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Consolidated Financial Results for the Six Months Ended January 31, 2025 (Japan GAAP)



March 14, 2025

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
 Contact: Mayuko Morishita, Corporate Officer, General Manager of Corporate Development Division
 Scheduled date of filing semiannual securities report: March 14, 2025
 Phone: +81-52-747-5573
 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, 2025 (August 1, 2024 - January 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Revenue		EBITDA *		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parent Company	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Six Months Ended January 31, 2025	11,540	-3.1	260	—	92	—	775	—	559	—
Six Months Ended January 31, 2024	11,915	-17.7	-108	—	-185	—	-133	—	-193	—

Note: Comprehensive income (million JPY)

Six months ended January 31, 2025: 253 [—%]

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

	Adjusted EBITDA *		Net Earnings per Share (Basic)	Net Earnings per Share (Diluted)
	Million JPY	%	JPY	JPY
Six Months Ended January 31, 2025	711	—	30.15	29.33
Six Months Ended January 31, 2024	-108	—	-10.44	—

*EBITDA = Operating income + Depreciation + Amortization of goodwill

*Adjusted EBITDA = EBITDA + M&A related expenses (*1) + Provision of allowance for sales promotion expenses (*2) + Sales promotion expenses (*2) - Crypto asset equivalent of points granted (*2)

*1 M&A expenses include the following:

1. M&A execution fees: Brokerage fees (including Financial Advisory fees), various due diligence fees, etc.
2. Financing costs related to M&A (loan-related fees, public offering costs, etc.)

*2 Expenses arising from the business of Paddle Inc.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million JPY	Million JPY	%
As of January 31, 2025	17,850	10,205	56.6
Fiscal Year Ended July 31, 2024	16,291	10,274	62.9

Note: Shareholders' equity (million JPY)

As of January 31, 2025: 10,109

Fiscal Year ended July 31, 2024: 10,251

2. Dividends

	Annual Dividend per Share				
	Q1	Q2	Q3	Q4	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year Ended July 31, 2024	—	0.00	—	22.00	22.00
Fiscal Year Ending July 31, 2025	—	0.00			
Fiscal Year Ending July 31, 2025 (forecast)			—	22.00	22.00

Note: No revisions to dividend forecasts

3. Forecasts for the Fiscal Year Ending July 31, 2025 (August 1, 2024 - July 31, 2025)

(Percentages indicate year-on-year changes)

	Revenue		EBITDA		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parent Company		Net Income per Share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	JPY
Full Year	25,000	4.5	1,250	75.7	1,000	77.8	1,000	64.2	560	-41.3	30.17

Note: No revisions to the forecasts for the fiscal year ending July 31, 2025

*Notes

(1) Significant changes in scope of consolidation during the current quarter : Yes

* Changes in scope of consolidation of specified subsidiaries:

Newly consolidated: Paddle Inc., WCA INC. 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 "2. Quarterly Consolidated Financial Statements and Significant Notes Thereto (4) Additional Information Regarding Quarterly Consolidated Financial Statements (Changes in Account Policies)" on page 10 of the attachments to 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)

Six months ended January 31, 2025	19,789,200	As of July 31, 2024	19,789,200
(ii) Number of shares of treasury stock at the end of the period	1,222,082	As of July 31, 2024	1,227,282
(iii) Average number of shares during the period	18,566,242	Six months ended January 31, 2024	18,560,429

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.

*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 4 of the attachments to 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". Under this "Ateam Purpose", all directors and employees work together to provide services in various technical and business fields. The Digital Marketing Business consists of "Media Solutions" and "D2C". Media Solutions plans, develops, and operates various web services, which are centered around the needs of daily life, include comparison sites, information media, and tools. They also provide support to corporations through digital customer attraction solutions. D2C plans, develops and operates multiple D2C sites that handle a variety of products. The Entertainment Business plans, develops, and operates games and tool applications that provide entertainment to people around the world with the core theme of connecting people.

Starting from the first quarter of the current fiscal year, we have included EBITDA in our results to take into account the increase in amortization of goodwill stemming from future M&A activities. In addition, from the second quarter of this fiscal year, expenses related to crypto assets were incurred as a result of Paddle Inc.'s consolidation. In order to represent the profitability of the core business, which is not readily apparent under current accounting standards, we have added an adjusted EBITDA as a measure that deducts one-time expenses related to M&A and the impact of changes in the market value of crypto assets.

