

Translation

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

May 12, 2026

Company name:	Drecom Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange
Stock code:	3793
URL:	https://drecom.co.jp/
Representative:	Yuki Naito, President and Representative Director
Contact:	Hideki Goto, Director
TEL:	+81-50-3101-9977
Scheduled date for ordinary general meeting of shareholders:	June 23, 2026
Scheduled date for dividend payment:	
Scheduled date for submission of securities report:	June 22, 2026
Supplementary materials for financial summaries:	Yes
Financial results briefing:	Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (from April 01, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2026	17,547	38.7	408	264.9	318	498.3	213	-
March 31, 2025	12,655	29.4	112	(87.6)	53	(93.3)	(1,035)	-

(Note) Comprehensive income Fiscal year ending March 2026: 222 million yen (-%) Fiscal year ended March 2025: (1,028) million yen (-%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Net sales Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	7.41	7.41	4.4	2.5	2.3
March 31, 2025	(36.10)	-	(20.1)	0.4	0.9

(Reference) Investment profit (loss) on equity method Fiscal year ending March 2026 - million yen Fiscal year ended March 2025 - million yen

(2) Consolidated financial positions

	Total assets	Equity	Equity to total assets ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2026	11,876	5,043	42.0	172.26
March 31, 2025	13,506	4,719	34.6	162.48

(Reference) Owner's equity Fiscal year ending March 2026: 4,983 million yen Fiscal year ended March 2025: 4,669 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2026	2,197	1,867	(1,618)	6,375
March 31, 2025	634	(899)	(1,739)	3,928

2. Cash dividends

	Annual dividends per share					Total dividends (aggregate)	Payout ratio (Consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of the third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2026	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2027 (Forecast)	-	0.00	-	5.00	5.00		23.8	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2027 (from April 01, 2026 to March 31, 2027)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2027	18,000	2.6	1,000	144.7	900	182.2	600	180.8	21.05

* Notes

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

Newly included: - companies (company names) -, Excluded: 2 companies (company names) Studio Rex Co., Ltd., BlasTrain Co., Ltd.

(2) 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

(3) Number of shares issued (common stock)

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

As of March 31, 2026	29,446,212 shares
As of March 31, 2025	29,340,212 shares

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

As of March 31, 2026	516,395 shares
As of March 31, 2025	599,995 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	28,849,533 shares
Fiscal year ended March 31, 2025	28,685,771 shares

(Note) The 480,400 shares of the Company (corresponding to 4,804 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.

(Reference) Summary of Non-consolidated Results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 01, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2026	16,060	44.8	(229)	-	311	200.6	586	-
March 31, 2025	11,091	38.5	(610)	-	103	(82.3)	(746)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	20.33	20.33
March 31, 2025	(26.01)	-

(2) Non-consolidated financial positions

	Total assets	Equity	Equity to total assets ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2026	11,853	5,028	41.9	171.81
March 31, 2025	12,946	4,329	33.1	149.02

(Reference) Owner's equity Fiscal year ending March 2026: 4,970 million yen Fiscal year ended March 2025: 4,282 million yen

* Financial results reports are not subject to audits by certified public accountants or audit corporations.

* Notes on 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 May 12, 2026. The presentation materials distributed at this briefing will be promptly posted on our website after the event.

(Regarding the Disclosure of Matters Related to Business Plans and Growth Potential)

Regarding the "Business Plan and Matters Related to Growth Potential," we plan to disclose this information in June 2026.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the period

Our group has set "with entertainment" as our mission, aiming to continuously create services that exceed people's expectations. We are also committed to delivering experiences that captivate users by creating new value that has never existed before. In the medium term, we aspire to become a company that produces IP globally through the integration of real and digital, aiming for sustainable growth and enhancement of 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 creating 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, and are repeatedly testing these services toward commercialization.

