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Consolidated Financial Results for the Six Months Ended January 31, 2024 (Japan GAAP)



March 8, 2024

Company name: Ateam Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 3662
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 Scheduled date of filing securities report: March 8, 2024
 Scheduled date of commencing dividend payments: -
 Supplementary briefing material for the financial results: Yes
 Schedule of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended January 31, 2024 (August 1, 2023 - January 31, 2024)

(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	%
Six months ended January 31, 2024	11,915	-17.7	-185	—	-133	—	-193	—
Six months ended January 31, 2023	14,474	-3.4	210	—	219	—	-151	—

Note: Comprehensive income (million JPY)

Six months ended January 31, 2024: -156 [—%]

Six months ended January 31, 2023: -244 [—%]

	Net earnings per share (basic)	Net earnings per share (diluted)
	JPY	JPY
Six months ended January 31, 2024	-10.44	—
Six months ended January 31, 2023	-8.19	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million JPY	Million JPY	%
As of January 31, 2024	13,021	9,267	71.2
Fiscal Year ended July 31, 2023	13,855	9,704	70.0

Note: Shareholders' equity (million JPY)

As of January 31, 2024: 9,267

Fiscal Year ended July 31, 2023: 9,704

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Q4	Total
Fiscal year ended July 31, 2023	JPY –	JPY 0.00	JPY –	JPY 16.00	JPY 16.00
Fiscal year ending July 31, 2024	–	0.00			
Fiscal year ending July 31, 2024 (forecast)			–	20.00	20.00

Note:

- Revision of dividend forecast from the latest announcement: Yes
- Please refer to the "Notice Regarding Revision of Year-End Dividend Forecast (Special Dividend)" disclosed on March 8, 2024 for the dividend at the end of the fiscal year.

3. Forecasts for the Fiscal Year Ending July 31, 2024 (August 1, 2023 - July 31, 2024)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	JPY
Full year	28,700	4.2	600	10.3	600	-15.7	780	444.2	42.05

Note: No revisions to the forecasts for the fiscal year ending July 31, 2024

*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) Application of account procedures to the preparation of quarterly consolidated financial statements : No

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

(i) Changes in accounting policies due to revisions in accounting standards, etc. : Yes

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

(iii) Changes in accounting projections : No

(iv) Restatement : No

Note: For more details, please refer to section "2. Quarterly Consolidated Financial Statements and Significant Notes, (4) Notes on Quarterly Consolidated Financial Statements (Changes in Account Policies)" on page 11 of this financial results report.

(4) Number of shares issued (common stock)

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

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

(iii) Average number of shares during the period

As of January 31, 2024	19,789,200	As of July 31, 2023	19,789,200
As of January 31, 2024	1,227,221	As of July 31, 2023	1,236,421
Six months ended January 31, 2024	18,560,429	Six months ended January 31, 2023	18,543,008

Note: The average number of shares during the period, which is the basis for calculating quarterly net income per share, 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" as treasury shares subject to deduction.

*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 "1. Qualitative Information Regarding Results

for the Six Months, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” on page 5 of this financial results report.

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1. Qualitative Information Regarding Results for the Six Months

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

(1) Explanation of Operating Results

Ateam Inc. and its consolidated subsidiaries adhere to the corporate purpose, “Combining Creativity and Tech to Deliver More Convenience and More Fun to All”. Operating in various technical and business fields, the corporate officers and employees unite under this corporate purpose to plan, develop and operate comparison and information websites, game content, and e-commerce sites that are supported and used by users via the internet. Specifically, we operate businesses in three core segments.

The Lifestyle Support Business engages in the planning, development, and operation of various online services. The Entertainment Business engages in the planning, development and operation of game and tool applications. The E-Commerce Business engages in the planning, development and operation of multiple e-commerce websites that handle various products.

