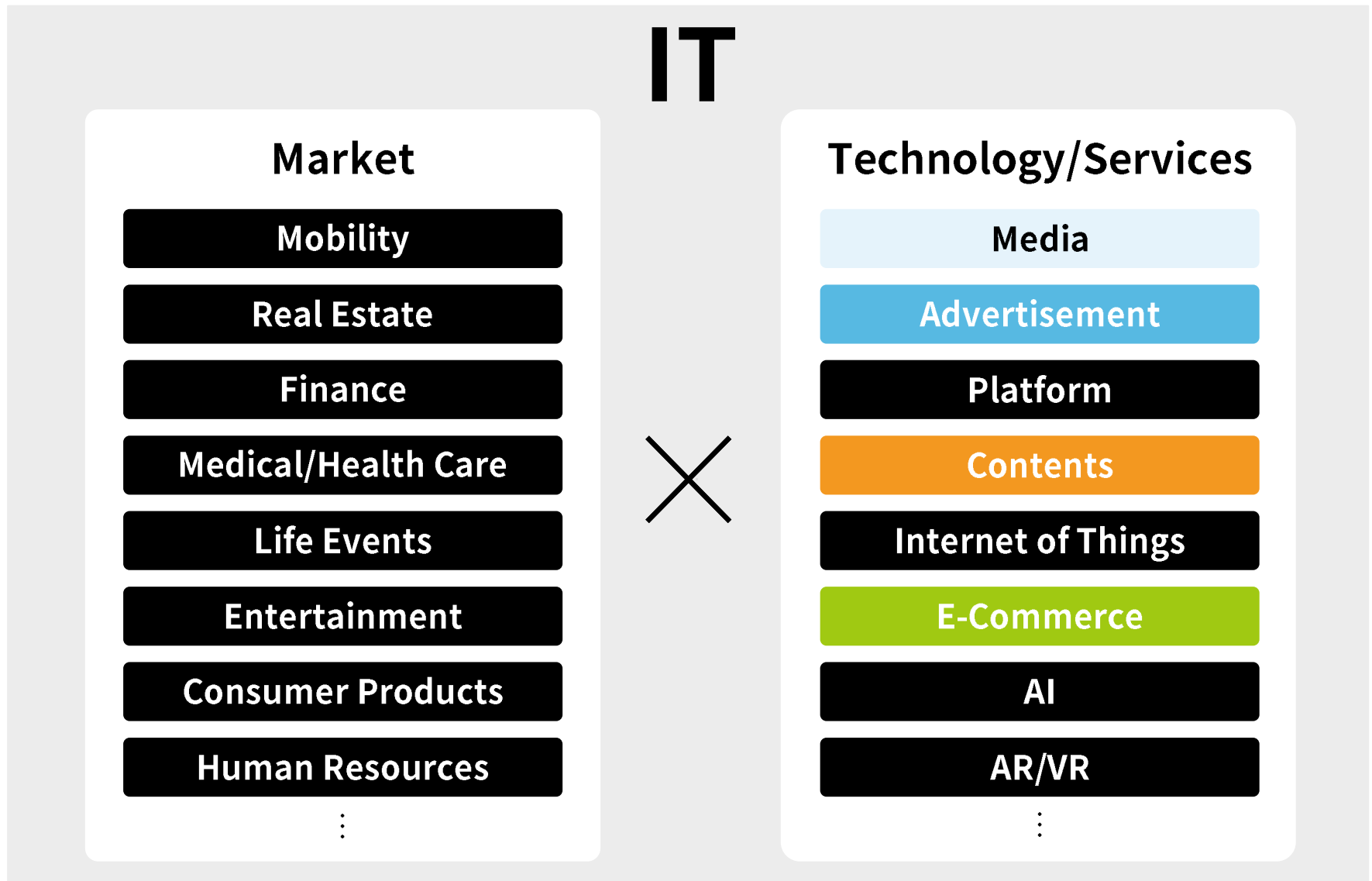


Ateam Inc.

Business Report FY2019 Q3

June 14, 2019

Ateam is an IT Company that Develops Business Around the Internet



Services Provided Through Ateam



Index

- 1. Revision of FY2019 Forecasts**
 - 2. FY2019 Q3 Financial Results**
 - 3. FY2019 Q3 Business Details**
 - 4. FY2019 Q4 Progress**
 - 5. FY2019 Guidance**
 - 6. Medium- and Long-Term Outlook**
- APPENDIX A : Company Overview
 - APPENDIX B : Supplementary Financial Data

1. Revision of FY2019 Forecasts

2. FY2019 Q3 Financial Results
3. FY2019 Q3 Business Details
4. FY2019 Q4 Progress
5. FY2019 Guidance
6. Medium- and Long-Term Outlook

Revision of FY2019 Consolidated Financial Forecast

Forecast Revision Based on Extraordinary Loss of 432 Million JPY and Recent Business Performance Trends

(Million JPY)

	FY2018	FY2019 (2018.08-2019.07)				
	Full-Year	Original Forecast	Revised Forecast	Amount Difference	Rate of Change	Composition Ratio
Revenue	37,674	40,000	37,000	-3,000	-7.5%	100.0%
Lifestyle Support	18,955	22,000	22,200	200	0.9%	60.0%
Entertainment	16,168	15,000	12,800	-2,200	-14.7%	34.6%
EC	2,550	3,000	2,000	-1,000	-33.3%	5.4%
Operating income	4,701	4,000	2,850	-1,150	-28.8%	7.7%
Lifestyle Support	3,076	3,200	3,200	0	0%	8.6%
Entertainment	3,587	2,680	1,650	-1,030	-38.4%	4.5%
EC	-211	0	-250	-250	-	-
Others	-1,751	-1,880	-1,750	130	-	-
Ordinary income	4,730	4,000	2,850	-1,150	-28.8%	7.7%
Net income	3,306	2,600	1,500	-1,100	-42.3%	4.1%

Notes On Revision of Consolidated Financial Forecast

Overall

Both Revenue & Operating Income Below Expectations

- Revenue, Operating/ordinary income fall below original forecast due to Entertainment and EC
 - Net income deviates from initial forecast due to the recording of extraordinary losses
-

Lifestyle Support

Both Revenue & Profit In Line With Initial Forecast

- Although sub-segments differ in performance, overall revenue & profit in line with forecast
 - Upfront investment of new services as anticipated
-

Ent.

Both Revenue & Profit Stray From Initial Forecast

- Both existing and new game titles fall below expectations, resulting in revenue drop
 - Revenue shortcoming, along with increase of personnel for new development, cause profit decline
-

EC

Both Revenue & Profit Fall Short of Initial Forecast

- Revenue expected to decline due to prioritizing fulfillment by optimizing inventory and shipping
 - Although single-month profit during busy season achieved, unable to break-even for full-year
-

Revision of FY2019 Year-End Dividend Forecast

- In Conjunction with the Dividend Policy, Year-End Dividend Forecast Revised Due to Revision of FY2019 Consolidated Financial Forecast

	FY2018 Result	FY2019 Original Forecast	FY2019 Revised Forecast
Date of allotment	Jul 31	Jul 31	Jul 31
Date of distribution	Oct 05	Oct	Oct
Dividend per share	32.5 JPY	32.5 JPY	16.0 JPY

■ Dividend Policy

Ateam aims to invest upfront to create new businesses for active growth and enhance its financial foundation, while strengthening its business portfolio and continuing to improve corporate value and quality.

Simultaneously, we regard the return of profits to our shareholders as an important issue, and our basic policy is to carry out a continuous return with a payout ratio of around 20%.

2. FY2019 Q3 Financial Results

3. FY2019 Q3 Business Details
4. FY2019 Q4 Progress
5. FY2019 Guidance
6. Medium- and Long-Term Outlook

FY2019 Q3 Financial Summary (Feb 2019 - Apr 2019)

Overall

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

- Revenue: 9,503 million JPY (Y/Y 92.5%, Q/Q 99.0%)
- Operating income: 998 million JPY (Y/Y 57.0%, Q/Q 144.1%)
- Net income: 358 million JPY (Y/Y 29.4%, Q/Q 73.9%)

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

Lifestyle Support

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

- Revenue: 6,013 million JPY (Y/Y 107.8%, Q/Q 115.8%)
- Profit: 1,065 million JPY (Y/Y 98.9%, Q/Q 165.6%)

Record High Revenue Achieved, Profit Flat Y/Y Due to Upfront Investment

% of Revenue

63.3%

Ent.

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

- Revenue: 2,865 million JPY (Y/Y 73.9%, Q/Q 71.5%)
- Profit: 372 million JPY (Y/Y 31.1%, Q/Q 61.0%)

Down Y/Y Due to Downtrend of Existing, Dip from Holiday Cause Q/Q Decline

% of Revenue

30.1%

EC

Revenue Down Y/Y But Up Q/Q

- Revenue: 624 million JPY (Y/Y 76.9%, Q/Q 156.1%)
- Profit: -34 million JPY (Y/Y —, Q/Q —)

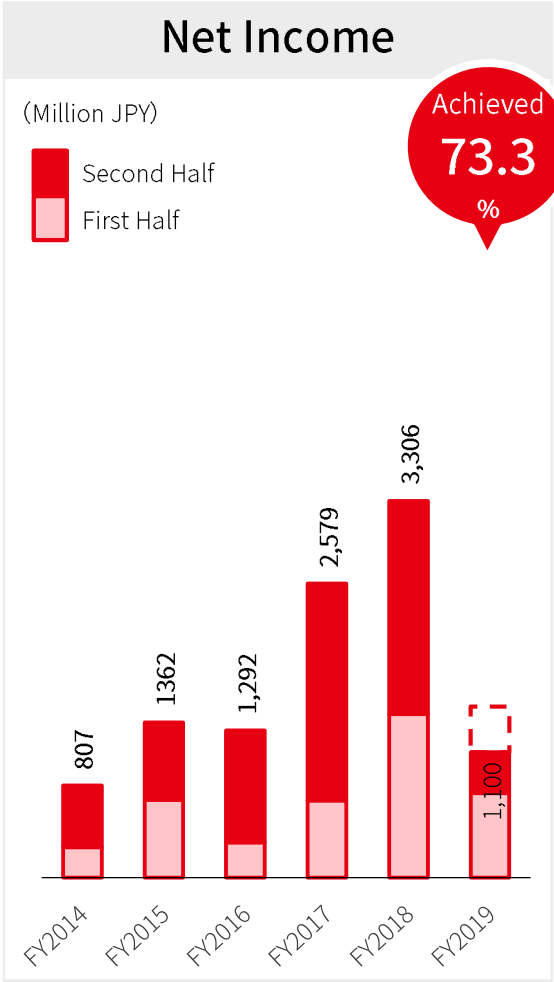
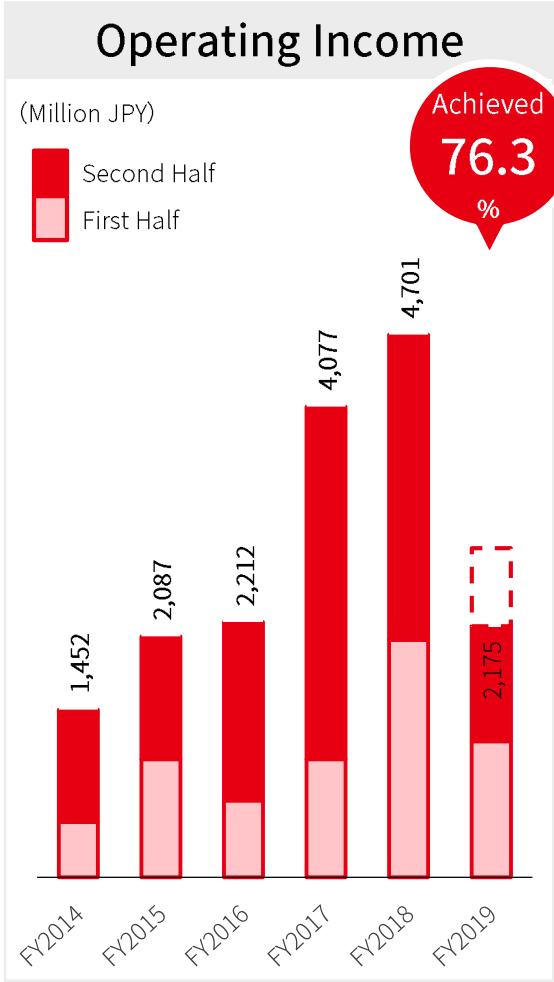
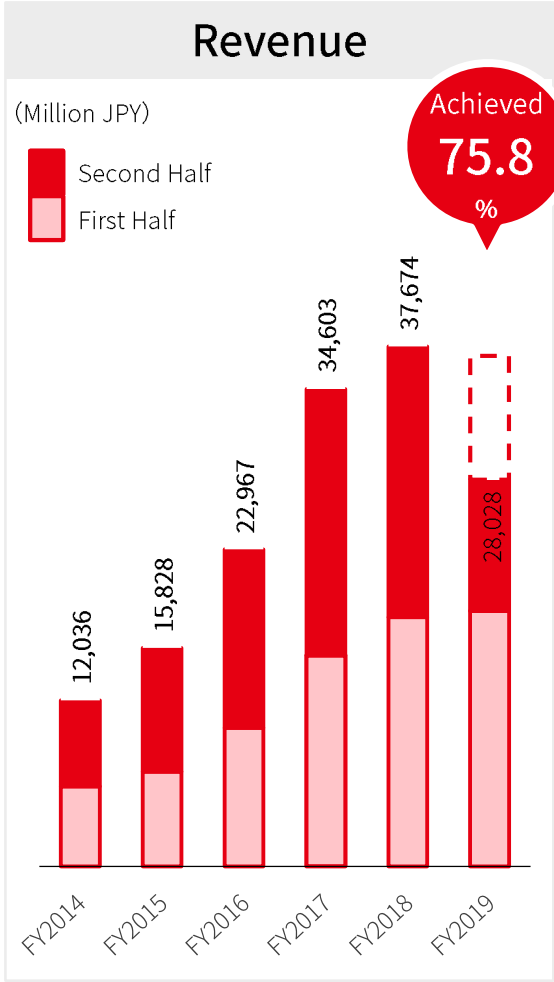
Y/Y Drop Due to Optimizing Operations, Q/Q Increase Lead by Busy Season

