

Translation

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FY03/2026 2Q Consolidated Financial Results (Under Japanese GAAP)

October 29, 2025

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 Stock exchange listings: Tokyo Stock Exchange
 Stock code: 3793
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 Scheduled date for submission of interim report: November 13, 2025
 Supplementary materials for financial summaries: Yes
 Financial results briefing: Yes

(Amounts of less than one million yen are rounded down.)

1. 2Q Consolidated Financial Results Fiscal Year Ending March 31, 2026 (from April 01, 2025 to September 30, 2025)

(1) Consolidated operating results (Cumulative)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2026 2Q	8,238	105.0	(574)	-	(616)	-	(2,362)	-
March 2025 2Q	4,018	(21.1)	(315)	-	(354)	-	(1,022)	-

(Note) Comprehensive income of mid quarter of March 2026: (2,362) million yen (-%) mid quarter of March 2025: (1,010) million yen (-%)

	Basic earnings per share	Diluted earnings per share
Fiscal year ending	Yen	Yen
March 2026 2Q	(82.08)	-
March 2025 2Q	(35.68)	-

(2) Consolidated financial positions

	Total assets	Equity	Equity to total assets ratio	Net assets per share
Fiscal year ending	Million yen	Million yen	%	Yen
March 2026 2Q	9,991	2,431	23.5	81.39
March 2025	13,506	4,719	34.6	162.48

(Reference) Owner's equity as of the second quarter of the fiscal year ending March 2026: 2,346 million yen Fiscal year ended March 2025: 4,669 million yen

2. Cash dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
Fiscal year ending	Yen	Yen	Yen	Yen	Yen
March 2025	-	0.00	-	0.00	0.00
Fiscal year ending March 2026	-	0.00			
March 2026 (Forecast)			-	-	-

(Note) Presence or absence of revisions from the most recently announced dividend forecast: None
 The year-end dividend forecast for the fiscal year ending March 2026 has not yet been determined.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 2026 (from April 01, 2025 to March 31, 2026)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Fiscal year ending March 2026	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	17,500	38.3	500	346.4	400	650.4	(1,300)	-	(45.23)

(Note) Correction of financial forecast from the most recent financial forecast: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - company (company name) -, Excluded: - company (company name) -

(2) Application of specific accounting treatments unique to the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, retrospective restatement

(i) Changes in accounting policies due to revisions of accounting standards : None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

(4) Number of shares issued (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

March 2026 2Q	29,340,212 shares
March 2025	29,340,212 shares

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

March 2026 2Q	516,395 shares
March 2025	599,995 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

March 2026 2Q	28,782,245 shares
March 2025 2Q	28,645,174 shares

(Note) The 564,000 shares of the Company (corresponding to 5,640 voting rights) held by Custody Bank of Japan, Ltd.

(hereinafter referred to as the "ESOP Trust Account") are included in the above Number of treasury stock at the period end.

* The second quarter (interim) financial results report is not subject to review by certified public accountants or audit firms.

* Notes regarding the appropriate use of forecasts and other special items

(Cautionary Statement Regarding Forward-Looking Statements)

Forward-looking statements such as earnings forecasts contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ significantly due to various factors.

(How to obtain supplementary materials for financial results)

The Company plans to hold a financial results briefing for institutional investors and analysts on October 29, 2025. The presentation materials distributed at this briefing will be promptly posted on the Company's website after the event.

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1. Qualitative information regarding the interim financial results

(1) Explanation of operating results

Our group has set "with entertainment" as its mission, aiming to continuously create services that exceed people's expectations. In addition, we strive to deliver experiences that captivate users by creating new value that has never existed before. In the medium term, we aim to become a company that provides entertainment content globally, focusing on IP × technology, and are committed to achieving sustainable growth and enhancing corporate value.

In our core game business, the main operations are the development and management of games, including the development and management of games based on third-party IP, game platforms, as well as original games. In the content business, with the aim of owning and nurturing IP, we publish and sell books such as novels and comics, as well as e-books. In addition, we are conducting trial launches of new services that utilize our expertise in internet services and advanced technologies, repeatedly testing them with a view to commercialization.