During the six months ended January 31, 2025, revenue decreased slightly from the same period of the previous fiscal year. This was due to a decrease in revenue in the Financial Media Business of the Digital Marketing Business due to changes in the external environment, despite the start of consolidating companies acquired through M&A and an increase in revenue in the Automobile Business of the Digital Marketing Business. EBITDA, operating income, ordinary income, and net income attributable to shareholders of the parent company turned to profit from a loss in the same period of the previous fiscal year due to an increase in both the Digital Marketing Business and the Entertainment Business in the first quarter of the current fiscal year, despite the recording of an allowance for sales promotion expenses related to crypto assets in the second quarter of the current fiscal year. There was also a recording of a gain on valuation of crypto assets as non-operating income and a gain on sale of investment securities as extraordinary income.

During the six months ended January 31, 2025, Ateam posted revenue of 11,540 million JPY (down 3.1% year-on-year), EBITDA of 260 million JPY (compared to a negative EBITDA of 108 million JPY in the same period of the previous fiscal year), operating income of 92 million JPY (compared to an operating loss of 185 million JPY in the same period of the previous fiscal year), ordinary income of 775 million JPY (compared to an ordinary loss of 133 million JPY in the same period of the previous fiscal year), and net income attributable to shareholders of parent company of 559 million JPY (compared to net loss attributable to shareholders of parent company of 193 million JPY in the same period of the previous fiscal year).

In the operating performance by segment for the six months ended January 31, 2025 listed below, the classification of reportable segments changed at the start of the first quarter of this fiscal year. The following year-on-year comparisons are based on the figures for the same period of the previous year, which have been reclassified into the new segment classifications.

Media Solutions

In Media Solutions (categorized within the Digital Marketing Business), we operate comparison sites and information sites centered around the needs of daily life and provide business support services to corporations in the form of digital customer attraction support.

The comparison and information sites within Media Solutions operate on a business model that supports the users'

decision-making process. They present information and options based on the users' problems and concerns by giving them a selection of partner companies, and in return, we receive compensation. By integrating advertising management, content management, and media management in-house, we've realized digital marketing capabilities that other companies do not have. We are also working to create a competitive edge in the market by accumulating user data and utilizing it to increase our unique value. These services are free of charge for individual users, and the main revenue source comes from customer referral and contract fees from our partner clients.

For corporate clients, we leverage our digital marketing capabilities cultivated through media operations to provide solutions necessary to improve revenue. These services include consulting on customer attraction and service management, as well as providing business support tools.

During the six months ended January 31, 2025, revenue slightly declined from the same period of the previous fiscal year. While companies acquired through M&A and the Automobile Business continuing to perform strongly with its year on year improvements that positively contribute to our revenue, the slight decline stemmed from a decrease in revenue in the Financial Media Business. This decline was caused by two factors: a reduction in the volume of transactions due to major clients cutting their budgets, and increased advertising from our competitors. Segment profit for the second quarter of the fiscal year turned to a loss from a profit in the same period of the previous fiscal year. Two factors were the driving force behind the loss: the aforementioned decrease in profit for the Financial Media Business, and an increase in expenses resulting from the posting of an allowance for sales promotion expenses related to crypto assets. Segment profit for this interim consolidated accounting period increased compared to the same period of the previous year due to an increase in profits in the first quarter of this consolidated accounting period.

As a result, during the six months ended January 31, 2025, the Media Solutions posted revenue of 8,344 million JPY (down 2.4% year-on-year), and an operating income of 249 million JPY (down 20.0% year-on-year).

D2C

In D2C (categorized within the Digital Marketing Business), we operate multiple e-commerce websites that handle various products including the cosmetic brand "lujo". This segment utilizes a continuous sales model for planning, developing, and promoting products within the group while using OEM (Original Equipment Manufacturers) to outsource manufacturing.

Going forward, we will continue to improve our product lineup, sales methods, and delivery quality, and provide service that greatly exceeds customer expectations.

Revenue for the second quarter and the first half of the current fiscal year declined from the same period of the previous year due to a decrease in the number of new clients as a result of curbing advertising investment in accordance with our policy that prioritizes securing profits. Segment profit for the second quarter of the current consolidated fiscal year and the first half of the current consolidated fiscal year turned to profit from a loss in the same period of the previous fiscal year due to a significant increase in profit as a result of efforts to improve operational efficiency in accordance with our business operation policy.