For the fiscal year, the results were as follows: Net sales were 17,547,778 thousand yen (Percentage indicate YoY changes: up 38.7%), operating profit was 408,717 thousand yen (up 264.9%), and ordinary profit was 318,911 thousand yen (up 498.3%). In addition, due to the recording of software impairment losses related to a new mobile game title released at the end of the previous fiscal year, as well as software in progress impairment losses related to PC and console game titles under development, extraordinary losses amounted to 2,051,858 thousand yen. Furthermore, as a result of the sale of shares of two consolidated subsidiaries, extraordinary income included a gain on sale of shares of subsidiaries and associates of 2,570,414 thousand yen. Consequently, profit attributable to owners of parent was 213,669 thousand yen (compared to a loss attributable to owners of parent of 1,035,569 thousand yen in the previous fiscal year).

The results of each segment are as follows.

Game Business

In the game business, we have generated revenue from our self-published title 'Wizardry Variants Daphne,' which was released in October 2024, as well as from several other titles currently in operation.

On the other hand, as net sales of the mobile game title released at the end of the previous fiscal year fell short of expectations, we re-evaluated future earnings and assessed the recoverability of the investment. As a result, we recognized impairment losses on assets related to the game application in the first quarter. In addition, for packaged PC and console game titles, based on past business performance, we conservatively revised the profitability outlook and recognized impairment losses on assets of titles under development recorded as software in progress.

Regarding net sales, although some operating titles performed below the previous fiscal year, net sales increased year on year due to the strong performance of 'Wizardry Variants Daphne,' which celebrated its first anniversary after its release in October 2024.

Regarding profit, although there were increases in commission expenses associated with higher sales of our self-published titles, as well as increases in amortization of software and advertising expenses due to the release of new titles, profit increased year on year due to the revenue growth from new titles.

As a result, segment net sales were 16,796,577 thousand yen (up 40.9% YoY), and segment profit was 1,277,100 thousand yen (up 30.8% YoY).

Content Business

In the content business, while engaging in the publishing, animation, and merchandising businesses with the aim of creating, nurturing, and monetizing IP, 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.

Regarding net sales, the publication of "DRE Comics" began in autumn 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 previous fiscal year.

Regarding profit, as we are making investments in new business areas such as publishing, animation, MD, and the utilization of AI, and with upfront costs continuing, including the recruitment of IP production personnel, the segment loss increased compared to the previous fiscal year.

As a result, segment net sales were 852,977 thousand yen (up 9.5% YoY), and segment loss was 868,382 thousand yen (compared to a segment loss of 864,366 thousand yen in the previous period).

Going forward, in the game business, we will strive to secure long-term and stable earnings by making additional investments in existing titles and strengthening our organizational structure to build a more robust business foundation. In addition, we will continue to consider new title pipelines. Furthermore, in the game business, we will also work on initiatives in the PC and console game sectors with the aim of creating and nurturing IP.

In the content business, we will aim for the growth of businesses launched with the purpose of creating, nurturing, and monetizing IP. In addition, we will actively promote the use of advanced technologies that create new experiences and markets.

(2) Overview of the financial position for the period

Status of Assets, Liabilities and Net Assets

(Assets)

At the end of the fiscal year, total assets amounted to 11,876,052 thousand yen (a decrease of 1,630,184 thousand yen compared to the end of the previous fiscal year), mainly due to an increase in ordinary deposits, despite decreases in accounts receivable - trade, software, and software in progress.

(Liabilities)

At the end of the current consolidated fiscal year, liabilities amounted to 6,832,748 thousand yen, mainly due to a decrease in borrowings (a decrease of 1,954,350 thousand yen compared to the end of the previous consolidated fiscal year).

(Net assets)

Net assets at the end of the fiscal year were mainly due to the recording of profit attributable to owners of parent of 213,669 thousand yen.

As a result, it amounted to 5,043,303 thousand yen (an increase of 324,165 thousand yen compared to the end of the previous consolidated fiscal year).