% of Revenue

6.6%

FY2019 Q3 Financial Results vs. Forecasts

■ (Reference) Revised Forecast: Revenue 37.0 billion JPY, Operating Income 2.85 billion JPY, Net Income 1.5 billion JPY



FY2019 Q3 Financial Results

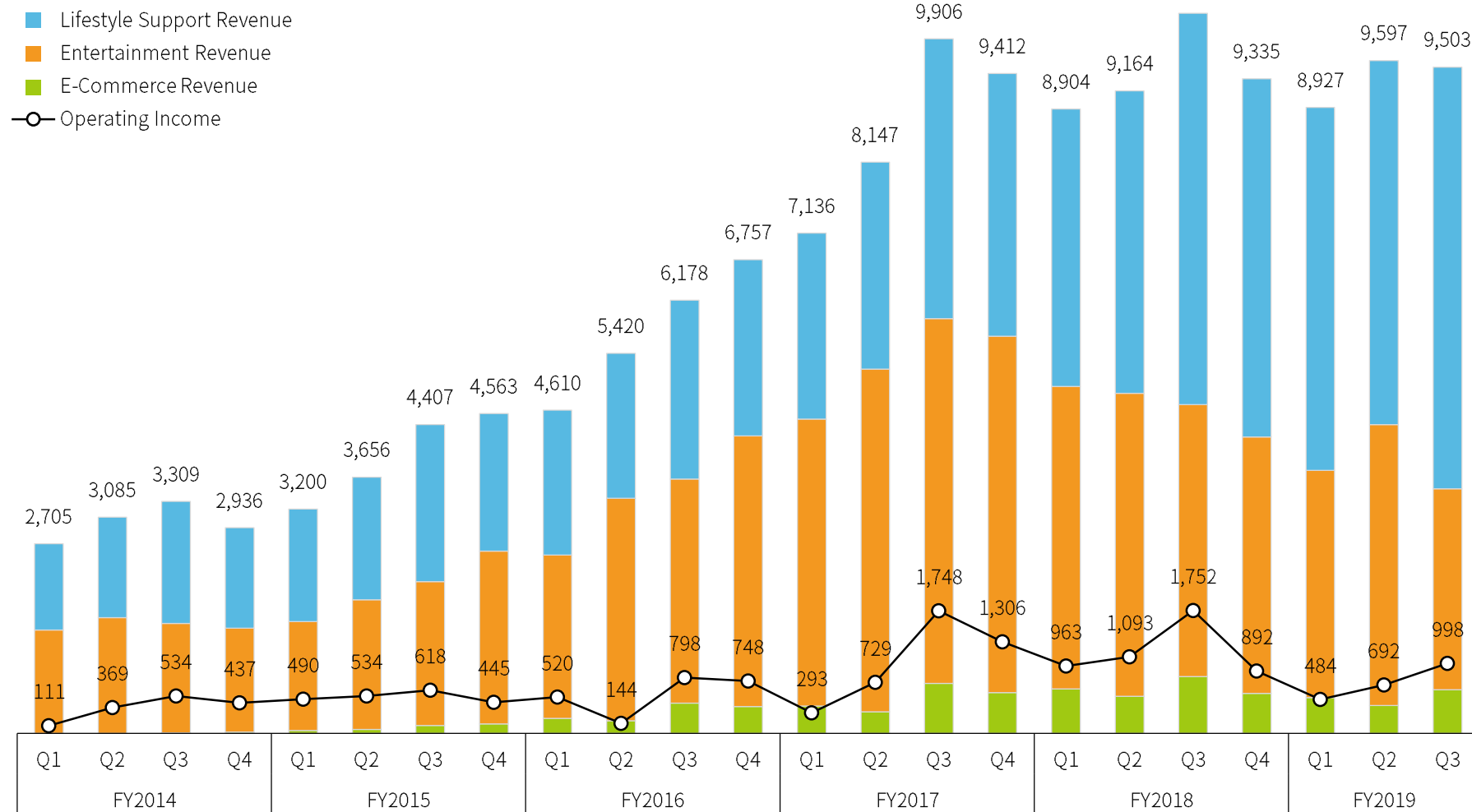
(Million JPY)

FY2019 Q1-Q3 <u>Nine-Month Results</u> (Aug 2018 – Apr 2019)				
	FY2019 Q3		FY2018 Q3	
		%		Y/Y
Revenue	28,028	100.0%	28,338	98.9%
Operating income	2,175	7.8%	3,809	57.1%
Ordinary income	2,177	7.8%	3,852	56.5%
Net income	1,100	3.9%	2,650	41.5%

FY2019 Q3 <u>Three-Month Results</u> (Feb 2019 – Apr 2019)						
	FY2019 Q3		FY2018 Q3		FY2019 Q2	
		%		Y/Y		Q/Q
Revenue	9,503	100.0%	10,269	92.5%	9,597	99.0%
Operating income	998	10.5%	1,752	57.0%	692	144.1%
Ordinary income	1,008	10.5%	1,775	56.8%	661	152.6%
Net income	358	3.7%	1,217	29.4%	484	73.9%

Consolidated Quarterly Financial Trends

(Million JPY)



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

Quarterly Trend of Key Management Indicators

(Million JPY)

	FY2016		FY2017				FY2018				FY2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	6,178	6,757	7,136	8,147	9,906	9,412	8,904	9,164	10,269	9,335	8,927	9,597	9,503
Operating income	798	748	293	729	1,748	1,306	963	1,093	1,752	892	484	692	998
Promotional expenses	2,433	2,758	3,432	3,551	3,623	3,410	3,600	3,866	3,730	3,609	3,931	3,980	3,726
Labor costs, recruitment expenses	814	884	872	935	931	1,066	1,025	1,089	1,195	1,443	1,435	1,463	1,529
Commission fees, etc.	1,177	1,401	1,468	1,779	2,051	2,108	1,588	1,572	1,561	1,395	1,304	1,592	1,289
Subcontractor expense, server fees	275	235	254	297	315	331	532	518	620	605	605	646	661
Office rental fees, utility expenses	177	177	178	218	238	243	249	251	288	291	292	293	296
Employees (people)	574	583	605	627	710	718	723	788	898	955	989	1,024	1,115

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

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

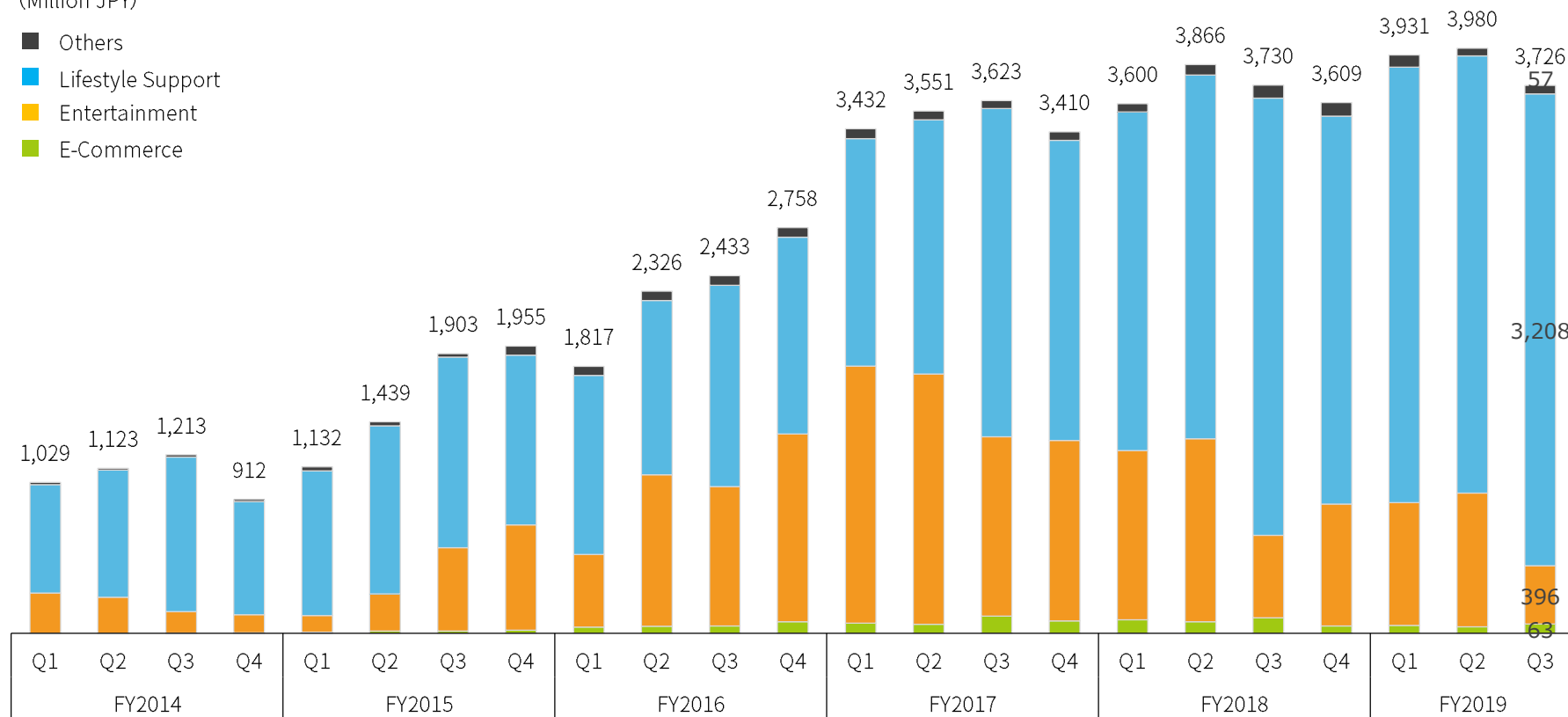
Quarterly Promotional Expense Trends

■ Lifestyle Support Promotion Strengthened During Busy Season

■ Entertainment Suppressed Costs to Focus on Efficient Operation

(Million JPY)