As a result, during the fiscal year, D2C posted revenue of 1,110 million JPY (down 3.6% year-on-year) and an operating income of 77 million JPY (compared to an operating loss of 93 million JPY in the previous year)

Entertainment

The Entertainment Business strives to deliver fun to consumers worldwide by providing mobile game and tool applications via platforms specializing in the distribution 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).

Recent changes in the global game market environment, user needs, and technological advances have led the Entertainment Business to decide to focus not only on smartphone games, but also on global digital game distribution, which includes mobile devices, PC, and home digital distribution. We aim for long-term growth by collaborating with popular global IPs while also striving for releases on multiple platforms. Moreover, we will leverage the skills and know-how cultivated through previous game app development to establish a stable earnings base through collaborative projects with other companies.

During the six months ended January 31, 2025, revenue decreased compared to the same period of the previous fiscal year due to a continued decline in game application sales. Segment profit for the second quarter of the fiscal year increased compared with the same period of the previous fiscal year due to the efficient development and operations of our games currently available and new games currently in development. Similarly, segment profit for the current interim consolidated accounting period turned to a profit from a loss in the same period of the previous year..

As a result, during the six months ended January 31, 2025, the Entertainment Business posted revenue of 2,084 million JPY (down 5.8% year-on-year) and an operating profit of 250 million JPY (compared to an operating loss of 51 million JPY in the same quarter of the previous year).

(2) Explanation of Financial Position

(i) Assets

As of the end of the second quarter under review, we posted total assets of 17,850 million JPY, an increase of 1,558 million JPY compared with the previous fiscal year. This was mainly due to an increase of 1,240 million JPY in crypto assets included in "other" under current assets.

(ii) Liabilities

As of the end of the second quarter under review, we posted liabilities of 7,645 million JPY, an increase of 1,627 million JPY compared with the previous fiscal year. This was mainly due to an increase of 976 million JPY in provision for sales promotion and an increase of 176 million JPY in accounts payable.

(iii) Net Assets

As of the end of the second quarter under review, we posted net assets of 10,205 million JPY, a decrease of 68 million JPY compared with the previous fiscal year. This was mainly due to a decrease of 331 million JPY in valuation difference on available-for-sale securities, despite an increase of 151 million JPY in retained earnings.

(iv) Cash Flows

During the six months ended January 31, 2025, cash and cash equivalents increased to 8,580 million JPY (up 50.7% year on year).

The respective status of cash flows during the six months ended January 31, 2025 and their contributing factors are as follows:

Cash Flows from Operating Activities

Cash acquired as a result of operating activities during the six months ended January 31, 2025 was 701 million JPY (compared to 192 million JPY acquired in the previous fiscal year). This was mainly due to net income before income taxes of 988 million JPY and an increase of 373 million JPY in provision for sales promotion expenses, although it was partially offset by a decrease of 545 million JPY for valuation gains of crypto assets.

Cash Flows from Investing Activities

Cash acquired as a result of investing activities during the six months ended January 31, 2025 was 254 million

JPY (compared to 187 million JPY used in the previous fiscal year). This was mainly due to proceeds of 430 million JPY from sales of investment securities against 224 million JPY in payments for the acquisition of shares of subsidiaries resulting from a change in consolidation scope.

Cash Flows from Financing Activities

Cash used in financing activities during the six months ended January 31, 2025 was 413 million JPY (compared to 295 million JPY used in the previous fiscal year). This was mainly due to the dividend payment of 406 million JPY.

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

Ateam aims to transform itself into a "Business Boost Company" to increase its corporate value over the medium to long term. In the fiscal year ending July 31, 2025, we will position the business support domain, which includes web marketing consulting and web advertising agencies, as the core of our new strategy. By incorporating services that can create business synergies through M&A, we will strive to become a "Business Boost Company". We will work to expand our digital marketing services with the aim of achieving further earnings growth in the fiscal year ending July 31, 2026 and beyond.

As for the six months ended January 31, 2025, earnings for each segment progressed in-line with the forecasts disclosed on September 6, 2024. Therefore, we will not be making any changes to the forecast at this time. We will make an announcement should we make any changes to our forecasts.

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 due to various factors going forward.