During the six months ended January 31, 2024, revenue decreased compared to the same quarter of the previous fiscal year due to a significant decrease in the E-Commerce Business following the transfer of the bicycle retail business in March 2023. Operating losses and ordinary losses for the E-commerce Business narrowed significantly compared to the same cumulative period of the previous year. Conversely, compared to the same cumulative period of the previous year, the Entertainment Business and Lifestyle Support Business turned to a loss due to a decrease in revenue. As for the net loss attributable to shareholders of the parent company, losses increased compared to the same period of the previous year due to the operating loss and ordinary loss incurred in the first half of the current consolidated fiscal year as mentioned above.

Because of the above, during the six months ended January 31, 2024, Ateam posted revenue of 11,915 million JPY (down 17.7% year-on-year), operating loss of 185 million JPY (compared to an operating income of 210 million JPY in the same quarter of the previous fiscal year), ordinary loss of 133 million JPY (compared to an ordinary income of 219 million JPY in the same quarter of the previous fiscal year), and net loss attributable to shareholders of parent company of 193 million JPY (compared to net loss attributable to shareholders of parent company of 151 million JPY in the same quarter of the previous fiscal year) .

The operating performance by segment for the six months ended January 31, 2024 follows below.

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.

The "Digital Marketing Support Business" is a business model that supports the selection and decision-making of partner clients and receives compensation by presenting appropriate information and options based on users' challenges and concerns. By integrating advertising management, content management, and media management in-house, we've realized digital marketing capabilities that other companies do not have. At the same time, we are working to build a competitive edge in the market by increasing unique value while accumulating and utilizing user data.

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

Revenue for the second quarter and the first half of the current consolidated fiscal year decreased from the same

period of the previous year. This was mainly due to the significant impact of the number of customer referrals to electric utility companies and telecommunications carriers due to changes in market conditions and a decline in the financial media business due to a decrease in the number of customers using the service caused by a Google algorithm update. However, there was continuous growth in our bridal service, automobile related business, recruitment media service and insurance agency business. Segment profit for the second quarter of the current consolidated fiscal year decreased from the same period of the previous year due to the decrease in income from customer referrals and the decrease in income from the financial media business. In addition, expenses increased due to investments in advertising to strengthen the brand power of the "Hanayume" wedding site during the second quarter of the current fiscal year, resulting in a year-on-year decrease. Segment profit for the first half of the current consolidated fiscal year decreased from the same period of the previous year due to the reasons listed above along with an increase in advertising expenses resulting from intensified competition for customers in the automobile related business during the first quarter of the current fiscal year.

As a result, during the six months ended January 31, 2024, the Lifestyle Support Business posted revenue of 8,550 million JPY (down 7.7% year-on-year), and an operating income of 311 million JPY (down 66.2% year-on-year).

Entertainment Business

The Entertainment Business strives to deliver fun to consumers worldwide by providing mobile game and tool applications via platforms specializing in the distributions of such applications (such as the App Store and Google Play). Although most of our game and tool products are free to 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 focus not only on smartphone games but on global digital game distribution in general, including mobile devices, PC, and home digital distribution. We aim for long-term future growth by collaborating with popular global IPs while also striving for multi-platform releases. Moreover, we strive to plan, develop, and operate games in new markets, such as NFTs (non-fungible tokens) with skills and know-how cultivated through previous game app development.

Revenue for the second quarter and the first half of the current consolidated fiscal year continued to decline due to the continued downward trend in existing game titles. Segment profit for the second quarter of the current consolidated fiscal year decreased due to lower profits resulting from lower revenue in existing game applications despite efforts to improve operation efficiency. Compared to the segment profit in the first half of the previous consolidated fiscal year, the first half of the current consolidated fiscal year turned to a loss due to increased segment losses despite being profitable during the second quarter of the current consolidated fiscal year.

As a result, during the six months ended January 31, 2024, the Entertainment Business posted revenue of 2,212 million JPY (down 20.4% year-on-year) and an operating loss of 51 million JPY (compared to an operating income of 100 million JPY in the previous year).