- Others
- Lifestyle Support
- Entertainment
- E-Commerce

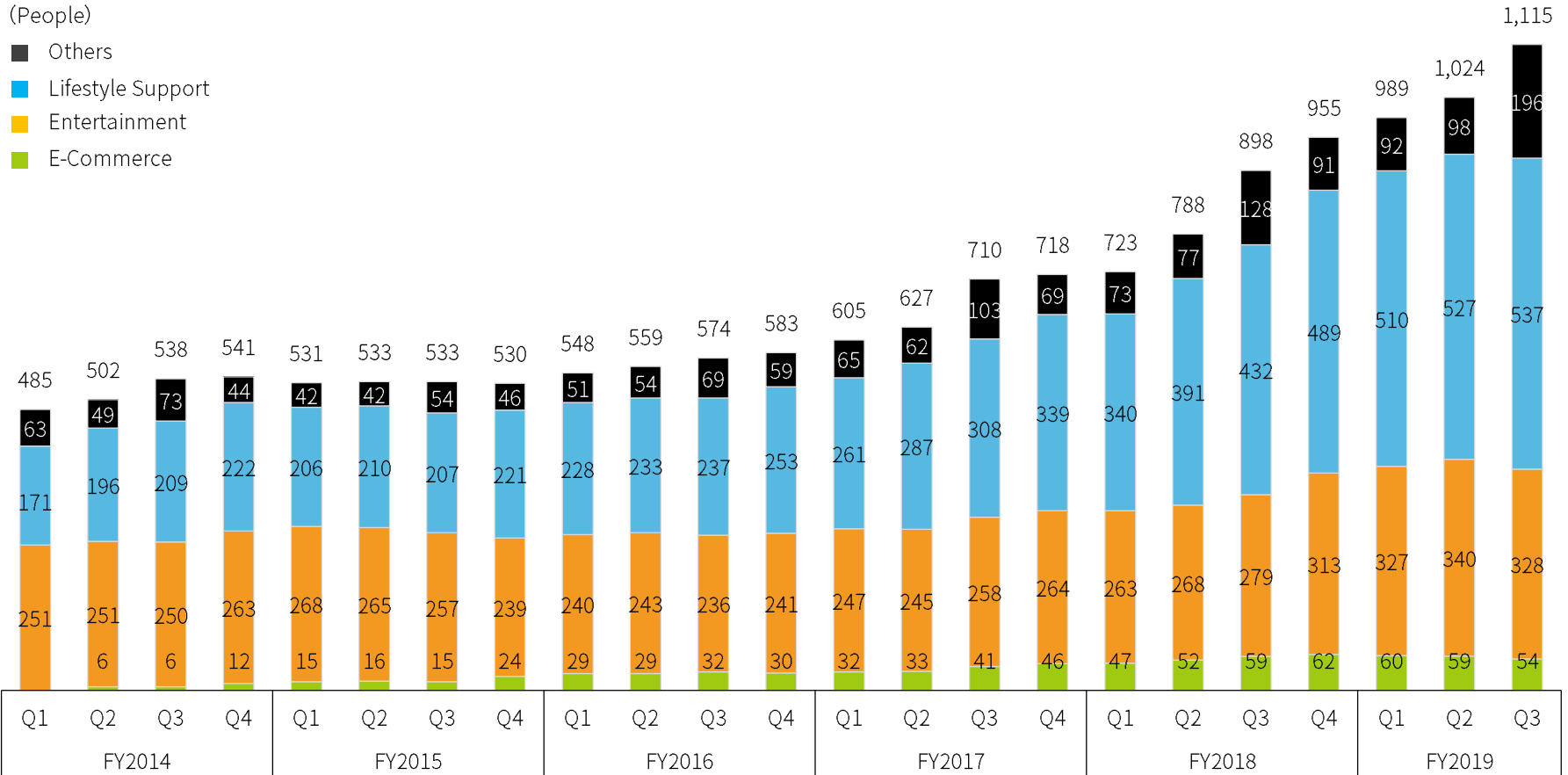


* Breakdown of promotional expenses by segment is shown on page 52 of this business report

Number of Employees

92 New University Graduates Hired in April, Resulting In Increase

- June Assignment: 41 Lifestyle Support, 47 Entertainment, 2 EC, 2 Others



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

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

* Newly hired university graduates are included in "Others" as of the end of Q3, and assigned to different segments as of June 1

Balance Sheet

Fixed Assets Decreased Due to Extraordinary Losses of 432 Million JPY

(Million JPY)

	FY2019 Q3	FY2019 Q2
Current assets	11,077	10,937
Cash and cash equivalents	5,003	5,331
Accounts receivable	4,402	4,331
Non-current assets	5,878	5,858
Tangible assets	1,742	1,786
Intangible assets	1,600	2,026
Total assets	16,956	16,795

	FY2019 Q3	FY2019 Q2
Current liabilities	4,080	4,456
Non-current liabilities	731	531
Total liabilities	4,811	4,988
Short-term loans payable	0	0
Shareholder's equity	12,077	11,718
Total net assets	12,144	11,807
Liabilities and net assets	16,956	16,795

3. FY2019 Q3 Business Details

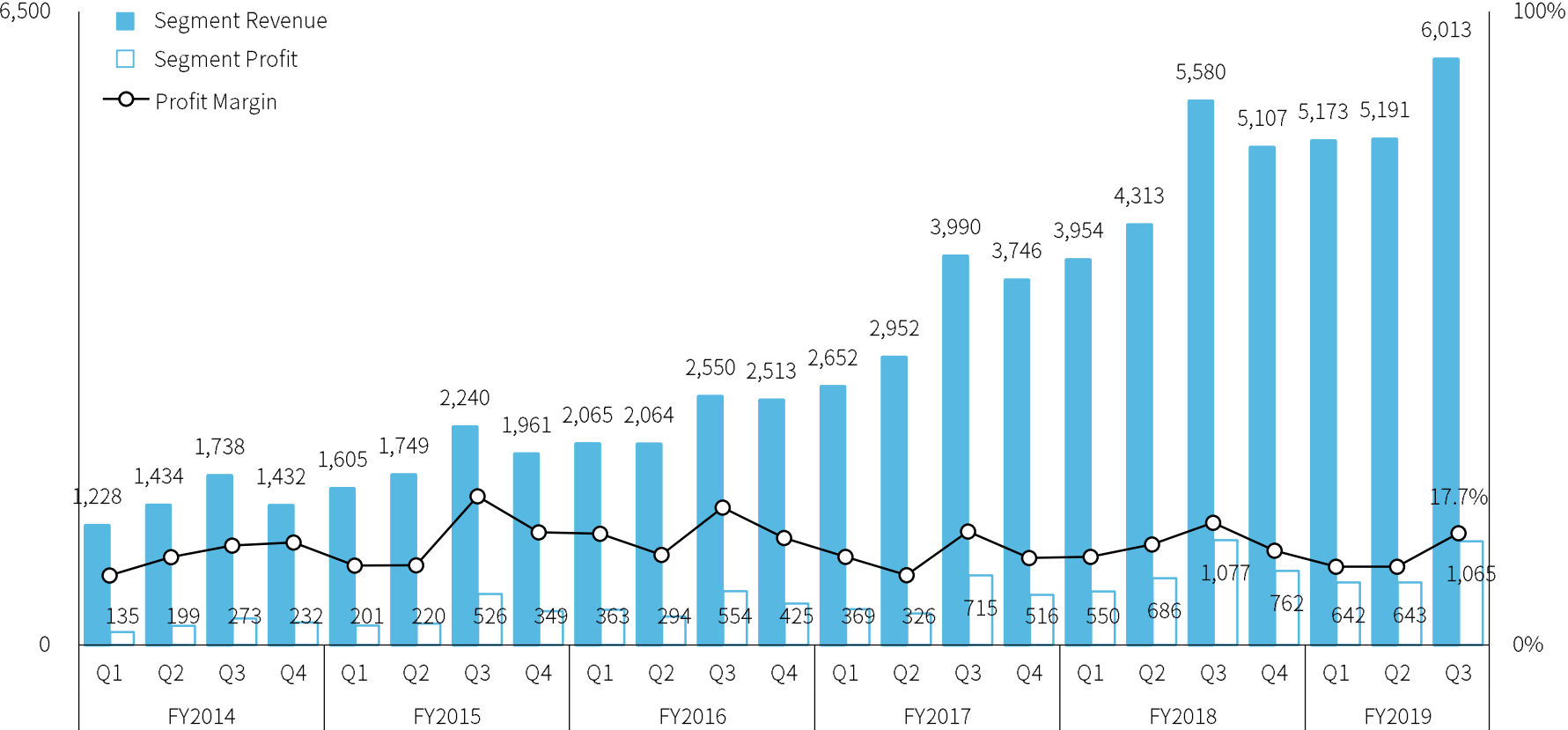
4. FY2019 Q4 Progress
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Lifestyle Support Business Performance Trends

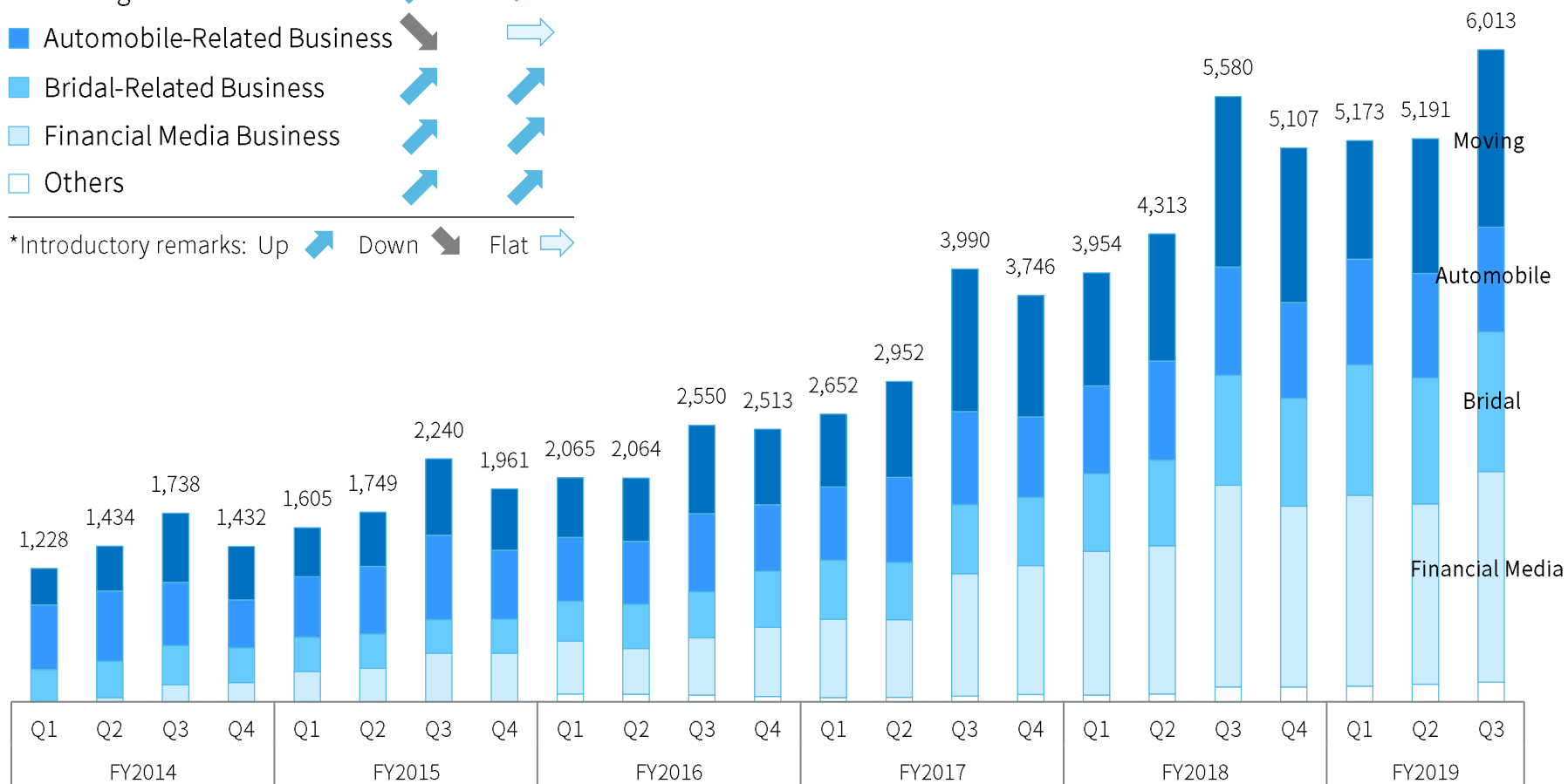
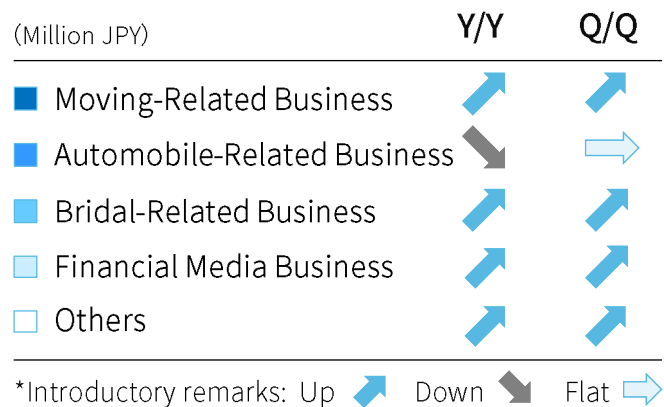
- Continue to Trend Well Resulting in Record High Quarterly Revenue
- Upfront Investment in New Services Result in Flat Profit Y/Y