As a result, the equity to total assets ratio was 42.0% (compared to 34.6% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Period

At the end of the fiscal year, cash and cash equivalents increased by 2,446,509 thousand yen compared to the end of the previous fiscal year, amounting to 6,375,283 thousand yen. The cash flows and their factors for the fiscal year are as follows.
(Cash flows from operating activities)

Cash flows from operating activities resulted in a net inflow of 2,197,764 thousand yen. The main factors for the increase were the recording of income before income taxes of 852,567 thousand yen, impairment losses of 2,051,858 thousand yen, depreciation of 1,167,930 thousand yen, and a decrease in accounts receivable of 732,261 thousand yen. The main factors for the decrease were the recording of gain on sale of shares of subsidiaries and associates of 2,570,414 thousand yen, a decrease in accounts payable of 390,122 thousand yen, and income taxes paid of 174,193 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net inflow of 1,867,732 thousand yen. The main increase was due to proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation, amounting to 2,615,549 thousand yen. The main decrease was due to purchase of intangible assets, amounting to 692,735 thousand yen.

(Cash flows from financing activities)

Cash flows from financing activities resulted in an outflow of 1,618,978 thousand yen. The main factor for the decrease was repayments of long-term borrowings of 1,919,300 thousand yen. The main factor for the increase was proceeds from long-term borrowings of 311,000 thousand yen.

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

For the fiscal year ending March 2027, we aim to continue investing in sustainable sales growth through IP creation and development, while also striving to improve profitability by streamlining existing businesses and achieving business progress toward our medium-term goals.

In the Game Business, two consolidated subsidiaries in this business segment were sold at the end of the fiscal year ending March 2026, resulting in a decrease in revenue from these two companies. However, we will continue to aim for increased net sales by maintaining sales of the nine game titles that will continue to be operated and by launching sell-through PC and console game titles. In terms of profit, we aim to improve profit margins by reducing losses from unprofitable titles and optimizing operating expenses, advertising expenses, and other costs.

In the content business, we aim to increase net sales through the progress of the publishing, animation, and merchandising businesses, as well as the development of new services utilizing our expertise in internet services and advanced technologies. In terms of profit, we are investing in new businesses such as the IP production domain, and expenses are expected to continue to precede profits.

Based on the above, the consolidated earnings forecast for the fiscal year ending March 2027 is as follows: Net sales 18,000,000 thousand yen (up 2.6% YoY), operating profit 1,000,000 thousand yen (up 144.7% YoY), ordinary profit 900,000 thousand yen (up 182.2% YoY), and profit attributable to owners of parent 600,000 thousand yen (up 180.8% YoY).

In addition, the Company recognizes the return of profits to shareholders as one of its important management priorities. The level of profit distribution is determined after fully considering trends in operating results and financial position, as well as the status and future plans of research and development investments. Regarding the dividend forecast for the fiscal year ending March 2027, taking into account the expected profit level as indicated in the above consolidated earnings outlook and the ongoing stabilization of the financial base through business structure transformation, we expect to pay a year-end dividend of 5 yen per share.

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

2. Basic policy regarding the selection of accounting standards

Many of the stakeholders of our group are domestic shareholders, creditors, and business partners. In order to ensure comparability with domestic industry peers, we apply Japanese accounting standards.

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

(Unit: Thousands of yen)

	Previous fiscal year (March 31, 2025)	For the fiscal year (March 31, 2026)
Assets		
Current assets		
Cash and deposit	3,928,774	6,375,283
Accounts receivable - trade	3,006,348	2,176,890
Merchandise	12,834	12,729
Work in process	78,672	93,832
Prepaid expenses	704,277	341,753
Other	111,310	270,228
Allowance for doubtful accounts	-	(44,000)
Total current asset	7,842,218	9,226,718
Non-current assets		
Property, plant, and equipment		
Buildings	191,229	191,666
Accumulated depreciation	(69,933)	(112,582)
Buildings, net	121,295	79,084
Tools, furniture and fixtures	92,033	146,290
Accumulated depreciation	(74,305)	(89,771)
Tools, furniture and fixtures, net	17,728	56,519
Leased assets	7,232	7,232
Accumulated depreciation	(5,307)	(6,407)
Leased assets, net	1,925	825
Total property, plant and equipment, net	140,948	136,428
Intangible assets		
Software	3,683,370	952,832
Software in progress	604,944	151,335
Other	-	83,975
Total intangible assets	4,288,315	1,188,143
Investment Other assets		
Investment securities	20,006	20,006
Deferred tax assets	883,155	836,939
Other	331,593	467,815
Total investment and other assets	1,234,755	1,324,761
Total non-current assets	5,664,018	2,649,333
Total assets	13,506,236	11,876,052