Full Year Forecast for the Fiscal Year Ending July 31, 2025 (August 1, 2024 - July 31, 2025)

Revenue	25,000 million JPY (up 4.5% year-on-year)
EBITDA	1,250 million JPY (up 75.7% year-on-year)
Operating Income	1,000 million JPY (up 77.8% year-on-year)
Ordinary Income	1,000 million JPY (up 64.2% year-on-year)
Net Income Attributable to Shareholders of Parent Company	560 million JPY (down 41.3% year-on-year)

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Million JPY)

	As of July 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	8,050	8,580
Accounts receivable – trade	2,579	2,791
Inventories	328	273
Other	610	1,959
Allowance for doubtful accounts	-8	-12
Total current assets	11,562	13,593
Non-current assets		
Property, plant and equipment		
Buildings, net	306	294
Other, net	58	51
Total property, plant and equipment	365	345
Intangible assets		
Goodwill	1,597	1,717
Other	39	29
Total intangible assets	1,637	1,746
Investments and other assets		
Investment securities	2,356	1,780
Leasehold and guarantee deposits	366	382
Other	7	5
Allowance for doubtful accounts	-4	-4
Total investments and other assets	2,726	2,164
Total non-current assets	4,729	4,256
Total assets	16,291	17,850

(Million JPY)

	As of July 31, 2024	As of January 31, 2025
Liabilities		
Current liabilities		
Accounts payable – trade	107	284
Short-term debt	–	50
Current portion of long-term debt	10	17
Accounts payable – other	2,257	2,432
Income taxes payable	255	391
Provision for bonuses	–	38
Provision for sales promotion expenses	51	1,027
Provision for share awards	9	8
Provision for share awards for directors (and other officers)	–	12
Provision for shareholder benefits	–	69
Other	355	445
Total current liabilities	3,045	4,778
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	2,500	2,500
Long-term debt	25	40
Asset retirement obligations	315	317
Other	130	8
Total non-current liabilities	2,972	2,867
Total liabilities	6,017	7,645
Net assets		
Shareholders' equity		
Share capital	838	838
Capital surplus	832	832
Retained earnings	9,818	9,970
Treasury shares	-1,846	-1,837
Total shareholders' equity	9,642	9,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	743	411
Deferred gains or losses on hedges	-166	-129
Foreign currency translation adjustment	32	24
Total accumulated other comprehensive income	608	305
Share acquisition rights	22	22
Non-controlling interests	–	73
Total net assets	10,274	10,205
Total liabilities and net assets	16,291	17,850

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income (Cumulative)

(Million JPY)

	Six months ended January 31, 2024	Six months ended January 31, 2025
Revenue	11,915	11,540
Cost of sales	1,804	1,667
Gross profit	10,110	9,872
Selling, general and administrative expenses	10,296	9,780
Operating income (loss)	-185	92
Non-operating income		
Interest and dividend income	0	0
Foreign exchange gains	31	69
Commission income	14	10
Gain on investments in investment partnerships	11	38
Gain on valuation of crypto assets	—	545
Other	13	35
Total non-operating income	69	699
Non-operating expenses		
Interest expenses	—	0
Loss on retirement of non-current assets	0	—
Loss on sale of receivables	16	13
Other	1	2
Total non-operating expenses	17	16
Ordinary income (loss)	-133	775
Extraordinary income		
Gain on sale of investment securities	13	212
Total extraordinary income	13	212
Extraordinary losses		
Loss on valuation of investment securities	32	—
Total extraordinary losses	32	—
Profit (loss) before income taxes	-152	988
Income taxes	41	431
Net income (loss)	-193	556
Net income (loss) attributable to non-controlling interest	—	-2
Net income (loss) attributable to shareholders of parent company	-193	559

Consolidated Statements of Comprehensive Income (Cumulative)

(Million JPY)

	Six months ended January 31, 2024	Six months ended January 31, 2025
Net income (loss)	-193	556
Other comprehensive income		
Valuation difference on available-for-sale securities	42	-331
Deferred gains or losses on hedges	-8	36
Foreign currency translation adjustment	4	-8
Total other comprehensive income	37	-302
Comprehensive income	-156	253
Breakdown		
Comprehensive income attributable to owners of parent	-156	256
Comprehensive income attributable to non-controlling interests	—	-2

(3) Consolidated Statements of Cash Flow

(Millions JPY)