Y/Y
+7.8
%

(Million JPY)



Lifestyle Support Sub-Segment Business Trends

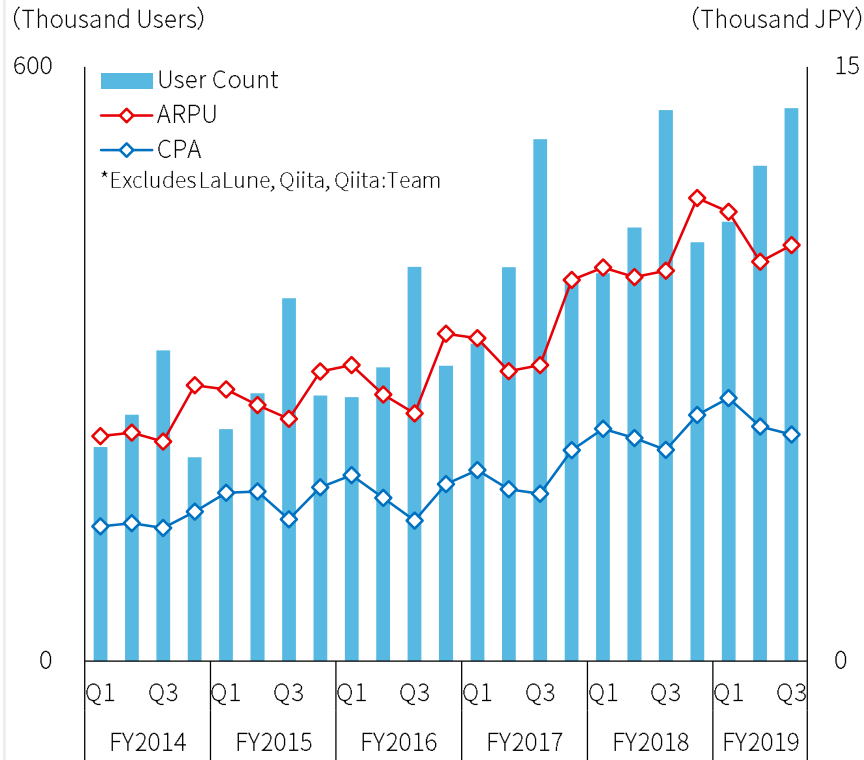


* From FY2018 Q3, Increments Inc. and its services (Qiita, Qiita:Team) are included in the "Others" sub-segment

Lifestyle Support Key Performance Indicator Trends

User Count, ARPU, CPA

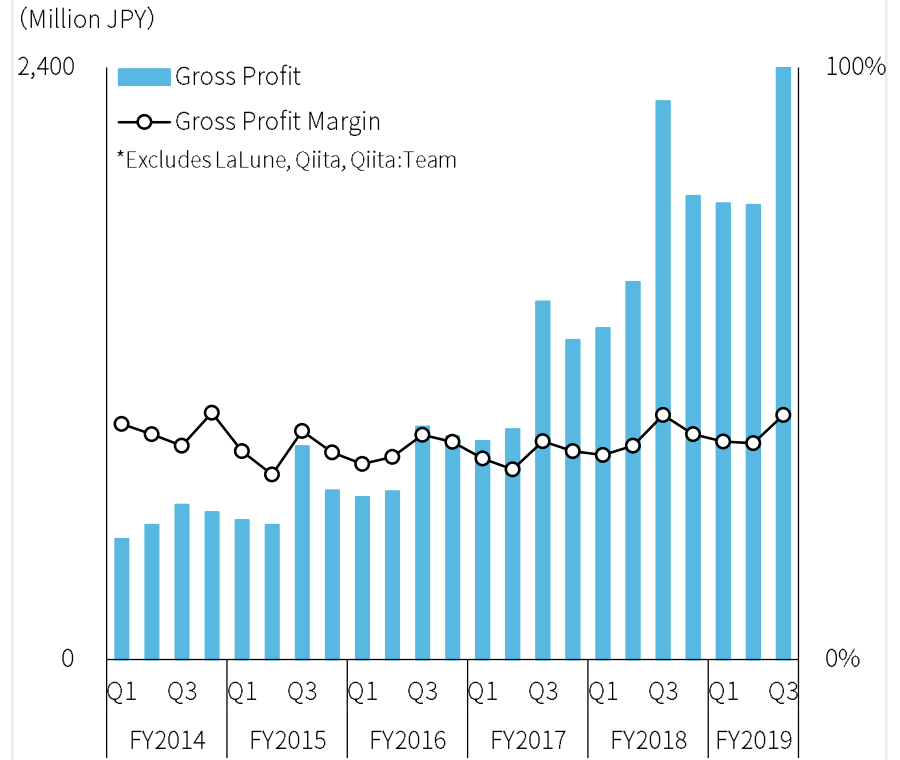
- User Count Flat Y/Y
- ARPU & CPA Trending Similarly to Previous Years



- [① User count] = total users from four main sub-segment businesses (users that generated segment revenue)
- [② ARPU: Average revenue per user] = segment revenue ÷ [① User count]
- [③ CPA: Cost per user acquisition] = advertising cost ÷ [① User count]

Gross Profit, Gross Profit Margin

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

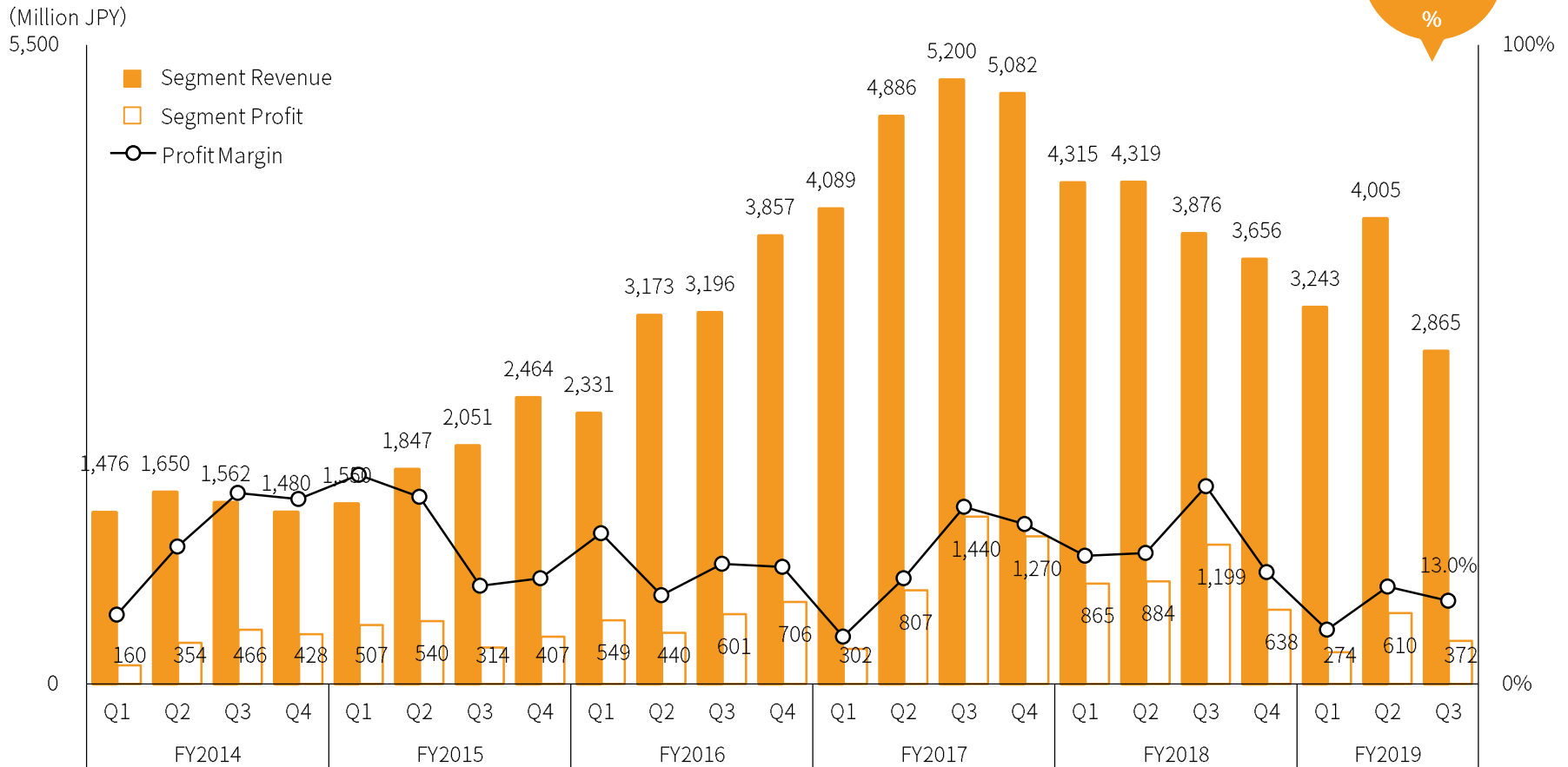


- [④ Gross profit] = segment revenue - (advertising + purchase costs)
- [⑤ Gross profit margin] = [④ Gross profit] ÷ segment revenue
- * Purchase costs include A/C and other purchase costs, Hanayume photo purchase costs, A/C installation fees, and bridal deferred payment package costs

Entertainment Business Performance Trends

■ In Addition to Downtrend of Existing Titles, Draw Back From End-of-Year Holiday Contributions Resulted in Q/Q Decline