During the period, the results were as follows: Net sales were 8,238,640 thousand yen (up 105.0% YoY), operating loss was 574,839 thousand yen (compared to an operating loss of 315,173 thousand yen in the same period of the previous year), and ordinary loss was 616,865 thousand yen (compared to an ordinary loss of 354,286 thousand yen in the same period of the previous year). In addition, due to the impairment loss recognized in the first quarter after re-evaluating the future revenue of a mobile game title released at the end of the previous fiscal year, extraordinary losses amounted to 1,563,462 thousand yen. As a result, net loss attributable to owners of the parent was 2,362,395 thousand yen (compared to a net loss attributable to owners of the parent of 1,022,028 thousand yen in the same period of the previous year).

The performance of each segment for the period is as follows.

Game Business

In the game business, the number of mobile game titles currently in operation is 11, and we are generating revenue from multiple titles, with a focus on our self-published title released last year, "Wizardry Variants Daphne."

On the other hand, as net sales of the mobile game title released at the end of the previous fiscal year trended below expectations, we re-evaluated future earnings and assessed the recoverability of the investment. As a result, in the first quarter, we recognized an impairment loss on assets related to the said game application.

Regarding net sales, although some operating titles performed below the previous fiscal year, net sales increased year on year due to the contribution of "Wizardry Variants Daphne," which was released in the third quarter of the previous fiscal year.

With regard to profit, although there was a contribution from new titles as mentioned above in the revenue increase factors, a segment loss was recorded due to an increase in variable costs (such as commission expenses) associated with higher sales of self-distributed titles, as well as an increase in fixed costs (such as amortization of software and advertising expenses) related to the release of new titles.

As a result, segment net sales were 7,937,333 thousand yen (Percentage indicate YoY changes: 109.1% increase), and segment loss was 114,888 thousand yen (compared to segment profit of 256,878 thousand yen in the same period of the previous year).

In this segment, which is our core business, we will continue to strive to maintain and maximize stable revenue from existing titles in operation, while also working to expand our pipeline of new titles. In addition, we aim to acquire business know-how through the development of new titles for PC and console platforms, and to own our own IP.

Content Business

In the content business, with the aim of owning, nurturing, and monetizing IP, we are engaged in the publishing business, animation business, and merchandising (MD) business. We publish new titles every month under the light novel label "DRE Novels" and the comic label "DRE Comics." In addition, we are developing new services utilizing our expertise in internet services and advanced technologies, and providing fan marketing support services using social media, among others.

Regarding net sales, the publication of "DRE Comics" began in the fall of 2023, resulting in increased revenue mainly from digital comics. This was due to the release of several popular titles, each with cumulative sales exceeding 400,000 copies, leading to an increase compared to the same period of the previous year.

Regarding profit, although we continue to incur upfront costs due to investments in new business areas such as publishing, animation, MD, and the utilization of generative AI, the aforementioned increase in revenue has resulted in a decrease in the amount of loss compared to the same period of the previous year.

As a result, segment net sales were 324,028 thousand yen (up 44.3% YoY), and segment loss was 459,950 thousand yen (compared to a segment loss of 572,051 thousand yen in the same period of the previous year).

In this segment, in addition to striving to increase sales volume by accumulating the number of works and reducing losses in the publishing business, we will continue to make investments toward realizing our medium-term goals.

Looking ahead, in the game business, we will strive to secure and maximize long-term stable earnings by further strengthening our business foundation through additional investment in and reinforcement of our existing titles. In addition, we will continue to consider new title pipelines. Furthermore, in the game business, with the aim of owning and nurturing IP, we will develop original titles for PC and console platforms.

In the content business, we aim to grow the businesses launched with the purpose of owning, nurturing, and monetizing IP to a certain scale. In addition, we will actively promote the use of advanced technologies that create new experiences and markets.

(2) Explanation regarding financial positions

(Assets)

Total assets for the period amounted to 9,991,079 thousand yen, mainly due to decreases in cash and deposits and accounts receivable - trade, representing a decrease of 3,515,157 thousand yen compared to the end of the previous fiscal year.

(Liabilities)

Total liabilities at the end of the interim consolidated accounting period amounted to 7,559,256 thousand yen, mainly due to a decrease in borrowings (a decrease of 1,227,842 thousand yen compared to the end of the previous consolidated fiscal year).