(Unit: Thousands of yen)

	Previous fiscal year (March 31, 2025)	For the fiscal year (March 31, 2026)
Liabilities		
Current liabilities		
Trade payables	417,877	408,429
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	1,738,600	2,497,000
Lease liabilities	1,281	961
Accounts payable	1,780,723	1,473,273
Income taxes payable	120,835	493,119
Provision for bonuses	98,208	133,286
Other	1,049,950	957,896
Total current liabilities	5,307,477	6,063,966
Non-current liabilities		
Long-term borrowings	2,888,700	522,000
Lease liabilities	961	-
Asset retirement obligations	100,000	100,000
Other	489,960	146,781
Total non-current liabilities	3,479,621	768,781
Total liabilities	8,787,099	6,832,748
Net assets		
Shareholders' equity		
Share capital	1,880,309	1,906,870
Capital surplus	2,137,862	2,166,629
Retained earnings	890,527	1,104,196
Treasury shares	(252,033)	(214,692)
Total shareholders' equity	4,656,665	4,963,004
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,940	20,311
Foreign currency translation adjustment	1,004	-
Total accumulated other comprehensive income	12,945	20,311
Share acquisition rights	47,010	57,885
Non-controlling interests	2,516	2,102
Total net assets	4,719,137	5,043,303
Total liabilities and net assets	13,506,236	11,876,052

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

(Unit: Thousands of yen)

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year From April 1, 2025 until March 31, 2026
Revenue	12,655,184	17,547,778
Cost of sales	9,177,714	12,117,946
Gross profit	3,477,470	5,429,831
Selling, general and administrative expenses		
Payroll and allowances	563,100	773,114
Provision for bonuses	53,660	119,815
Commission expenses	165,902	157,428
Advertising expenses	1,388,668	2,344,541
Research and development expenses	204,734	90,908
Other	989,395	1,535,305
Total selling, general and administrative expenses	3,365,461	5,021,114
Operating profit	112,008	408,717
Non-operating income		
Interest income	3,320	8,703
Interest on tax refund	1,760	-
Subsidy income	24,369	31,260
Other	616	7,121
Total non-operating income	30,066	47,084
Non-operating expenses		
Interest expense	77,376	75,658
Commission expenses	5,969	4,174
Foreign exchange losses	203	-
Provision of allowance for doubtful accounts	-	44,000
Other	5,217	13,058
Total non-operating expenses	88,768	136,891
Ordinary profit	53,306	318,911
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	2,570,414
Other	-	15,100
Total extraordinary income	-	2,585,514
Extraordinary losses		
Impairment losses	1,121,886	2,051,858
Other	49,920	-
Total extraordinary losses	1,171,806	2,051,858
Profit (loss) before income taxes	(1,118,500)	852,567
Income taxes - current	149,988	608,552
Income taxes - deferred	(234,807)	28,865
Total income taxes	(84,819)	637,417
Profit (loss)	(1,033,681)	215,149
Net income attributable to non-controlling interests	1,887	1,479
Profit (loss) attributable to owners of parent	(1,035,569)	213,669

(Consolidated Statement of Comprehensive Income)

(Unit: Thousands of yen)

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year From April 1, 2025 until March 31, 2026
Profit (loss)	(1,033,681)	215,149
Other comprehensive income (loss), net of tax		
Valuation difference on available-for-sale securities	5,329	8,370
Foreign currency translation adjustment	213	(1,004)
Other comprehensive income, net of tax	5,542	7,366
Comprehensive income	(1,028,138)	222,515
Profit attributable to		
Comprehensive income attributable to owners of parent	(1,030,026)	221,035
Comprehensive income attributable to non-controlling interests	1,887	1,479

(3) Consolidated Statement of Changes in Equity
For the fiscal year ended March 31, 2025