	Six months ended January 31, 2024	Six months ended January 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	-152	988
Depreciation	55	46
Amortization of goodwill	21	121
Increase (decrease) in allowance for doubtful accounts	1	4
Increase (decrease) in provision for bonuses	43	38
Increase (decrease) in provision for sales promotion expenses	10	373
Increase (decrease) in provision for share awards	-13	-0
Increase (decrease) in provision for share awards for directors (and other officers)	17	12
Increase (decrease) in provision for shareholder benefit program	—	69
Interest and dividend income	-0	-0
Interest expenses	—	0
Loss (gain) on sale of investment securities	-13	-212
Loss (gain) on valuation of investment securities	32	—
Loss (gain) on investments in investment partnerships	-11	-38
Loss (gain) on valuation of crypto assets	—	-545
Subsidy income	-0	-0
Decrease (increase) in trade receivables	157	0
Decrease (increase) in inventories	-29	55
Increase (decrease) in trade payables	-7	-55
Increase (decrease) in accounts payable - other	149	151
Other, net	-294	135
Subtotal	-32	1,145
Interest and dividends received	0	0
Interest paid	—	-0
Income taxes paid	-180	-459
Income taxes refund	404	15
Subsidies received	0	0
Net cash provided by (used in) operating activities	192	701
Cash flows from investing activities		
Purchase of property, plant and equipment	-46	-7
Purchase of intangible assets	-3	—
Purchase of investment securities	-125	-75
Proceeds from sale of investment securities	62	430
Proceeds from distributions from investment partnerships	20	58
Payments of leasehold and guarantee deposits	-30	-3
Proceeds from refund of leasehold and guarantee deposits	135	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	76
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-224
Payments for asset retirement obligations	-196	—
Other, net	-4	—
Net cash provided by (used in) investing activities	-187	254
Cash flows from financing activities		
Repayments of long-term borrowings	—	-6
Dividends paid	-295	-406
Net cash provided by (used in) financing activities	-295	-413
Effect of exchange rate change on cash and cash equivalents	-6	-12
Net increase (decrease) in cash and cash equivalents	-297	529
Cash and cash equivalents at beginning of period	5,992	8,050
Cash and cash equivalents at end of period	5,695	8,580

(4) Additional Information Regarding Quarterly Consolidated Financial Statements
Changes in Accounting Policies

(Application of “Accounting Standards for Corporation Tax, Inhabitants Tax and Enterprise Tax, etc.”)

We have applied the “Accounting Standard for Corporation Tax, Inhabitants Tax and Enterprise Tax, etc.” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) from the beginning of the first quarter of the current fiscal year.

The revisions to the classification of income taxes (taxes on other comprehensive income) are in accordance with the transitional treatments set forth in Section 20-3 of the Revised 2022 Accounting Standards and Section 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022).

These changes in accounting policy have no impact on the quarterly consolidated financial statements.

Segment Information

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 Segments				Adjustment* ¹	Amount on the Quarterly Consolidated Statements of Income* ²
	Media Solutions	D2C	Entertainment	Total		
Revenue						
External Customers	8,550	1,151	2,212	11,915	—	11,915
Inter-segment Sales and Transfers	—	—	—	—	—	—
Total	8,550	1,151	2,212	11,915	—	11,915
Segment Profit (Loss)	311	-93	-51	165	-351	-185

(Notes) 1. Adjustment of minus 351 million JPY for segment loss is for 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

Not applicable.

Six Months Ended January 31, 2025 (from August 1, 2024 to January 31, 2025)

1. Information Regarding the Amounts of Revenue and Income or Loss by Reportable Segment

(Million JPY)

	Reportable Segments				Adjustment*1	Amount on the Quarterly Consolidated Statements of Income*2
	Media Solutions	D2C	Entertainment	Total		
Revenue						
External Customers	8,344	1,110	2,084	11,540	—	11,540
Inter-segment Sales and Transfers	—	—	—	—	—	—
Total	8,344	1,110	2,084	11,540	—	11,540
Segment Profit	249	77	250	577	-484	92

(Notes) 1. Adjustment of minus 484 million JPY for segment loss is corporate expenses not attributable to reportable segments.

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

2. Impairment Loss on Non-current Assets and Goodwill by Reportable Segment

This information is omitted due to its immateriality.