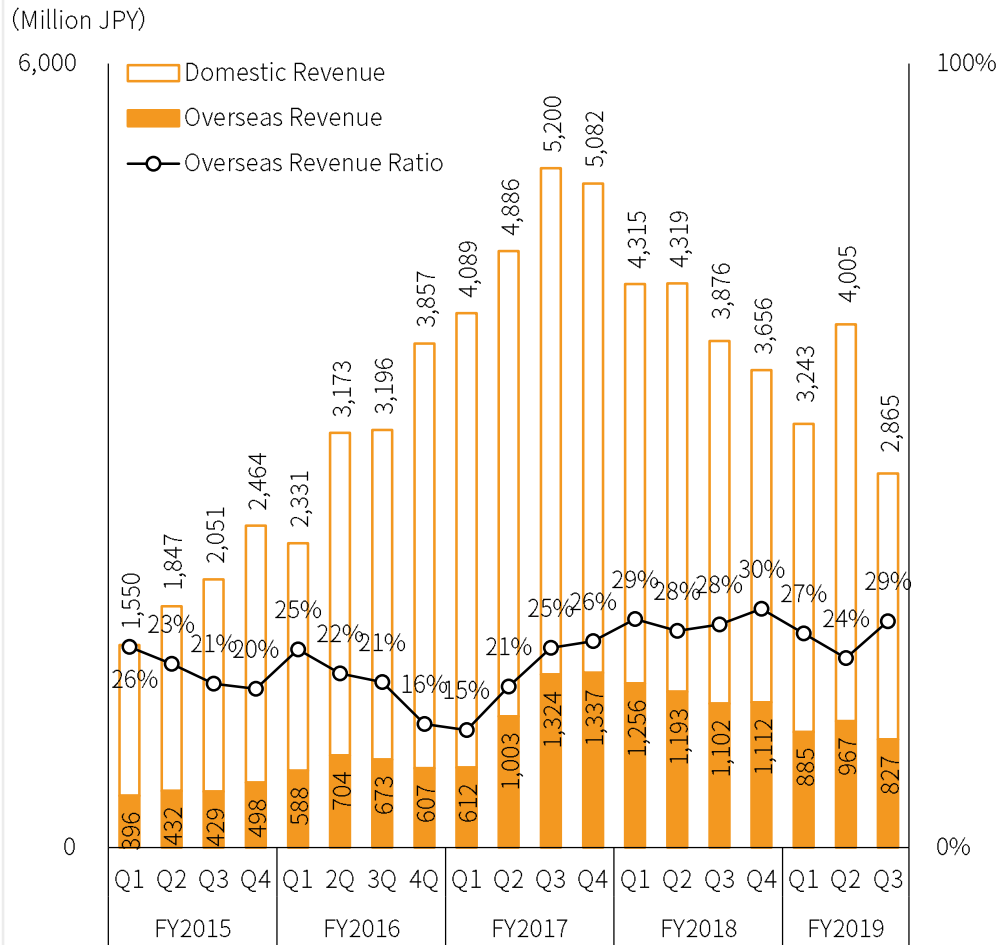
Q/Q
-28.5
%



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

Entertainment Overseas Revenue Ratio Trends

Overseas Sales Trends



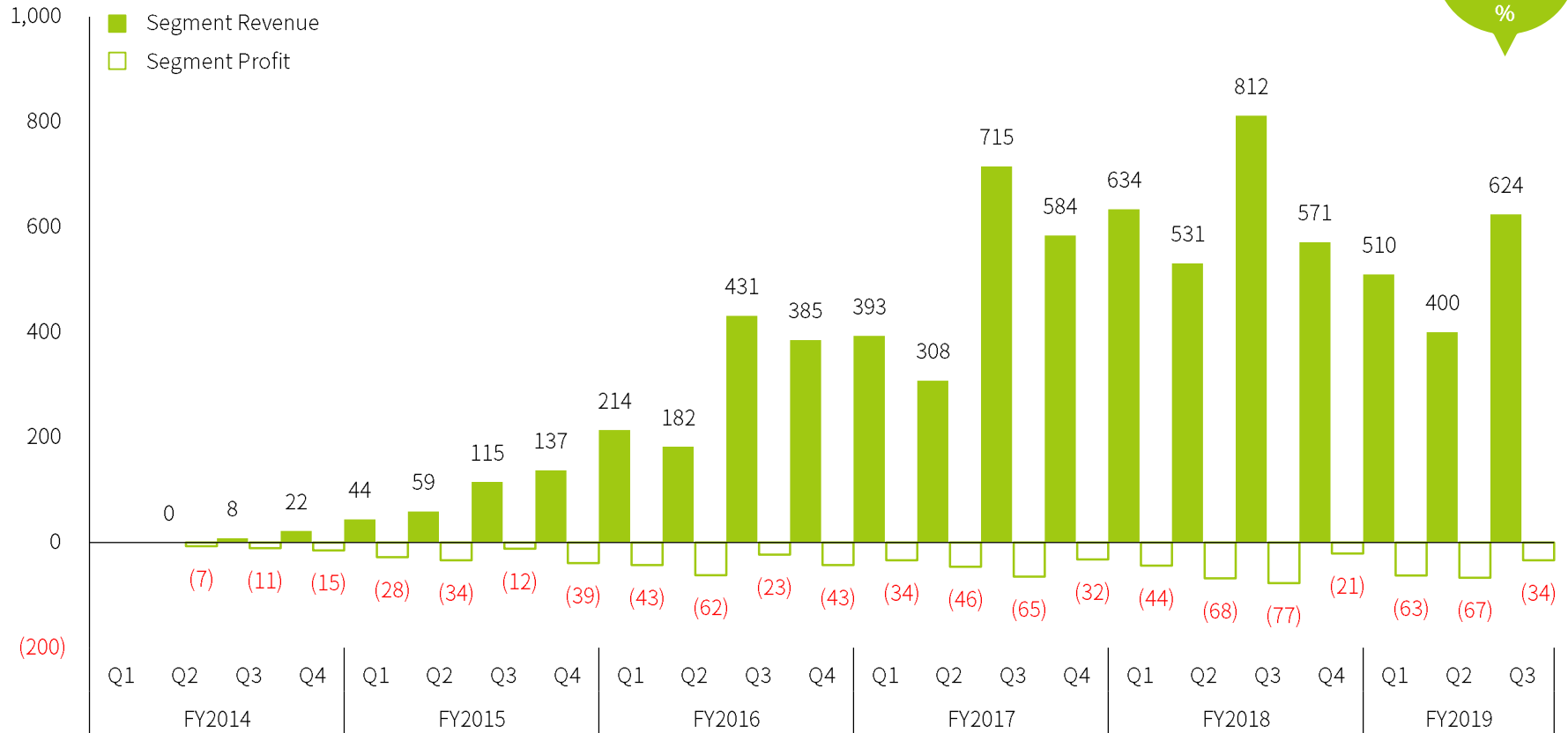
Region:	JP	US	EU	TW HK MO	KR	SE Asia	CN
Revue Starlight	●	●	●	●	●		
BASSA	●			●	●		
Valkyrie	●	●	●	●	●	●	●
Unison	●	●	●	●	●	●	
Derby	●			●		●	
Smash!	●			●			
Legions	●	English Version					
Summoner	●	English Version					

E-Commerce Business Performance Trends

Due to Optimizing Operations, Revenue Declined Y/Y But Was Able to Achieved First Single-Month Profit in March

Y/Y
-23.1
%

(Million JPY)



* Peak business period is March – April (Q3)

4. FY2019 Q4 Progress

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

Segment Topics

Lifestyle Support

Bridal-related

NEW

Official Launch of Online Wedding Booking Service - “HIMARI”

- Current Status from Release: Improving usability while steadily accumulating results
- Service Release Date: March 20, 2019

The diagram illustrates the HIMARI app interface with three smartphone screens. The central screen shows a bride's profile and the HIMARI logo. Two arrows point from this central screen to two other screens. The left arrow is labeled "Search from Date/Season" and points to a screen showing a calendar for 2019. The right arrow is labeled "Search from Expense Cost" and points to a screen showing a list of venues with filters for price and location. A yellow speech bubble above the central screen says "Industry First!".

Conducted “Bridal Festival by Hanayume” Events

- Wedding event to compare popular venues simultaneously
- Held on May 18-19 In Tokai area, May 26 in Fukuoka area



Segment Topics

Other

NEW

Engineer Re-employment Service “Qiita Jobs” Official Release

- Overview: A recruitment service to help engineers find a more suitable environment by utilizing Qiita
- Status as of June 13, 2019: 73 client companies, 1,311 registered engineers
- Service Release Date: April 24, 2019

Qiita Jobs



Lifestyle
Support

1

**Know Exactly
What Your Team
Requires**

Obtain details on product developments, technology techniques, etc.

2

**Communicate
Directly With
Team Members**

Able to chat directly with engineers involved in development process

3

**Job Assigned
At Time Of
Screening**

Upon acceptance, guaranteed assignment to applied engineering team

Segment Topics

Ent.

Revue Starlight Re LIVE

- Collaboration with popular anime “Cardcaptor Sakura: Clear Card” arranged from June 18
- Joint large-scale real event “Girls Party! & Revue Starlight Re LIVE Festival 2019 in Ikebukuro” held June 8-9
- Collaboration with popular app “BanG Dream! Girls Band Party!” began June 7



Derby Impact

- Held luxury campaign for chance to win “Olfevre-Special-” as 6-year anniversary event



Valkyrie Connect

- Campaign held to commemorate 3-year anniversary
- Surpassed 17 million downloads worldwide



Segment Topics

Logic of Business Continuity and Measures of Growth for “cyma”



EC

Logic of Continuity

Achieved Monthly Profit

- 1 After prioritizing operational optimization for 9 months, achieved single-month profitability in March

Clarification of Issues

- 2 With the realization of single-month profit, clarified business and organizational issues

Set Approach Methods

- 3 Defined solutions and approach methods to clear current challenges

Measures of Growth

Renew Web System

- 1 Improve UI/UX, in addition to data visualization

Redefine Warehouse

- 2 Redesign layout of warehouse, determine functions of warehouse by storage and shipping

Reorganize Structure

- 3 Change to new management and enhance and improve skills of personnel according to job function

*Timing of profitability currently being calculated

5. FY2019 Guidance

6. Medium- and Long-Term Outlook

FY2019 Consolidated Financial Forecast

(Million JPY)

	FY2018		FY2019(Aug 2018-July 2019)			
	9 Month Results	Full-Year Results	9 Month Results	Full-Year Forecast	Composition Ratio	% Fulfilled as of Q3
Revenue	28,338	37,674	28,028	37,000	100.0%	75.8%
Lifestyle Support	13,848	18,955	16,377	22,200	60.0%	73.8%
Entertainment	12,511	16,168	10,114	12,800	34.6%	79.0%
E-Commerce	1,978	2,550	1,535	2,000	5.4%	76.8%
Operating income	3,809	4,701	2,175	2,850	7.7%	76.3%
Lifestyle Support	2,314	3,076	2,351	3,200	8.6%	73.5%
Entertainment	2,949	3,587	1,257	1,650	4.5%	76.2%
E-Commerce	-190	-211	-166	-250	-	-
Others	-1,263	-1,751	-1,267	-1,750	-	-
Ordinary income	3,852	4,730	2,177	2,850	7.7%	76.4%
Net income	2,650	3,306	1,100	1,500	4.1%	73.3%

