	6,035

## (5) Notes on Consolidated Financial Statements

### *Notes on Premise of Going Concern*

Not applicable.

### *Segment Information*

#### 1. Overview of reportable segments

The reportable segments of Ateam are constituent units of the Group whose separate financial information is available, and which are periodically examined by the Board of Directors in deciding the allocation of management resources and in evaluating performance.

Ateam is composed of segments classified according to services based on the business divisions. It has three reportable segments: Entertainment Business, Lifestyle Support Business and E-Commerce Business. The Entertainment Business mainly plans, develops and operates games and tool applications mainly for smart devices (smartphones and tablets); and the Lifestyle Support Business mainly plans, develops and operates comparison sites, information sites, e-commerce sites and other websites primarily for daily living; and the E-Commerce Business mainly plans, develops and operates multiple e-commerce websites that handle various products, including our online bicycle store under the name “cyma”. Calculation method for the amounts of revenue, income or loss, assets, liabilities and other items by reportable segment

#### 2. Information regarding the amounts of revenue, income or loss, assets, liabilities and other items by reportable segment

The accounting method for the business segments that are reported is largely the same as the description in “Significant matters forming the basis of preparing the consolidated financial statements”. The income from reportable segments is the figure based on operating income.

3. Information regarding the amounts of revenue, income or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended July 31, 2020 (from August 1, 2019 to July 31, 2020)

(Million JPY)

	Reportable segment			Total	Adjustment (Note) 1	Amount on the consolidated statements of income (Note) 2
	Entertainment Business	Lifestyle Support Business	E-Commerce Business			
Revenue						
Outside customers	8,450	20,093	3,196	31,739	-	31,739
Inter-segment sales and transfers	-	-	-	-	-	-
Total	8,450	20,093	3,196	31,739	-	31,739
Segment profit (loss)	776	1,896	-43	2,629	-1,356	1,273
Other items						
Depreciation	249	141	6	396	78	475
Amortization of goodwill	-	97	-	97	-	97

(Notes)

1. Adjustment of 1,356 million JPY is corporate expenses not attributable to reportable segments.
2. Adjustments are made between segment profit (loss) and operating income reported in the consolidated statements of income.
3. Segment assets have not been shown, as they are not used as the basis for deciding the allocation of management resources and evaluating performance.

Fiscal year ended July 31, 2021 (from August 1, 2020 to July 31, 2021)

(Million JPY)

	Reportable segment			Total	Adjustment (Note) 1	Amount on the consolidated statements of income (Note) 2
	Entertainment Business	Lifestyle Support Business	E-Commerce Business			
Revenue						
Outside customers	7,272	20,384	3,595	31,252	-	31,252
Inter-segment sales and transfers	-	-	-	-	-	-
Total	7,272	20,384	3,595	31,252	-	31,252
Segment profit (loss)	369	1,450	84	1,904	-1,203	701
Other items						
Depreciation	205	149	7	362	62	425
Amortization of goodwill	-	21	-	21	-	21

(Notes)

1. Adjustment of 1,203 million JPY is corporate expenses not attributable to reportable segments.
2. Adjustments are made between segment profit (loss) and operating income reported in the consolidated statements of income.
3. Segment assets have not been shown, as they are not used as the basis for deciding the allocation of management resources and evaluating performance.

Per Share Information

(JPY)

	Fiscal year ended July 31, 2020 (from August 1, 2019 to July 31, 2020)	Fiscal year ended July 31, 2021 (from August 1, 2020 to July 31, 2021)
Net assets per share	594.54	605.98
Net income per share-basic	-26.59	45.07
Net income per share-diluted	-	45.07

(Notes)

1. Although a diluted net income per share exists, due to a basic net loss per share, the net income per share-diluted is not listed.
2. The basis of calculating net income per share-basic and net income per share-diluted is as follows:

	Fiscal year ended July 31, 2020 (from August 1, 2019 to July 31, 2020)	Fiscal year ended July 31, 2021 (from August 1, 2020 to July 31, 2021)
Net income per share-basic		
Net income attributable to shareholders of parent company (Million JPY)	-519	877
Net income attributable to shareholders of parent company regarding common stock (Million JPY)	-519	877
Average number of shares of common stock during period (Shares)	19,511,565	19,477,509
Net income per share-diluted		
Adjustment of net income attributable to shareholders of parent company (Thousand JPY)	-	-
Increase in number of shares of common stock (Shares)	-	1,197
Share acquisition rights of the above (Shares)	-	(1,197)
Dilutive shares not included in calculation of net income per share-diluted due to being non-dilutive	Fourth series of share acquisition rights: 6,000 shares Fifth series of share acquisition rights: 69,000 shares	Fifth series of share acquisition rights: 69,000 shares

(Notes)

The number of shares of common stock at the end of the period used for the calculation of the net assets per share and the average number of shares during the period that forms the basis for the calculation of net income per share-basic are calculated with the shares owned by The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP (Employee Stock Ownership Plan) Trust account and Board Incentive Plan (BIP) Trust account) under the "Stock Grant ESOP Trust" and "Board Incentive Plan (BIP) Trust" (170,000 shares at the end of the previous fiscal year and an average of 171,965 shares during the previous period, 148,000 shares at the end of the current fiscal year and an average of 149,868 shares during the current period) included in the treasury stock deducted.

Significant Subsequent Events

(Transactions under common control)

1. Transition to a Holding Company Structure Through a Company Split

At the board of directors meeting held on March 12, 2021, Ateam shifted to a holding company structure on August 1, 2021, and as of April 22, 2021, it was resolved to establish 2 wholly owned subsidiaries of the company

(hereafter referred to as a “split preparation company”) as a split preparation company.