E-Commerce Business

The E-Commerce Business operates multiple e-commerce websites that handle various products including the cosmetic brand "lujo". The E-Commerce Business plans, develops, and promotes products within the group while using OEM (Original Equipment Manufacturers) to outsource manufacturing, and applying a continuous sales model. Going forward, we will continue to improve our product lineup, sales methods, and delivery quality, and provide service that greatly exceeds their expectations.

Revenue for the second quarter and the first half of the current consolidated fiscal year increased due to a steady

increase in the number of customers for "lujo" and "OBREMO," but declined significantly from the same period of the previous year and from the same cumulative period of the previous year due to the transfer of the bicycle retail business in March of the previous consolidated fiscal year. The segment loss for the second quarter and the first half of the current consolidated fiscal year was significantly lower than that of the same period of the previous year due to the transfer of the bicycle retail business leading to reduced operating expenses as well as "lujo" being profitable for three consecutive quarters since the fourth quarter of the previous fiscal year. As a result, the loss for the period under review was significantly smaller than that for the same period of the previous fiscal year and the same cumulative period of the previous fiscal year.

As a result, during the six months ended January 31, 2024, the E-Commerce Business posted revenue of 1,151 million JPY (down 52.6% year-on-year) and an operating loss of 93 million JPY (compared to an operating loss of 266 million JPY in the previous year).

(2) Overview of Financial Position

(i) Assets

As of the end of the second quarter under review, we posted total assets of 13,021 million JPY, a decrease of 833 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 423 million JPY in income taxes receivable included in "Other" under current assets, a decrease of 156 million JPY in accounts receivable – trade, and a decrease of 297 million JPY in cash and deposits.

(ii) Liabilities

As of the end of the second quarter under review, we posted liabilities of 3,754 million JPY, a decrease of 397 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 186 million JPY in asset retirement obligations included in "Other" under current liabilities and a decrease of 157 million JPY in income taxes payable, despite an increase of 147 million JPY in accounts payable - other.

(iii) Net Assets

As of the end of the second quarter under review, we posted net assets of 9,267 million JPY, a decrease of 436 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 490 million JPY in retained earnings.

(iv) Cash Flows

During the six months ended January 31, 2024, cash and cash equivalents ("cash") increased to 5,695 million JPY (up 9.7% year on year).

The respective status of cash flows during the six months ended January 31, 2024 and their contributing factors are as follows:

Cash Flows from Operating Activities

Cash provided in operating activities during the six months ended January 31, 2024 was 192 million JPY (compared to 329 million JPY provided in the previous fiscal year). This was mainly due to a refund of income taxes of 404 million JPY and a decrease of 157 million JPY in trade receivables, despite a decrease in income taxes paid of 180 million JPY and loss before income taxes of 152 million JPY.

Cash Flows from Investing Activities

Cash used by investing activities during the six months ended January 31, 2024 was 187 million JPY (compared to 47 million JPY used in the previous fiscal year). This was mainly due to the payment of 196 million JPY for asset retirement obligations.

Cash Flows from Financing Activities

Cash used in financing activities during the six months ended January 31, 2024 was 295 million JPY (compared to 312 million JPY used in the previous fiscal year). This was mainly due to the dividend payment of 295 million JPY.

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

In order to achieve sustainable growth and increase corporate value over the medium to long term, in the fiscal year ending July 2024, Ateam will continue to select and focus on each business segment, and as described in "Notice Regarding Progress of Plan to Meet the Continued-Listing Criteria for the Prime Market and Partial Changes of the Plan" disclosed on October 13, 2023 (available only in Japanese), we are making efforts to implement a renewed growth strategy, grow our investment businesses, and focus on recovery for businesses where profitability deteriorated in order to comply with the criteria for maintaining listing status on the Prime market by the fiscal year ending July 31, 2025. Additionally, by realizing diverse working styles including working from home, we will continue to focus on optimizing fixed costs, including reevaluation of our rented office space.

As for the six months ended January 31, 2024, each segment's earnings progressed in-line with the revised forecasts disclosed on October 24, 2023. Therefore, we will not be making any changes to the forecast at this time. If any changes to our forecasts occur, we will swiftly make an announcement via a public notice.