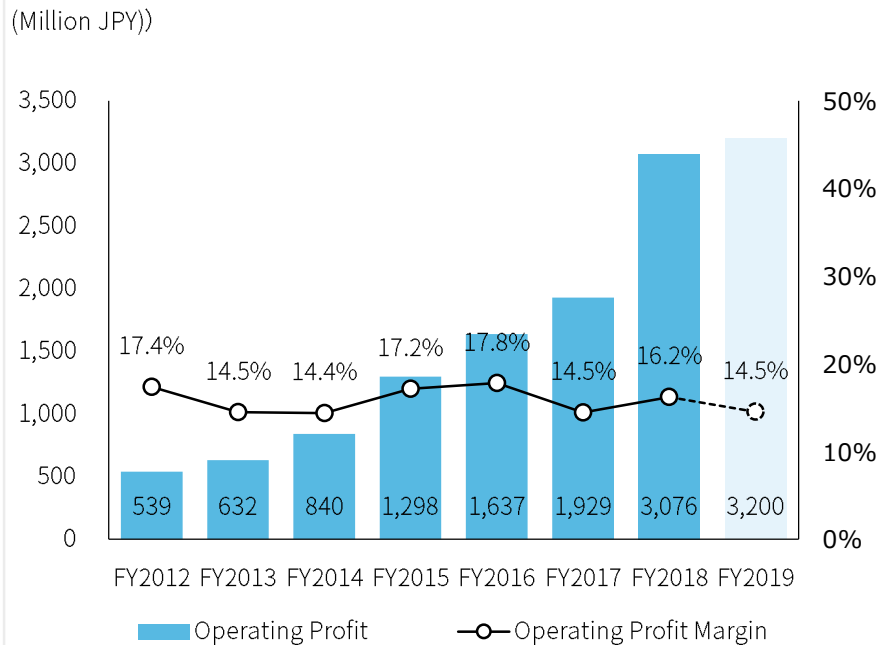
Initiatives and Notes on Lifestyle Support Guidance

Lifestyle Support

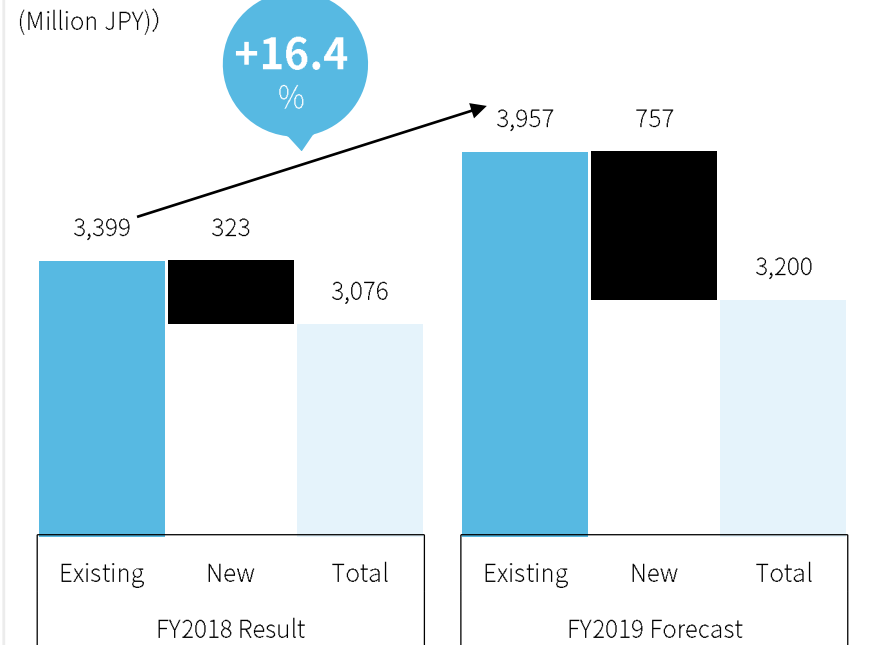
While 2-Digit Profit Increase Expected for Existing Services, New Investments Result in Overall Flat Profit Year-on-Year

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

Trends of Operating Profit & Profit Margin



Existing & New Service Profit Breakdown



*Details of the eight new services indicated in the “Existing & New Service Profit Breakdown” graph is shown on page 33

Lifestyle Support 8 New Services

New Services

Automobile-Related

remobii

Purchase second-hand cars on the internet



Other (Death care)

Life. (LifeDot)

Death care related information search site



Financial Media

NaviNavi FX

FX trade support app for beginners



Financial Media

NaviNavi Mortgage

Site with mortgage information from Professionals



Other (Real Estate)

Sumai-uru

Real estate information search site



Other (Daily Living)

Find Pro

Booking engine for home services and pest extermination



Other (Budget)

Soldi

Household budgeting information website



Other (Healthcare)

minorie

Prenatal supplements produced with LaLune user feedback



FY2019 Year-End Dividend Forecast

- While Considering Business Performance, Aim to Provide Appropriate Shareholder Returns Over the Long Term

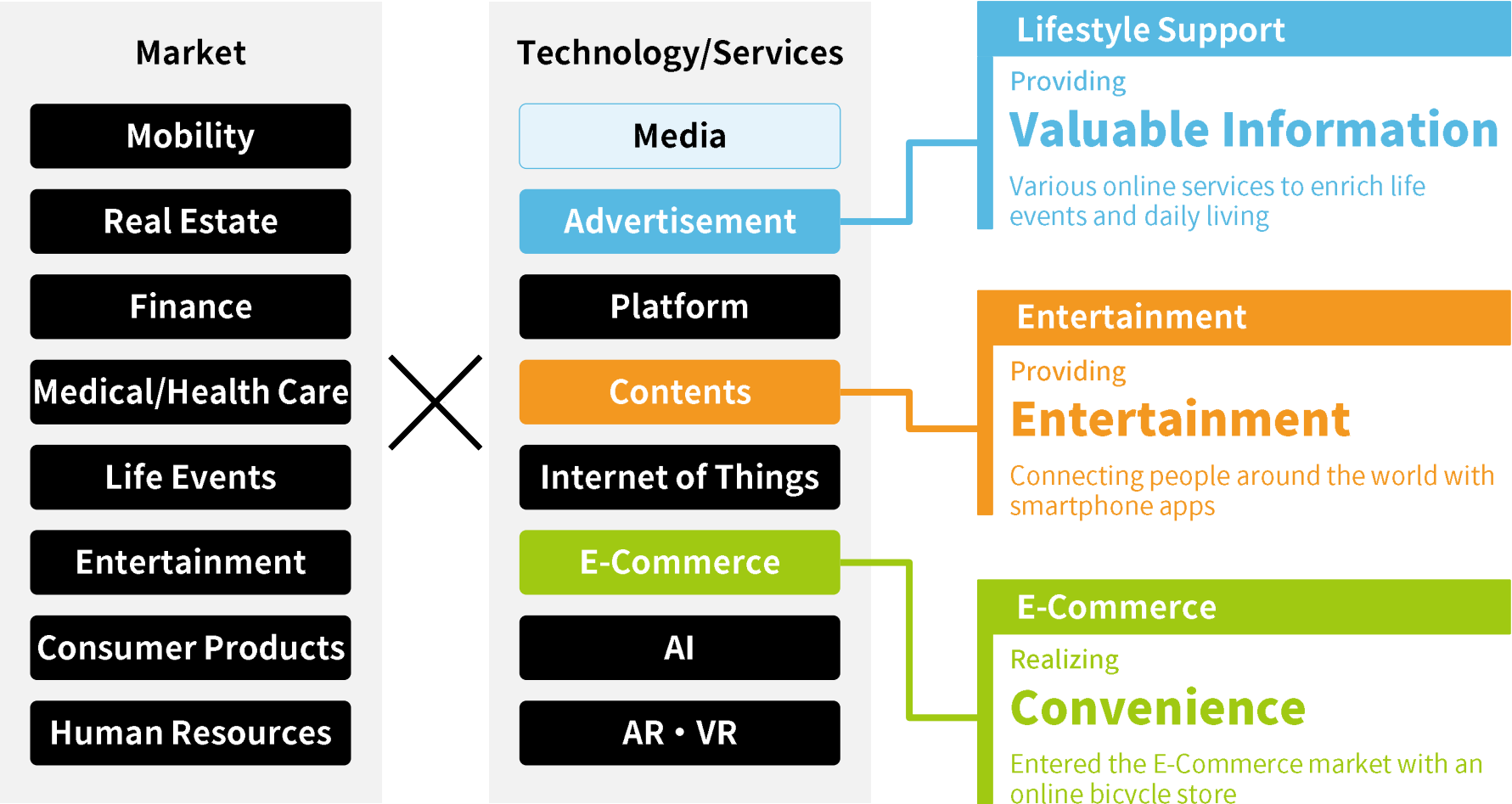
	FY2015 Result		FY2016 Result		FY2017 Result		FY2018 Result	FY2019 Forecast
	Interim	Year-End	Interim	Year-End	Interim	Year-End	Year-End	Year-End
Date of allotment	Jan 31	Jul 31	Jan 31	Jul 31	Jan 31	Jul 31	Jul 31	Jul 31
Date of distribution	Apr 03	Oct 13	Apr 04	Oct 07	Apr 04	Oct 06	Oct 05	Oct
Dividend per share	5.0 JPY	7.5 JPY	5.0 JPY	7.5 JPY	5.0 JPY	22.0 JPY	32.5 JPY	16.0 JPY
Total dividend amount	238 million JPY		239 million JPY		517 million JPY		640 million JPY	312 million JPY
Full-year pay out ratio	17.7%		18.2%		19.8%		19.1%	20.8%

*Due to the nature of business and profit tending to rise in the second half of the fiscal year, full-year performance-based dividend is paid once annually as of FY2018

6. Medium- and Long-Term Outlook

Our Vision of the Future

Ateam Will Continue to Challenge Varied Businesses that Utilize the Internet



* Displayed in no particular order. Not all services shown

Medium- and Long-Term Business Outlook

Overall

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

Lifestyle Support

Connect the Dots of Life Events from Cradle to Grave

- Provide valuable information through services to make life more convenient by combining “Online” & “Offline” user contact; understand our users’ needs from a firsthand perspective

Aim for Revenue Scale of 30 billion JPY by FY2020

Ent.

Global Entertainment Planned, Developed & Operated from JP

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

Create Several Game Titles with 1b JPY+ Monthly Revenue

- Aim to increase overseas revenue ratio above 50%
-

EC

In Addition to Bicycle Sales, Begin Bicycle-Related Services

Aim to be the Number One Bicycle Online Store

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

Business Investment Strategy

Mission

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

M & A

Companies Expected to Increase Ateam's Competitiveness

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

Companies in Industries with High Barriers to Entry

Capital Investment

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

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

APPENDIX

Company Overview

Company Profile as of April 30, 2019

Company name	Ateam Inc.
Security code	3662:JP, TSE Section 1
Incorporated on	February 29, 2000
Headquarters	Nagoya, Japan
President	Takao Hayashi
Industry	Information & Communication
Sector	Internet, Mobile Game
Account settled in	July
Group companies (Fully owned subsidiaries)	8 (includes 1 overseas subsidiary)
Number of employees	1,047 (excludes directors & part-time employees)
Shares per unit	100 shares