(Net assets)

Net assets at the end of the interim consolidated accounting period amounted to 2,431,822 thousand yen, mainly due to the recording of an interim net loss attributable to owners of the parent of 2,362,395 thousand yen (a decrease of 2,287,315 thousand yen compared to the end of the previous consolidated fiscal year).

As a result, the equity to total assets ratio was 23.5% (34.6% at the end of the previous fiscal year).

(3) Explanation regarding forward-looking statements such as consolidated forecasts

For the fiscal year ending March 2026, we aim to bring new operational titles on track and continue investing for the next stage of growth. While we expect increased revenue as titles released in the second half of the fiscal year ending March 2025 contribute for the full year, based on the results for the first quarter and our outlook going forward, we have revised the consolidated forecasts (full year) for the fiscal year ending March 2026, which were announced on May 12, 2025.

For details, please refer to the "Notice Regarding Recognition of Extraordinary Losses, Revision of Full-Year Consolidated Forecasts and Dividend Forecasts" announced on July 29, 2025.

Based on the above, the consolidated earnings forecast for the fiscal year ending March 31, 2026 is as follows: Net sales 17,500,000 thousand yen (up 38.3% YoY), operating profit 500,000 thousand yen (up 346.4% YoY), ordinary profit 400,000 thousand yen (up 650.4% YoY), and net loss attributable to owners of parent 1,300,000 thousand yen (compared to a net loss attributable to owners of parent of 1,035,569 thousand yen in the previous fiscal year).

Please note that the consolidated forecasts have been prepared based on information available as of the date of this announcement, and actual results may differ from the forecast figures due to various factors in the future.

2. Interim Consolidated Financial Statements and Main Notes (1) Interim Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous consolidated accounting period (March 31, 2025)	Current consolidated accounting period (September 30, 2025)
Assets		
Current assets		
Cash and deposit	3,928,774	3,572,376
Accounts receivable - trade	3,006,348	2,066,969
Merchandise	12,834	9,861
Work in process	78,672	117,745
Prepaid expenses	704,277	476,354
Other	111,310	378,391
Total current asset	7,842,218	6,621,699
Non-current assets		
Property, plant, and equipment		
Buildings	191,229	191,666
Accumulated depreciation	(69,933)	(91,221)
Buildings, net	121,295	100,444
Tools, furniture and fixtures	92,033	162,897
Accumulated depreciation	(74,305)	(88,508)
Tools, furniture and fixtures, net	17,728	74,389
Leased assets	7,232	7,232
Accumulated depreciation	(5,307)	(5,857)
Leased assets, net	1,925	1,375
Total property, plant and equipment, net	140,948	176,209
Intangible assets		
Software	3,683,370	1,245,732
Software in progress	604,944	690,403
Total intangible assets	4,288,315	1,936,136
Investment Other assets		
Investment securities	20,006	20,006
Deferred tax assets	883,155	759,486
Other	331,593	477,541
Total investment and other assets	1,234,755	1,257,034
Total non-current assets	5,664,018	3,369,379
Total assets	13,506,236	9,991,079

(Unit: Thousands of yen)

	Previous consolidated accounting period (March 31, 2025)	Current consolidated accounting period (September 30, 2025)
Liabilities		
Current liabilities		
Trade payables	417,877	387,470
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	1,738,600	1,870,000
Lease liabilities	1,281	1,281
Accounts payable	1,780,723	1,763,815
Income taxes payable	120,835	72,426
Provision for bonuses	98,208	114,695
Other	1,049,950	908,452
Total current liabilities	5,307,477	5,218,143
Non-current liabilities		
Long-term borrowings	2,888,700	2,009,000
Lease liabilities	961	320
Asset retirement obligations	100,000	100,000
Other	489,960	231,792
Total non-current liabilities	3,479,621	2,341,113
Total liabilities	8,787,099	7,559,256
Net assets		
Shareholders' equity		
Share capital	1,880,309	1,880,309
Capital surplus	2,137,862	2,140,068
Retained earnings	890,527	(1,471,867)
Treasury shares	(252,033)	(214,692)
Total shareholders' equity	4,656,665	2,333,817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,940	11,940
Foreign currency translation adjustment	1,004	300
Total accumulated other comprehensive income	12,945	12,241
Share acquisition rights	47,010	84,215
Non-controlling interests	2,516	1,548
Total net assets	4,719,137	2,431,822
Total liabilities and net assets	13,506,236	9,991,079