The forward-looking statements mentioned above, and the earnings forecasts provided below have been prepared based on information readily available to Ateam as of the date of this material's release. Actual results may differ because of various factors going forward.

Full Year forecast for the fiscal year ending July 31, 2024 (August 1, 2023 - July 31, 2024)

Revenue	28,700 million JPY (up 4.2% year-on-year)
Operating income	600 million JPY (up 10.3% year-on-year)
Ordinary income	600 million JPY (down 15.7% year-on-year)
Net income attributable to shareholders of parent company	780 million JPY (up 444.2% year-on-year)

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Million JPY)

	As of July 31, 2023	As of January 31, 2024
Assets		
Current assets		
Cash and deposits	5,992	5,695
Accounts receivable – trade	3,001	2,844
Inventories	220	250
Other	1,052	716
Allowance for doubtful accounts	-2	-4
Total current assets	10,264	9,502
Non-current assets		
Property, plant and equipment		
Buildings, net	318	326
Other, net	70	65
Total property, plant and equipment	389	392
Intangible assets		
Goodwill	152	130
Other	64	52
Total intangible assets	216	182
Investments and other assets		
Investment securities	2,449	2,549
Leasehold and guarantee deposits	527	389
Other	11	9
Allowance for doubtful accounts	-3	-3
Total investments and other assets	2,985	2,944
Total non-current assets	3,591	3,519
Total assets	13,855	13,021

(Million JPY)

	As of July 31, 2023	As of January 31, 2024
Liabilities		
Current liabilities		
Accounts payable – trade	95	87
Accounts payable – other	2,363	2,511
Income taxes payable	182	24
Provision for bonuses	-	43
Provision for sales promotion expenses	77	87
Provision for share awards	18	4
Provision for share awards for directors (and other officers)	-	17
Other	885	294
Total current liabilities	3,621	3,072
Non-current liabilities		
Asset retirement obligations	313	314
Other	215	366
Total non-current liabilities	529	681
Total liabilities	4,151	3,754
Net assets		
Shareholders' equity		
Share capital	838	838
Capital surplus	832	832
Retained earnings	9,161	8,671
Treasury shares	-1,862	-1,846
Total shareholders' equity	8,969	8,495
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	797	839
Deferred gains or losses on hedges	-93	-102
Foreign currency translation adjustment	30	34
Total accumulated other comprehensive income	734	771
Total net assets	9,704	9,267
Total liabilities and net assets	13,855	13,021

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (Cumulative)

(Million JPY)

	Six months ended January 31, 2023	Six months ended January 31, 2024
Revenue	14,474	11,915
Cost of sales	3,026	1,804
Gross profit	11,447	10,110
Selling, general and administrative expenses	11,236	10,296
Operating income (loss)	210	-185
Non-operating income		
Interest and dividend income	0	0
Foreign exchange gains	3	31
Commission income	13	14
Gain on investments in investment partnerships	—	11
Gain on sale of non-current assets	20	—
Other	9	13
Total non-operating income	46	69
Non-operating expenses		
Interest expenses	0	—
Loss on retirement of non-current assets	0	0
Loss on sale of receivables	13	16
Loss on investments in investment partnerships	22	—
Other	0	1
Total non-operating expenses	38	17
Ordinary income (loss)	219	-133
Extraordinary income		
Gain on sale of investment securities	6	13
Total extraordinary income	6	13
Extraordinary losses		
Impairment losses	41	—
Loss on valuation of investment securities	—	32
Provision of Allowance for Loss on sales of stocks of subsidiaries and affiliates	115	—
Other	16	—
Total extraordinary losses	173	32
Profit (loss) before income taxes	52	-152
Income taxes	204	41
Net loss	-151	-193
Net loss attributable to shareholders of parent company	-151	-193

Quarterly Consolidated Statements of Comprehensive Income (Cumulative)

(Million JPY)