Dai Nagoya Building



Umeda Hankyu Building



Shinagawa
East One Tower



Kamiyo Hakata Chuo
Building

Personal History of Takao Hayashi, President



1971.12.18

Born in Toki City, Gifu Prefecture, Japan

1982.12

Started computer programming

1987.03

Graduated from Tajimi Junior High School

1987.04 ~

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

1997.06

Founded Ateam as an unincorporated enterprise

2000.02.29

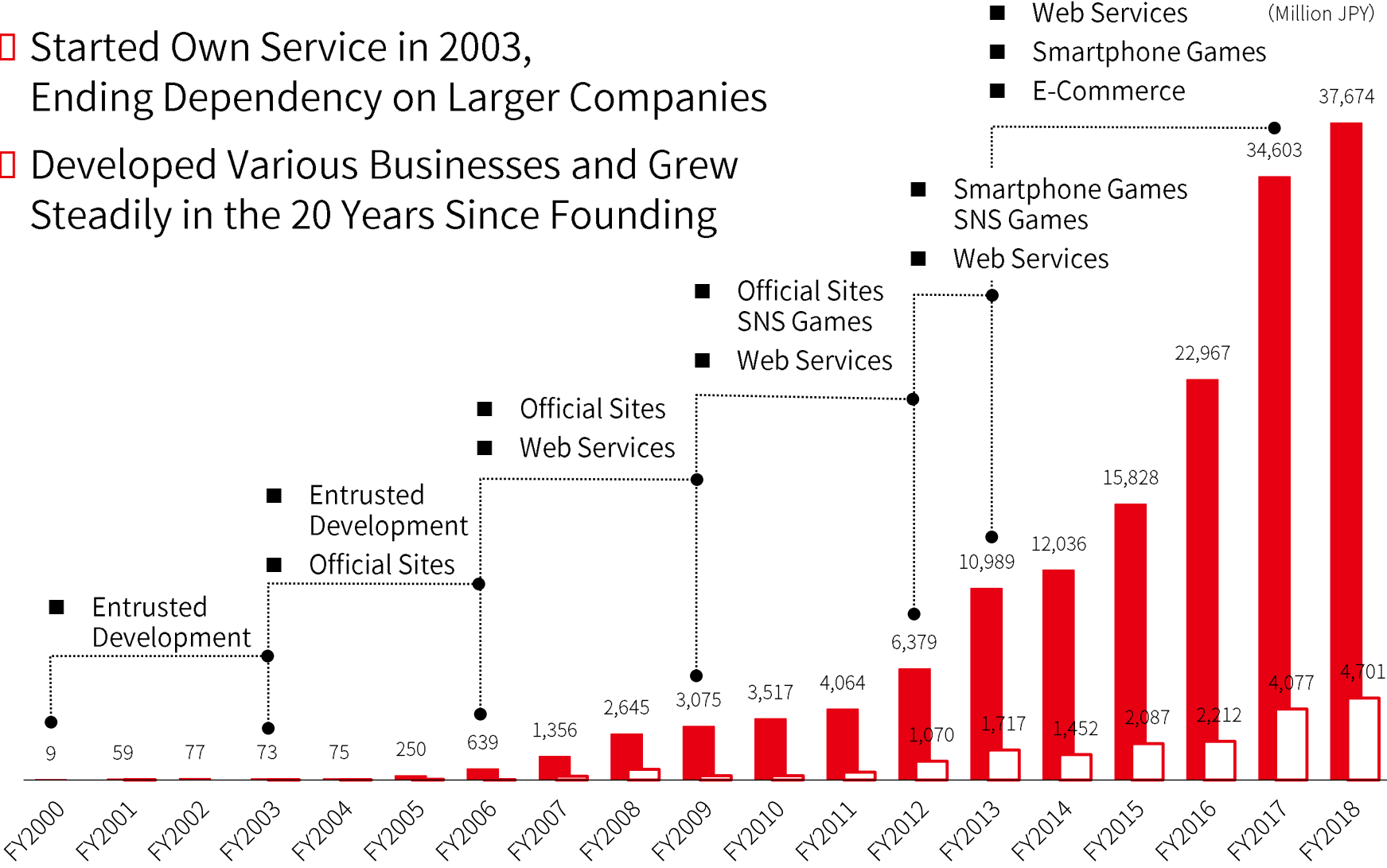
Established Ateam Ltd.

2004.11.01

Organizational Change to Ateam Inc.

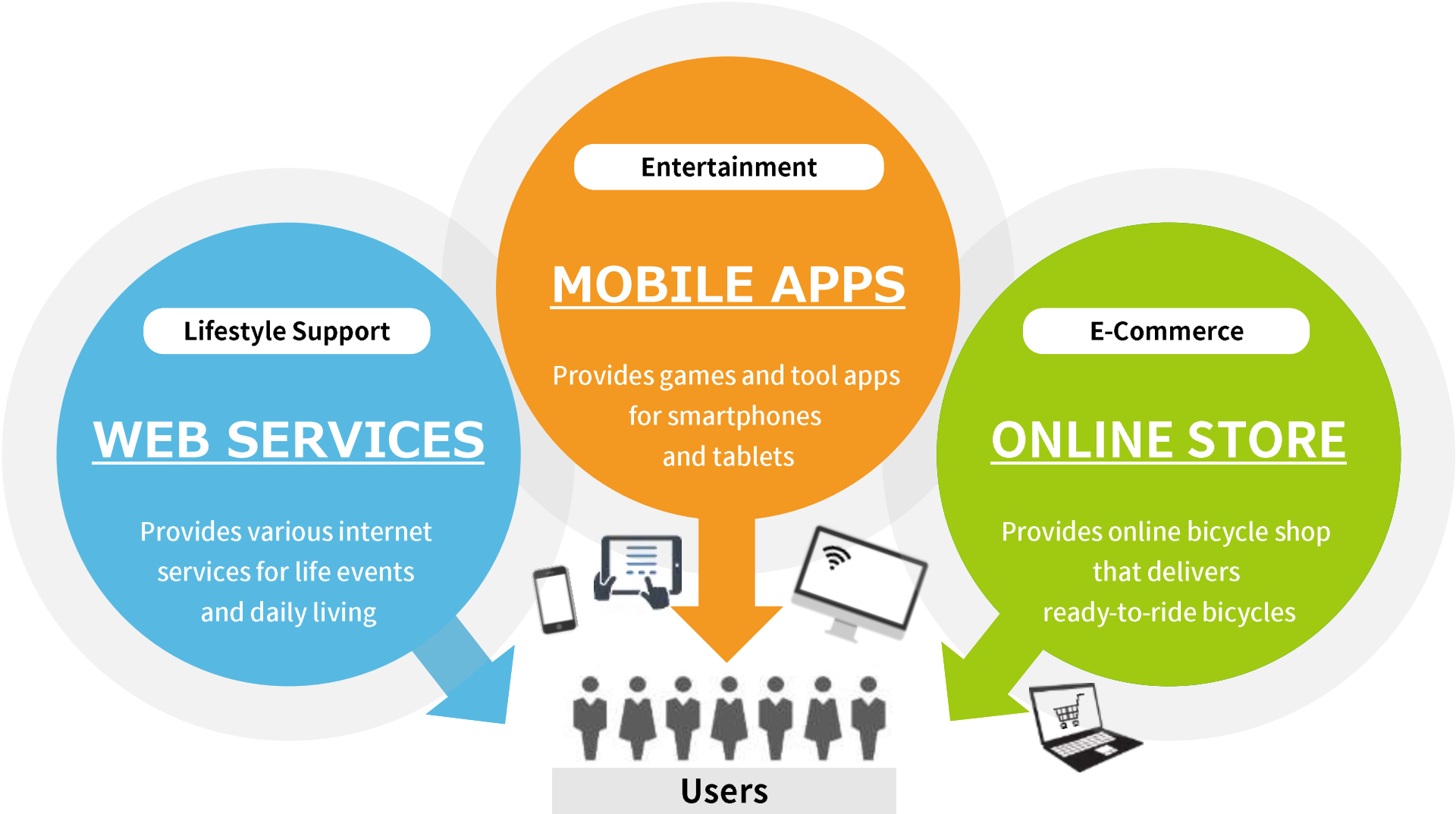
Company History

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



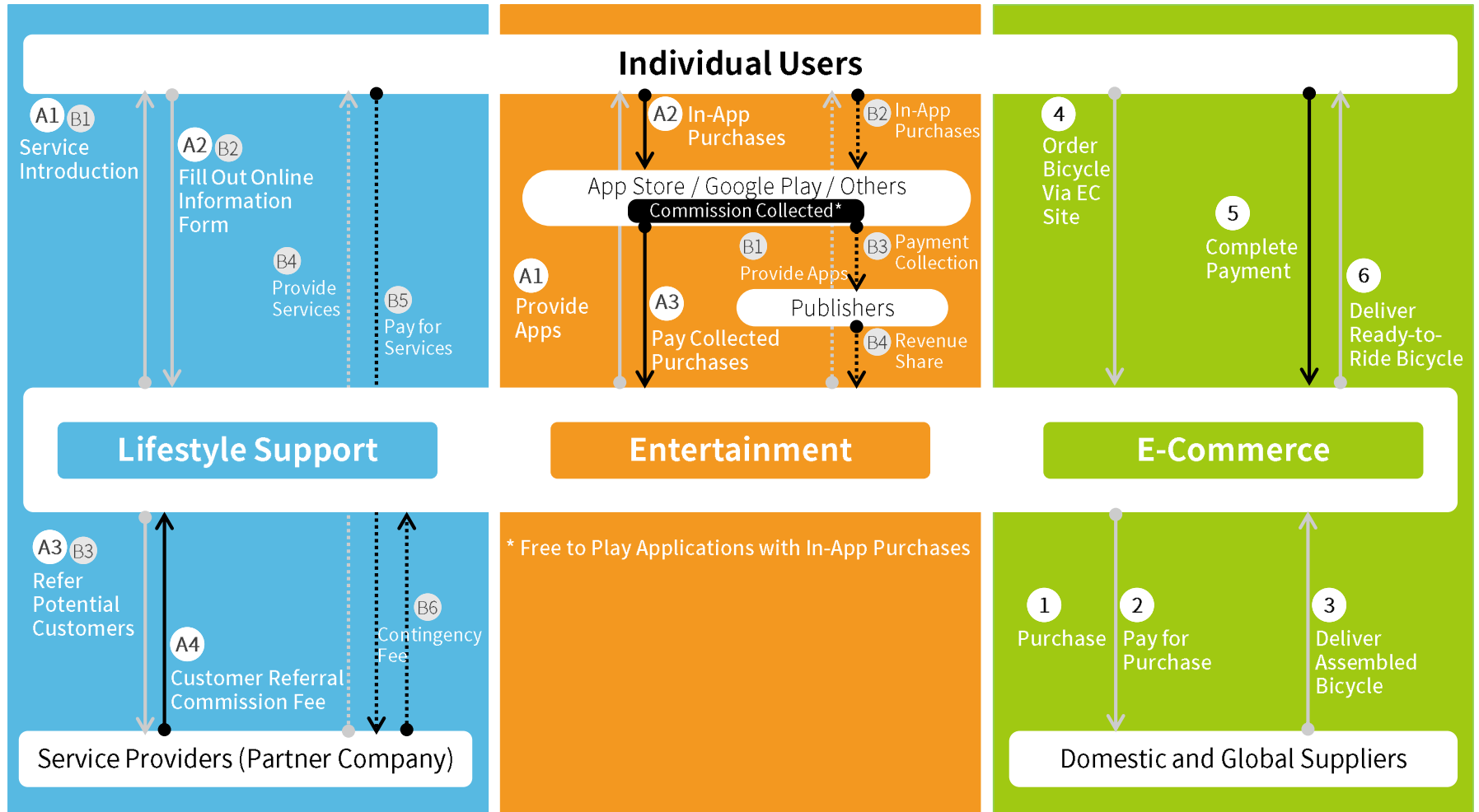
Our Businesses

Ateam Provides Various Services Through the Internet and Smart Devices









Business Models

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



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

Lifestyle Support Main Service Line-Up

Moving-Related Business	 <p>Hikkoshi Samurai</p>	<ul style="list-style-type: none">▪ Users can receive quotations from up to 10 moving companies by filling out an online form detailing their moving needs▪ Partnerships with more than 270 moving companies nationwide▪ Maintaining a top market share
Automobile-Related Business	 <p>Navikuru</p>	<ul style="list-style-type: none">▪ Users can receive quotations from up to 10 car dealers by filling out an online form detailing their car information▪ Partnerships with carefully chosen top used car dealers▪ Maintaining a top market share
Bridal-Related Business	 <p>Hanayume</p>	<ul style="list-style-type: none">▪ Website and consultation desks provide referrals to 600+ wedding halls▪ Professional advisors located at 11 free consultation desks▪ Added new services “Hanayume Set-Price Wedding Packages” and “Hanayume Photo”
Financial Media Business	 <p>NaviNavi Cashing</p>	<ul style="list-style-type: none">▪ Thorough comparisons of select top banks and consumer credit services▪ Launched new services “NaviNavi Credit Card”, “NaviNavi Mortgage” and “NaviNavi FX”
Other Businesses	 	<ul style="list-style-type: none">▪ Women’s health advisory application▪ Technological information distribution service

Lifestyle Support New Service Line-Up

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

Acquisition of Increments Inc. as of Dec 2017



Increments⁺

Motive of M&A

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

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

Reason for Selection

- Ease of post-merger integration
- Qiita brand business potential
- Ability to improve engineer recognition

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

Future Outlook

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

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

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

Businesses of Increments Inc.