(Unit:
Thousands of
yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,842,360	2,099,521	1,926,096	(259,894)	5,608,084
Changes during period					
Issuance of new shares	37,948	37,948			75,897
Net loss attributable to owners of the parent (-)			(1,035,569)		(1,035,569)
Treasury shares sold		391		7,861	8,252
Changes during period (net) for items other than shareholders' equity					
Total changes during period	37,948	38,340	(1,035,569)	7,861	(951,418)
Balance at end of period	1,880,309	2,137,862	890,527	(252,033)	4,656,665

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling Shareholders' equity	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income Total			
Balance at the beginning of the period	6,611	790	7,402	49,067	3,570	5,668,124
Changes during period						
Issuance of new shares						75,897
Net loss attributable to owners of the parent (-)						(1,035,569)
Treasury shares sold						8,252
Changes during period (net) for items other than shareholders' equity	5,329	213	5,542	(2,056)	(1,053)	2,432
Total changes during period	5,329	213	5,542	(2,056)	(1,053)	(948,986)
Balance at end of period	11,940	1,004	12,945	47,010	2,516	4,719,137

For the fiscal year ending March 31, 2026

(Unit:
Thousands of
yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,880,309	2,137,862	890,527	(252,033)	4,656,665
Changes during period					
Issuance of new shares	26,561	26,561			53,122
Profit attributable to owners of parent			213,669		213,669

Treasury shares sold		2,206		37,340	39,547
Changes during period (net) for items other than shareholders' equity					
Total changes during period	26,561	28,767	213,669	37,340	306,338
Balance at end of period	1,906,870	2,166,629	1,104,196	(214,692)	4,963,004

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling Shareholders' equity	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income Total			
Balance at beginning of period	11,940	1,004	12,945	47,010	2,516	4,719,137
Changes during period						
Issuance of new shares						53,122
Profit attributable to owners of parent						213,669
Treasury shares sold						39,547
Changes during period (net) for items other than shareholders' equity	8,370	(1,004)	7,366	10,874	(413)	17,826
Total changes during period	8,370	(1,004)	7,366	10,874	(413)	324,165
Balance at end of period	20,311	-	20,311	57,885	2,102	5,043,303

(4) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year From April 1, 2025 until March 31, 2026
Cash flows from operating activities		
Net income before income taxes	(1,118,500)	852,567
Depreciation	526,454	1,167,930
Impairment losses	1,121,886	2,051,858
Share-based payment expenses	61,775	88,396
Interest income and dividends income	(3,320)	(8,703)
Commission expenses	5,969	4,174
Interest expense	77,376	75,658
Loss (gain) on sale of shares of subsidiaries and associates	-	(2,570,414)
Decrease (increase) in trade receivables	(1,348,424)	732,261
(Increase) decrease in inventories	(38,694)	(49,766)
Decrease (increase) in consumption taxes refund receivable	178,082	-
Decrease (increase) in prepaid expenses	(306,748)	337,251
Increase (decrease) in trade payables	88,278	(76,728)
Increase (decrease) in accounts payable (minus indicates decrease)	1,176,678	(390,122)
Increase (decrease) in accrued consumption taxes	67,231	60,141
Increase (decrease) in advances received	(42,519)	(1,964)
Increase (decrease) in provision for bonuses	11,258	35,078
Increase (decrease) in allowance for doubtful accounts	-	44,000
Increase (decrease) in accrued expenses	(11,234)	72,455
Other	102,035	13,760
Subtotal	547,586	2,437,833
Interest and dividend income received	4,098	9,236
Interest paid	(74,776)	(75,546)
Income taxes paid	(112,337)	(174,193)
Income taxes refund	269,510	434
Cash flows from operating activities	634,082	2,197,764
Cash flows from investing activities		
Purchase of property and equipment	(7,704)	(22,436)
Purchase of intangible assets	(1,782,926)	(692,735)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	2,615,549
Proceeds from development investment received	917,100	89,999
Other	(25,844)	(122,643)
Cash flows from investing activities	(899,375)	1,867,732
Cash flows from financing activities		
Proceeds from long-term borrowings	-	311,000
Repayment of long-term borrowings	(1,743,850)	(1,919,300)
Cash dividends paid	(172)	(40)
Other	4,990	(10,637)
Cash flows from financing activities	(1,739,032)	(1,618,978)
Effect of exchange rate change on cash and cash equivalents	213	(9)
Increase (decrease) in cash and cash equivalents	(2,004,111)	2,446,509
Cash and cash equivalents at the beginning of the period	5,932,886	3,928,774
Cash and cash equivalents at end of the period	3,928,774	6,375,283

(5) Notes to Consolidated Financial Statements
(Notes regarding the assumption of a going concern)

There are no applicable matters.