	Six months ended January 31, 2023	Six months ended January 31, 2024
Net loss	-151	-193
Other comprehensive income		
Valuation difference on available-for-sale securities	-84	42
Deferred gains or losses on hedges	-0	-8
Foreign currency translation adjustment	-6	4
Total other comprehensive income	-92	37
Comprehensive income	-244	-156
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-244	-156

(3) Quarterly Consolidated Statements of Cash Flow

(Millions JPY)

	Six months ended January 31, 2023	Six months ended January 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	52	-152
Depreciation	462	55
Impairment losses	41	—
Amortization of goodwill	21	21
Increase (decrease) in allowance for doubtful accounts	2	1
Increase (decrease) in provision for bonuses	52	43
Increase (decrease) in provision for sales promotion expenses	-32	10
Increase (decrease) in provision for share awards	-16	-13
Increase (decrease) in provision for share awards for directors (and other officers)	—	17
Provision of Allowance for Loss on sales of stocks of subsidiaries and affiliates	115	—
Interest and dividend income	-0	-0
Interest expenses	0	—
Loss (gain) on sale of investment securities	-6	-13
Loss (gain) on valuation of investment securities	—	32
Loss (gain) on sale of non-current assets	-20	—
Loss (gain) on investments in investment partnerships	22	-11
Subsidy income	-1	-0
Decrease (increase) in trade receivables	63	157
Decrease (increase) in inventories	-213	-29
Increase (decrease) in trade payables	-207	-7
Increase (decrease) in accounts payable - other	19	149
Other, net	-120	-294
Subtotal	235	-32
Interest and dividends received	0	0
Interest paid	-0	—
Income taxes paid	-260	-180
Income taxes refund	354	404
Subsidies received	1	0
Net cash provided by (used in) operating activities	329	192
Cash flows from investing activities		
Purchase of property, plant and equipment	-7	-46
Purchase of intangible assets	-27	-3
Proceeds from sale of intangible assets	10	—
Purchase of investment securities	-96	-125
Proceeds from sale of investment securities	58	62
Proceeds from distributions from investment partnerships	12	20
Payments of leasehold and guarantee deposits	-1	-30
Proceeds from refund of leasehold and guarantee deposits	4	135
Payments for asset retirement obligations	—	-196
Other, net	-0	-4
Net cash provided by (used in) investing activities	-47	-187
Cash flows from financing activities		
Purchase of treasury shares	-0	—
Dividends paid	-298	-295
Other, net	-14	—
Net cash provided by (used in) financing activities	-312	-295

Effect of exchange rate change on cash and cash equivalents	-4	-6
Net increase (decrease) in cash and cash equivalents	-34	-297
Cash and cash equivalents at beginning of period	5,223	5,992
Cash and cash equivalents at end of period	5,189	5,695

(4) Notes on Quarterly Consolidated Financial Statements

Notes on Going Concern

Not applicable.

Notes on Substantial Changes in the Amount of Shareholder's Equity

Not applicable.

Changes in Accounting Policies

(Application of Accounting Treatment and Disclosure Relating to Issuance and Holding of Electronically Recorded Transferable Rights to Be Indicated on Securities)

We have applied the "Accounting for and Disclosure of Issuance and Holding of Electronically Recorded Transferable Rights to Be Indicated on Securities" (ASBJ PITF No. 43, issued by the Accounting Standards Board of Japan on August 26, 2022) from the beginning of the first quarter of the current consolidated fiscal year under review. This change has no effect on the quarterly consolidated financial statements.

Segment Information

Six months ended January 31, 2023 (from August 1, 2022 to January 31, 2023)

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

	Reportable segment				Adjustment (Note) 1	Amount on the quarterly consolidated statements of income (Note) 2
	Lifestyle Support Business	Entertainment Business	E-Commerce Business	Total		
Revenue						
External customers	9,266	2,779	2,428	14,474	-	14,474
Inter-segment sales and transfers	-	-	-	-	-	-
Total	9,266	2,779	2,428	14,474	-	14,474
Segment profit (loss)	921	100	-266	755	-545	210

(Notes) 1. Adjustment of minus 545 million JPY for segment loss is corporate expenses not attributable to reportable segments.
2. Adjustments are made between segment profit (loss) and operating income reported in the quarterly consolidated statements of income.