3. Changes in Reportable Segments

From the current interim consolidated accounting period, in accordance with the review of the management classification of the business of our group, the reportable segments have been changed from the previous three segments of "Lifestyle Support Business," "Entertainment Business" and "E-Commerce Business" to "Media Solutions," "Entertainment" and "D2C." "Media Solutions" and "D2C", which were included in the "Digital Marketing Business" in the "Consolidated Financial Results for the Three Months Ended January 31, 2025 (Japan GAAP)", have been reclassified as a reportable segment from the current interim consolidated accounting period due to the increased quantitative importance of the D2C Business.

Segment information for the previous interim consolidated accounting period has been prepared based on the classification after the change.

Substantial Changes in the Amount of Shareholder's Equity

Not applicable.

Going Concern

Not applicable.

Notes on Business Combinations

(Business Combination by Acquisition)

Ateam Inc. resolved at the Board of Directors meeting held on May 28, 2024 to acquire the shares of Paddle Inc. (hereafter "Paddle") and make it a subsidiary. The share transfer agreement was concluded on the same day. Based on this agreement, Ateam acquired 66.7% of its shares on November 1, 2024. Ateam plans to acquire 33.3% of the shares on November 1, 2027.

1 . Overview of Business Combination

(1) Name of Acquired Business and Description of its Business

Company Name: Paddle Inc.

Description: Provision of apps that allows crypto assets to be exchanged for with points

(2) Purpose

Paddle provides apps that allow users to exchange points for crypto assets with the mission of "increasing money options." We believe that acquiring Paddle, which has knowledge of point services that our group does not possess and has established a large customer base in the growing crypto asset market, will enable us to further expand our customer base. In addition, Paddle has expertise in advertising and operating point-based apps in areas that we have yet to explore. Therefore, we have acquired these shares because we anticipate that this will lead to the medium- to long-term growth of our group and improvement of its corporate value.

(3) Date of Business Combination

November 1, 2024: First acquisition of shares

November 1, 2027 (tentative): Second acquisition of shares

(4) Legal Form of Business Combination

Acquisition of shares in exchange for cash

(5) Name of Company after Business Combination

No change

(6) Percentage of Voting Rights Acquired

66.7%: First acquisition of shares

33.3%: Second acquisition of shares

(7) Basis for Company Acquisition

Acquisition of shares in exchange for cash

2. Period of the Acquired Company's Results Included in the Interim Consolidated Statement of Income

From November 1, 2024 to January 31, 2025

3. Acquisition Cost of the Acquired Company and Breakdown by Type of Consideration

Consideration for Acquisition	Cash	366 million JPY (1st Acquisition)
		198 to 528 million JPY (2nd Acquisition) *
Acquisition Cost		564 to 894 million JPY

*The calculation for acquisition cost will be made using the following formula (approximate).

Business value + Assumed cumulative net income accumulated over six years from the date of the first share acquisition + Non-business value as of the date of the first share acquisition

4. Costs Relating to the Acquisition

Fees and commissions for advisory services: 40 million JPY

5. Goodwill Amount, Reason for Goodwill, and the Calculation Method and Period for Amortization

(1) Goodwill Amount

213 million JPY

The amount of goodwill is tentatively calculated since the allocation of the acquisition cost has not been completed as of the end of the current interim period.

(2) Reason for Goodwill

Excess profitability expected from future business development

(3) Calculation Method and Period for Amortization

Straight-line method over 8 years

6. Details of Assets Received and Liabilities Assumed on the Date of the Business Combination

	(Million JPY)
Current Assets	1,042
Non-Current Assets	0
Total Assets	1,043
Current Liabilities	791
Non-Current Liabilities	22
Total Liabilities	814

7. Estimated Amount of Impact on the Interim Consolidated Statement of Income for the Current Interim Consolidated Accounting Period Assuming Business Combination Was Completed on the First Day of the Interim Consolidated Accounting Period and the Calculation Method

Not stated as it is difficult to calculate the estimated amount for the current interim consolidated accounting period.

(Business Combination by Acquisition)

Ateam Inc. resolved at the Board of Directors meeting held on December 26, 2024 to acquire the shares of WCA INC. (hereafter "WCA") and make it a subsidiary. The share transfer agreement was concluded on the same day. Based on this agreement, Ateam acquired 100% of its shares on December 26, 2024.

1. Overview of Business Combination

(1) Name of Acquired Business and Description of its Business

Company Name: WCA INC.