(1) Outline of Company Split

① Method of Company Split

By means of the absorption-type split method, as of August 1, 2021 Ateam succeeded the Entertainment Business to the wholly owned subsidiary “Ateam Entertainment Inc.” and succeeded the E-Commerce Business to the wholly-owned subsidiary “Ateam CommerceTech Inc.”. In addition team will continue to be listed as a holding company.

② Schedule of Company Split

Board of Directors Approval for Establishment of Split Preparation Company	March 12, 2021
Establishment of Split Preparation Company	April 22, 2021
Board of Directors Approval for Absorption-type Company Split Agreement	May 13, 2021
Conclusion of Absorption-Type Split Agreement	May 13, 2021
Effective Date of Absorption-Type Split	August 1, 2021

(2) Overview of the Split Preparation Company to be Established

① Company Name	Ateam Entertainment Inc.	
② Location	Nagoya, Aichi, Japan	
③ Representative	President, Yukimasa Nakauchi	
④ Business Overview	Entertainment Business	
⑤ Capital	50 million JPY	
⑥ Date of Establishment	April 22, 2021	
⑦ Issued Shares	100,000 shares	
⑧ Fiscal Year Ending	July 31	
⑨ Major Shareholders	Ateam Inc. 100%	
⑩ Relationship with Company	Capital Ties	Wholly-owned subsidiary
	Personnel	Plan to deploy director(s)
	Transactions	No business relationship as operations have not begun

⑪ Company Name	Ateam CommerceTech Inc.	
⑫ Location	Nagoya, Aichi, Japan	
⑬ Representative	President, Kazuhiro Mochizuki	
⑭ Business Overview	E-Commerce Business	
⑮ Capital	50 million JPY	
⑯ Date of Establishment	April 22, 2021	
⑰ Issued Shares	100,000 shares	
⑱ Fiscal Year Ending	July 31	
⑲ Major Shareholders	Ateam Inc. 100%	

⑳ Relationship with Company	Capital Ties	Wholly-owned subsidiary
	Personnel	Plan to deploy director(s)
	Transactions	No business relationship as operations have not begun

(3) Other

Because the split preparation companies to succeed the businesses are wholly-owned subsidiaries of Ateam, there will be no impact on the consolidated financial forecast.

2. Purpose of Company Split/Absorption Merger

In order to concentrate management resources, improve efficiency and strengthen functions for further growth of the Digital Marketing Support business in the Lifestyle Support Business operated by our subsidiary, at the board of directors meeting held on September 10, 2021 it was resolved to reorganize the organization with February 1, 2022 as the effective date (tentative).

(1) Method of Company Split

① Details of the Business to be Split

Ateam Lifestyle Inc.: Automobile-related service and Deathcare service

Ateam Finergy Inc.: Financial Media service and Human Resource service

② Business Merger Date

February 1, 2022

③ Method of Business Merger

Absorption-type company split with Ateam Lifestyle Inc. and Ateam Finergy Inc. as the absorption-type split company, and Ateam Hikkoshi Samurai Inc., a wholly-owned subsidiary of the Company, as the successor company.

④ Overview of the Allocation Company (as of July 31, 2021)

	Successor Company	Split Company	Split Company
Company Name	Ateam Hikkoshi Samurai Inc.	Ateam Lifestyle Inc.	Ateam Finergy Inc.
Business Overview	Digital Marketing Support Business	Digital Marketing Support Business, Platform Business, Business operating the “Lalune” application	Digital Marketing Support Business
Location	28-12 Meieki 3-chome, Nakamura-ku, Nagoya, Japan	28-12 Meieki 3-chome, Nakamura-ku, Nagoya, Japan	8-1 Kakuda-cho, Kita-ku, Osaka, Japan
Capital	50 million JPY	50 million JPY	50 million JPY

⑤ Name of the Company After the Merger

Undecided

(2) Overview of Absorption-Type Merger

① Business Merger Date

February 1, 2022

② Method of Business Merger

Absorption-type merger with Ateam Hikkoshi Samurai Inc. as the surviving company, and Ateam Brides Inc. and Ateam Connect Inc. as the absorbed companies.

③ Overview of the Allocation Company (as of July 31, 2021)

	Surviving Company	Absorbed Company	Absorbed Company
Company Name	Ateam Hikkoshi Samurai Inc.	Ateam Brides Inc.	Ateam Connect Inc.
Business Overview	Digital Marketing Support Business	Digital Marketing Support Business	Digital Marketing Support Business
Location	28-12 Meieki 3-chome, Nakamura-ku, Nagoya, Japan	28-12 Meieki 3-chome, Nakamura-ku, Nagoya, Japan	28-12 Meieki 3-chome, Nakamura-ku, Nagoya, Japan
Capital	50 million JPY	30 million JPY	10 million JPY

④ Name of Company After the Merger

Undecided

(3) Overview of Accounting Method to be Carried Out

The transaction will be processed under common control based on "Accounting Standards for Business Combinations" (Corporate Accounting Standards No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Corporate Accounting Standards Application Guide No. 10, January 16, 2019).

3. Acquisition of Treasury Stock

Upon the Board of Directors Meeting held on September 10, 2021, a resolution for the acquisition of treasury stock in accordance with the Articles of Incorporation pursuant to Article 165, Paragraph 2 of the Companies Act as mentioned below.

(1) Reason for Acquisition of Treasury Stock

To implement agile capital policies and improve capital efficiency in response to changes in the business environment.

(2) Details of Acquisition

① Class of shares to be acquired



Common shares

- ② Total number of shares to be acquired  
350,000 shares (maximum)
- ③ Total acquisition cost  
500 million JPY (maximum)
- ④ Period of acquisition  
September 13, 2021~January 31, 2022
- ⑤ Method of Acquisition  
Market purchase on the Tokyo Stock Exchange