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income
(Interim Consolidated Statement of Income)

(Unit: Thousands of yen)

	Previous consolidated accounting period (From April 1, 2024 until September 30, 2024)	Current consolidated accounting period (From April 1, 2025 until September 30, 2025)
Revenue	4,018,072	8,238,640
Cost of sales	3,059,255	6,033,054
Gross profit	958,816	2,205,585
Selling, general and administrative expenses	1,273,990	2,780,425
Operating loss (-)	(315,173)	(574,839)
Non-operating income		
Interest income	660	4,362
Gain on investments in capital	-	212
Interest on tax refund	1,760	-
Other	531	666
Total non-operating income	2,952	5,241
Non-operating expenses		
Interest expense	38,322	39,974
Commission expenses	1,985	2,058
Other	1,756	5,233
Total non-operating expenses	42,064	47,267
Ordinary loss (-)	(354,286)	(616,865)
Extraordinary losses		
Impairment losses	601,886	1,563,462
Total extraordinary losses	601,886	1,563,462
Interim loss before income taxes and other adjustments (-)	(956,172)	(2,180,327)
Income taxes - current	65,275	57,472
Income taxes - deferred	(511)	123,668
Total income taxes	64,764	181,141
Interim net loss (-)	(1,020,937)	(2,361,469)
Net income attributable to non-controlling interests	1,090	925
Interim net loss attributable to owners of the parent (-)	(1,022,028)	(2,362,395)

(Interim Consolidated Statement of Comprehensive Income)

(Unit: Thousands of yen)

	Previous consolidated accounting period (From April 1, 2024 until September 30, 2024)	Current consolidated accounting period From April 1, 2025 until September 30, 2025
Interim net loss (-)	(1,020,937)	(2,361,469)
Other comprehensive income (loss), net of tax		
Valuation difference on available-for-sale securities	10,073	-
Foreign currency translation adjustment	218	(704)
Other comprehensive income, net of tax	10,291	(704)
Comprehensive income	(1,010,645)	(2,362,173)
Profit attributable to		
Interim comprehensive income attributable to owners of the parent	(1,011,736)	(2,363,099)
Comprehensive income attributable to non-controlling interests for the interim period	1,090	925

(3) Interim Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	Previous consolidated accounting period (From April 1, 2024 until September 30, 2024)	Current consolidated accounting period From April 1, 2025 until September 30, 2025
Cash flows from operating activities		
Interim loss before income taxes and other adjustments (-)	(956,172)	(2,180,327)
Depreciation	143,738	678,211
Share-based payment expenses	23,833	57,730
Impairment losses	601,886	1,563,462
Interest income and dividends income	(660)	(4,362)
Interest expense	38,322	39,974
Decrease (increase) in trade receivables	231,006	939,379
(Increase) decrease in inventories	(28,975)	(36,028)
Increase (decrease) in accounts receivable (negative indicates increase)	(7,031)	(206,131)
Decrease (increase) in consumption taxes refund receivable	178,082	-
Decrease (increase) in prepaid expenses	3,652	214,538
Increase (decrease) in trade payables	(2,393)	(30,407)
Increase (decrease) in accounts payable (negative indicates decrease)	(54,954)	(67,512)
Increase (decrease) in accrued consumption taxes	(17,605)	(67,287)
Increase (decrease) in advances received	(44,736)	(3,191)
Increase (decrease) in provision for bonuses	(3,234)	16,487
Other	(24,105)	(25,323)
Subtotal	80,653	889,210
Interest and dividends received	1,055	4,575
Interest paid	(39,358)	(39,845)
Income taxes paid	(61,147)	(99,698)
Income taxes refund	269,510	434
Cash flows from operating activities	250,712	754,675
Cash flows from investing activities		
Purchase of property and equipment	(1,028)	(6,252)
Purchase of intangible assets	(987,792)	(319,538)
Proceeds from development investment received	380,000	89,999
Other	-	(122,543)
Cash flows from investing activities	(608,820)	(358,335)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	311,000
Repayment of long-term borrowings	(874,550)	(1,059,300)
Cash dividends paid	(119)	(14)
Others	1,066	(3,719)
Cash flows from financing activities	(873,603)	(752,033)
Effect of exchange rate change on cash and cash equivalents	218	(704)
Increase (decrease) in cash and cash equivalents	(1,231,493)	(356,397)
Cash and cash equivalents at the beginning of the period	5,932,886	3,928,774
Cash and cash equivalents at the end of the interim period	4,701,393	3,572,377

(4) Notes to the interim consolidated financial statements

(Notes regarding the assumption of a going concern)

There are no applicable items.