Description: Web Marketing Consulting, Web Marketing Operation Agency

(2) Purpose

WCA operates as a web marketing consulting and operations agency business, which is equipped to manage the delivery functions for our "Business Boost Company". This functionality is key for maintaining client connections, which will enable us to provide the digital marketing capabilities that we've developed over the years to other corporations so they can boost their businesses. Therefore, we have acquired the shares as the first step in a series of M&A aimed at transforming into a "Business Boost Company".

(3) Date of Business Combination

December 26, 2024 (Share Acquisition Date)

January 31, 2025 (Deemed Acquisition Date)

(4) Legal Form of Business Combination

Acquisition of shares in exchange for cash

(5) Name of Company after Business Combination

No change

(6) Percentage of Voting Rights Acquired

100%

(7) Basis for Company Acquisition

Acquisition of shares in exchange for cash

2. Period of the Acquired Company's Results Included in the Interim Consolidated Statement of Income

Since the acquisition date is deemed to be the end of the current interim consolidated accounting period and only the balance sheet is consolidated, the financial results of the acquired company are not included.

3. Acquisition Cost of the Acquired Company and Breakdown by Type of Consideration

Consideration for Acquisition	Cash	150 million JPY
<hr/>		
Acquisition Cost		150 million JPY

4 . Costs Relating to the Acquisition

Fees and commissions for advisory services: 3 million JPY

5 . Goodwill Amount, Reason for Goodwill, and the Calculation Method and Period for Amortization

(1) Goodwill Amount

27 million JPY

The amount of goodwill is tentatively calculated since the allocation of the acquisition cost has not been completed as of the end of the current interim period.

(2) Reason for Goodwill

Excess profitability expected from future business development

(3) Calculation Method and Period for Amortization

Straight-line method over 4 years

6 . Details of Assets Received and Liabilities Assumed on the Date of the Business Combination

	(Million JPY)
Current Assets	440
Non-Current Assets	22
Total Assets	463
Current Liabilities	340
Non-Current Liabilities	-
Total Liabilities	340

7 . Estimated Amount of Impact on the Interim Consolidated Statement of Income for the Current Interim Consolidated Accounting Period Assuming Business Combination Was Completed on the First Day of the Interim Consolidated Accounting Period and the Calculation Method

This information is omitted due to the immateriality of the impact.

Significant Subsequent Events

(Business Combination by Acquisition)

Ateam Inc. resolved at the Board of Directors meeting held on February 13, 2025 to acquire all shares of Strainer, Inc. (hereafter "Strainer") and make it a subsidiary. The share transfer agreement was concluded on the same day. Based on this agreement, Ateam acquired 100% of its shares on March 3, 2025.

1 . Overview of Business Combination

(1) Name of Acquired Business and Description of its Business

Company Name: Strainer, Inc.

Description: Management of the economic news media "Strainer" and the financial database "Finboard"

(2) Purpose

Strainer operates "Strainer," an economic news media targeting young businesspeople, and "Finboard," a financial database of listed companies, under the mission of "contributing to those who create the future." Through both businesses, Strainer engages with an active user base of 30,000, primarily consisting of talented young professionals, enabling them to establish a niche in the subscription economic news market by specializing in growing markets and focusing on a younger age group. This market has not been tapped by our group, so we expect to acquire new corporate clients through this acquisition. In addition, we believe we can boost Strainer's profits by leveraging our resources and customer acquisition knowledge, thus leading us to resolve to acquire their shares.

(3) Date of Business Combination

March 3, 2025 (Share Acquisition Date)

March 31, 2025 (Deemed Acquisition Date)

(4) Legal Form of Business Combination

Acquisition of shares

(5) Name of Company after Business Combination

No change

(6) Percentage of Voting Rights Acquired

100%

(7) Basis for Company Acquisition

Acquisition of shares in exchange for cash

2. Acquisition Cost of the Acquired Company and Breakdown by Type of Consideration

Consideration for Acquisition	Cash	240 million JPY
Acquisition Cost		240 million JPY

3. Costs Relating to the Acquisition

Fees and commissions for advisory services: 23 million JPY

4. Goodwill Amount, Reason for Goodwill, and the Calculation Method and Period for Amortization

Not confirmed at this time

5. Details of Assets Received and Liabilities Assumed on the Date of the Business Combination

Not confirmed at this time