A knowledge sharing platform for programmers

Established in 2011, ad-based income



A privatized community-driven sharing platform

Released in 2013, user-based income



Markdown



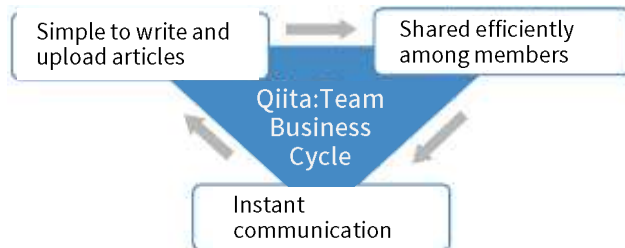
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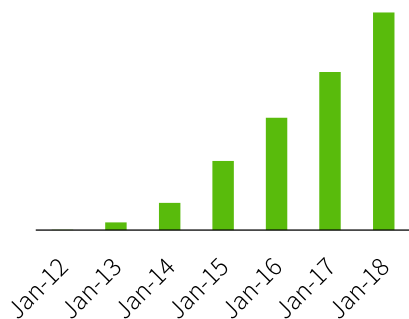


Contribution



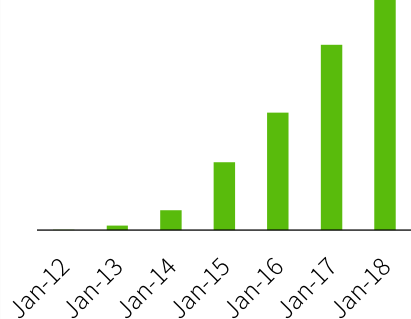
Monthly UU Growth

Grew approx. 30x in past 6 years



Monthly PV Growth

Grew approx. 70x in past 6 years



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

Entertainment Product Line-Up

Game Apps

Mid-Core Role Playing Games



Revue Starlight
-Re LIVE-



BASSA WARRIORS



Valkyrie Connect



Unison League

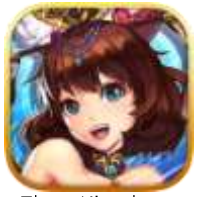


War of Legions



Dark Summoner

Action



Three Kingdoms
Smash!

Simulation



Derby Impact

Puzzle



Pongo Combo

Mahjong



Mahjong - Rising -

Feature Phone Games



Eternal Zone



Million Versus

Tool Apps

Memory



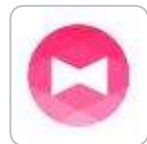
Game Boost
Master

SNS



Jam

Custom



[+]HOME

ZeroApp Series (Free-Use Tool Applications)



Good Night's
Sleep Alarm



Quick Calorie
Control



Eye Training
3D



3 Minute
Workout



Fast
Flashcards

EC Service Introduction

E-Commerce

cyma -サイマ-
life & discovery

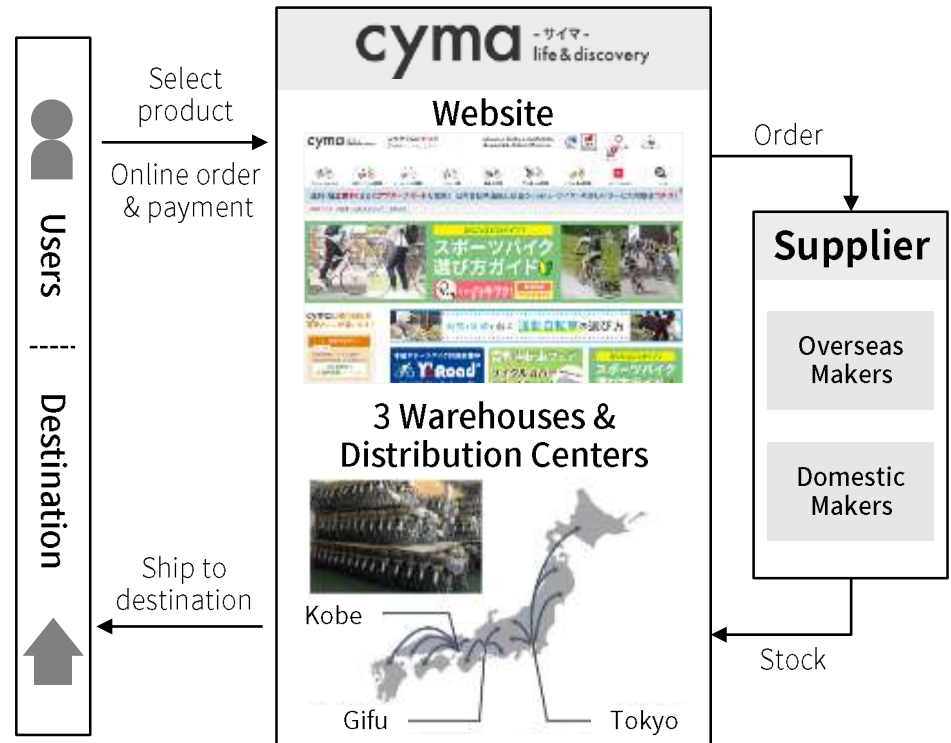
- Selection of over 200 bicycle models
- Bicycles assembled by specialists, shipped ready to ride
- Nation's largest online bicycle retail store



cyma -サイマ-
life & discovery



[B2C] Income from Consumers (Gross)



* From FY2017 (Aug, 2016), bicycle EC was split into its own segment. Business segments are now Entertainment, Lifestyle Support, and E-Commerce.

APPENDIX

Supplementary Financial Data

P/L (FY2017 Q3 - FY2019 Q3)

(Million JPY)

	FY2017		FY2018				FY2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	9,906	9,412	8,904	9,164	10,269	9,335	8,927	9,597	9,503
Q/Q (%)	+21.6	-5.0	-5.4	+2.9	+12.1	-9.1	-4.4	+7.5	-1.0
Lifestyle Support	3,990	3,746	3,954	4,313	5,580	5,107	5,173	5,191	6,013
Entertainment	5,200	5,082	4,315	4,319	3,876	3,656	3,243	4,005	2,865
E-Commerce	715	584	634	531	812	571	510	400	624
Cost of revenues	1,671	1,671	1,476	1,649	1,959	1,875	1,765	1,878	1,958
Cost rate (%)	17.0	17.8	16.6	18.0	19.1	20.1	19.8	19.6	20.6
Selling, G&A expenses	6,486	6,434	6,464	6,421	6,558	6,567	6,677	7,026	6,547
Selling, G&A expenses ratio (%)	65.3	68.4	72.6	70.1	63.9	70.4	74.8	73.2	68.9
Total cost and G&A expenses	8,158	8,105	7,940	8,071	8,517	8,443	8,442	8,904	8,505
Labor costs & recruitment expenses	931	1,066	1,025	1,089	1,195	1,443	1,435	1,463	1,529
Promotional expenses	3,623	3,410	3,600	3,866	3,730	3,609	3,931	3,980	3,726
Promotional expenses ratio (%)	36.6	36.2	40.4	42.2	36.3	38.7	44.0	41.5	39.2
Lifestyle Support	2,230	2,040	2,302	2,472	2,973	2,637	2,959	2,972	3,208
Entertainment	1,220	1,228	1,150	1,244	560	829	835	910	396
E-Commerce	117	84	93	79	106	50	54	44	63
Commissions, etc.	2,051	2,018	1,588	1,572	1,561	1,395	1,304	1,592	1,289
Subcontractor expenses, server fees	315	331	532	518	620	605	605	646	661
Office rental fees, utility expenses	238	243	249	251	288	291	292	293	296
Other expenses	997	1,034	945	773	1,121	1,096	873	928	1,001
Operating income	1,748	1,306	963	1,093	1,752	892	484	692	998
Q/Q (%)	+139.7	-25.3	-26.3	+13.4	+60.3	-49.1	-45.7	42.8	44.1
Lifestyle Support	715	516	550	686	1,077	762	642	643	1,065
Entertainment	1,440	1,270	865	884	1,199	638	274	610	372
E-Commerce	-65	-32	-44	-68	-77	-21	-63	-67	-34
Others	-342	-447	-407	-483	-446	-487	-368	-493	-405
Operating income margin (%)	17.6	13.9	10.8	11.9	17.1	9.6	5.4	7.2	10.3
Ordinary income	1,738	1,308	980	1,096	1,775	877	507	661	1,008
Net income	1,162	741	678	754	1,217	655	257	484	358

P/L (FY2013 - FY2018)

(Million JPY)

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

B/S (FY2013 - FY2018)

(Million JPY)

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

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

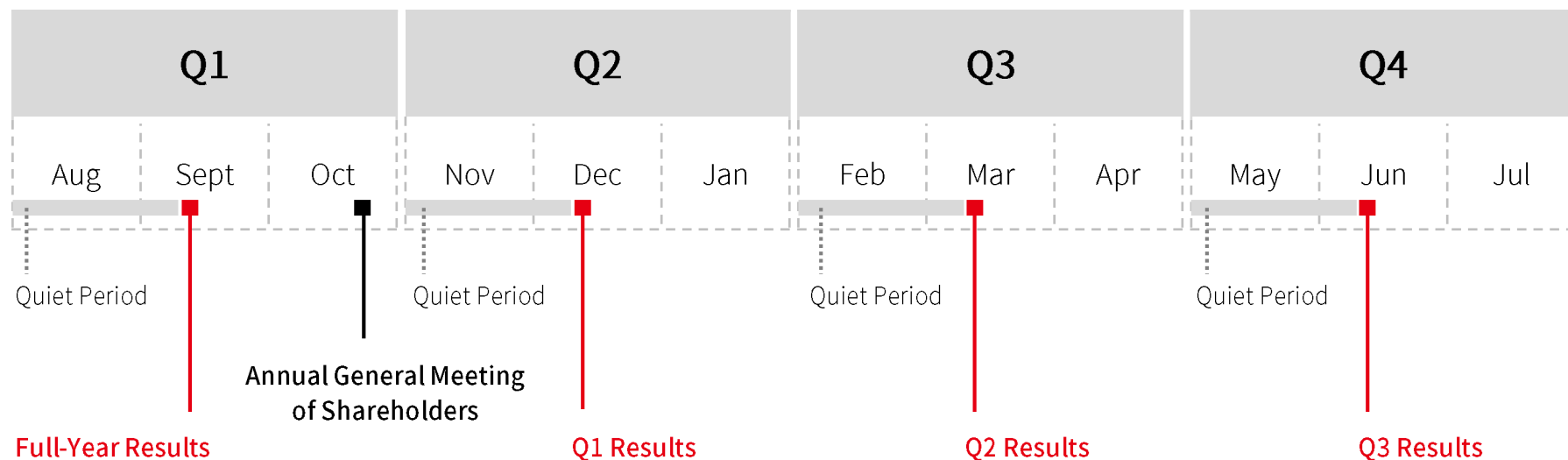
Others (FY2013- FY2018)

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

* The company carried out common stock splits of 100-for-1 on Oct 27, 2011, 3-for-1 on Jun 1, 2012, and 2-for-1 on May 1, 2015. The per share figures listed above have been adjusted to reflect these splits, and some therefore differ from those in previous materials released by the company

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Yearly Schedule



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



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