(Notes in case of significant changes in the amount of shareholders' equity)

There are no applicable items.

(Notes on the interim consolidated balance sheet)

* In order to efficiently procure working capital, the Company has entered into an overdraft agreement with one of its correspondent banks. The unused balance of borrowings under this agreement is as follows.

	Previous fiscal year (March 31, 2025)	Current consolidated accounting period (September 30, 2025)
Overdraft limit	100,000 thousand yen	100,000 thousand yen
Outstanding loan balance	100,000	100,000
Net amount	-	-

(Notes to the interim consolidated statement of income)

※ The main items and amounts included in selling, general and administrative expenses are as follows.

	Previous consolidated accounting period (From April 1, 2024 until September 30, 2024)	Current consolidated accounting period (From April 1, 2025 until September 30, 2025)
Salaries and allowances	290,919 thousand yen	376,325 thousand yen
Advertising expenses	289,023	1,494,660
Research and development expenses	110,980	56,619
Provision for bonuses	27,565	52,113

(Notes on the consolidated statement of cash flows for the interim period)

* The relationship between the balance of cash and cash equivalents at the end of the interim period and the amounts of the items stated in the interim consolidated balance sheet is as follows:
as stated above.

	Previous consolidated accounting period (From April 1, 2024 until September 30, 2024)	Current consolidated accounting period (From April 1, 2025 until September 30, 2025)
Cash and deposits account	4,705,633 thousand yen	3,572,376 thousand yen
Time deposits with a maturity of more than three months	(4,240)	-
Other current assets	0	0
Cash and cash equivalents	4,701,393	3,572,377

(Notes on Segment Information, etc.)

[Segment Information]

I For the fiscal year ended September 30, 2024

1. Information on net sales and profit or loss by reportable segment

(Unit: Thousands of yen)

	Reportable segment			Adjustment amount	Amounts recorded in the consolidated statement of income for the interim period
	Game Business	Content Business	Total		
Revenue					
(1) Net sales to external customers	3,796,465	221,607	4,018,072	-	4,018,072
(2) Internal net sales or transfers between segments	166	2,900	3,066	(3,066)	-
Total	3,796,631	224,507	4,021,138	(3,066)	4,018,072
Segment profit or loss (-)	256,878	(572,051)	(315,173)	-	(315,173)

(Note) Segment profit or segment loss (-) is adjusted with operating loss in the interim consolidated statement of income.

2. Information on impairment losses of non-current assets by reportable segment

Impairment losses have been recorded in the "Game" segment. The amount of impairment losses recorded for the period of September 30, 2024 is 601,886 thousand yen.

II For the period of September 30, 2025

1. Information on net sales and profit or loss by reportable segment

(Unit: Thousands of yen)

	Reportable segment			Adjustment amount	Amounts recorded in the consolidated statement of income for the interim period
	Game Business	Content Business	Total		
Revenue					
(1) Net sales to external customers	7,930,675	307,964	8,238,640	-	8,238,640
(2) Internal net sales or transfers between segments	6,657	16,064	22,722	(22,722)	-
Total	7,937,333	324,028	8,261,362	(22,722)	8,238,640
Segment profit or loss (-)	(114,888)	(459,950)	(574,839)	-	(574,839)

(Note) Segment profit or segment loss (-) is adjusted with operating loss in the interim consolidated statement of income.

2. Information on impairment losses of non-current assets by reportable segment

Impairment losses have been recorded in the "Game" segment. The amount of these impairment losses for the period ended September 30, 2024 is 1,563,462 thousand yen.

(Significant Subsequent Events)

There are no applicable matters.