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

(Significant Impairment Loss on Fixed Assets)

The profitability of a fixed asset within the E-Commerce Business segment declined, setting the recoverable value to zero, and the entire book value recorded as an impairment loss. As a result, the recording of impairment loss during the six months ended January 31, 2023 was 41 million JPY.

Six months ended January 31, 2024 (from August 1, 2023 to January 31, 2024)

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

(Million JPY)

	Reportable segment				Adjustment (Note) 1	Amount on the quarterly consolidated statements of income (Note) 2
	Lifestyle Support Business	Entertainment Business	E-Commerce Business	Total		
Revenue						
External customers	8,550	2,212	1,151	11,915	-	11,915
Inter-segment sales and transfers	-	-	-	-	-	-
Total	8,550	2,212	1,151	11,915	-	11,915
Segment profit (loss)	311	-51	-93	165	-351	-185

(Notes) 1. Adjustment of minus 351 million JPY for segment loss is corporate expenses not attributable to reportable segments.

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

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

(Significant Impairment Loss on Fixed Assets)

Not applicable.

Significant Subsequent Events

(Business Divestiture by Consolidated Subsidiaries)

Ateam Inc. resolved at the Board of Directors meeting held on October 24, 2023 that MEDLEY Inc. will succeed assets, liabilities, contracts, and other rights and obligations of the Lalune Business (hereafter “the Business”), a women's health consultation application developed and managed in its consolidated subsidiary, Ateam Wellness Inc., by a company split (simplified absorption-type demerger) (hereafter “the Transaction”). The transfer of Lalune was executed on February 1, 2024.

1. Overview of Business Divestiture

(1) Purpose

In order to meet the listing criteria for the Prime Market in the TSE by the fiscal year ending July 31, 2025, we defined that digital marketing skills and know-how are our strength, so we have been conducting reorganizations and initiatives based on our new growth strategy as well as optimizing management resources to increase business value.

With the recent increase in competing services and changes in the advertising industry, it was necessary for the business to implement new functions and establish a new revenue model to realize business growth, but there was no prospect of creating synergy to increase earnings within our group.

Therefore, we concluded that divesting the business would maximize its value as MEDLEY Inc. has abundant knowledge in the healthcare field and a mission to “Creating the Future of Medical/Healthcare”. We will continue to optimize our management resources and reallocate them to areas where we can better demonstrate our group’s strengths.

(2) Name of Succeeding Company

MEDLEY Inc.

(3) Details Regarding Business and its Scale

(i) Business Overview

Business which develops and manages the women's health consultation application “Lalune”

(ii) Revenue (for the six months ended January 31, 2024)

Revenue of 79 million JPY

(iii) Amount of Assets and Liabilities (as of January 31, 2024)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	32 million JPY	Current liabilities	24 million JPY
Fixed assets	1 million JPY	Fixed liabilities	- million JPY
Total	33 million JPY	Total	24 million JPY

(4) Date of Business Divestiture

February 1, 2024

(5) Other Matters Related to the Outline of the Transaction Including the Legal Form

By means of an absorption-type demerger (simplified absorption-type demerger), Ateam Wellness Inc. is the splitting company and MEDLEY Inc. is the succeeding company. MEDLEY Inc. has succeeded assets, liabilities, contracts and other rights and obligations attributable to the business within the scope set forth in the Business Succession Agreement through the Transaction.

Ateam Wellness Inc. received 500 million JPY from MEDLEY Inc. for the Transaction. The amount includes the consideration for the Transaction mentioned above. In addition, Ateam has determined there will be no problems with the ability to fulfill its obligations under the Transaction.

2. Overview of Accounting Process

In the third quarter of the fiscal year ending July 31, 2024, Ateam Wellness Inc. expects to record a gain on transfer of business related to the Transaction of approximately 491 million JPY as an extraordinary income.

3. Name of the Reporting Segment in which the business to be transferred is included

Lifestyle Support Business