(Notes on segment information, etc.)

[Segment Information]

1. Overview of Reporting Segments

The reportable segments of our group are those components for which separate financial information is available and which are regularly reviewed by the Board of Directors for the purpose of making decisions regarding the allocation of management resources and evaluating performance.

Accordingly, the Company is composed of segments based on services, and has two reportable segments: the "Game Business" and the "Content Business."

2. Method of calculation for net sales, profit or loss, assets, liabilities, and other items by reportable segment

The profit of the reportable segments is based on operating profit.

Internal transactions and transfers between segments are based on market prices.

3. Information on Net sales, profit or loss, assets, liabilities, and other items by reportable segment

Previous fiscal year (from April 1, 2024 to March 31, 2025)

(Unit: Thousands of yen)

	Reportable segments			Adjustment (Note) 1	Amounts recorded in the consolidated financial statements (Note) 2
	Game Business	Content Business	Total		
Revenue					
Net sales to external customers	11,920,708	734,476	12,655,184	-	12,655,184
Internal net sales or transfers between segments	3,531	44,483	48,015	(48,015)	-
Total	11,924,240	778,959	12,703,199	(48,015)	12,655,184
Segment profit or loss (-)	976,374	(864,366)	112,008	-	112,008
Segment Assets	8,102,179	430,543	8,532,723	4,973,513	13,506,236
Other items					
Depreciation	497,830	-	497,830	28,624	526,454
Impairment losses	1,121,886	-	1,121,886	-	1,121,886
Increase in property, plant and equipment and intangible assets	1,787,087	-	1,787,087	16,839	1,803,927

(Note) 1. The adjustment amount for segment assets mainly consists of cash and deposits, deferred tax assets, and property, plant and equipment that are not attributable to the reportable segments.

2. Segment profit or loss (-) is consistent with operating profit in the consolidated statement of income.

For the fiscal year ending March 31, 2026

(Unit: Thousands of yen)

	Reportable segments			Adjustment (Note) 1	Amounts recorded in the consolidated financial statements (Note) 2
	Game Business	Content Business	Total		
Revenue					
Net sales to external customers	16,787,130	760,647	17,547,778	-	17,547,778
Internal net sales or transfers between segments	9,446	92,330	101,777	(101,777)	-
Total	16,796,577	852,977	17,649,555	(101,777)	17,547,778
Segment profit or loss (-)	1,277,100	(868,382)	408,717	-	408,717
Segment Assets	3,204,786	1,305,330	4,510,117	7,365,934	11,876,052
Other items					

Depreciation	1,043,465	38,534	1,081,999	85,930	1,167,930
Impairment losses	2,040,321	-	2,040,321	11,537	2,051,858
Increase in property, plant and equipment and intangible assets	1,282,951	242,464	1,525,416	87,485	1,612,901

(Note) 1. The adjustment amount for segment assets mainly consists of cash and deposits, deferred tax assets, and property, plant and equipment that are not attributable to the reportable segments.

2. Segment profit or loss (-) is consistent with operating profit in the consolidated statement of income.

Related Information

Previous fiscal year (from April 1, 2024 to March 31, 2025)

1. Information by finished goods and services

As similar information is disclosed in the segment information, the details are omitted here.

2. Information by Region

(1) Net sales

As net sales to external customers in Japan account for more than 90% of the consolidated statement of income's net sales, the disclosure has been omitted.

(2) Property, plant and equipment

As the amount of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment amount on the consolidated balance sheet, the disclosure has been omitted.

3. Information by major customer

(Unit: Thousands of yen)

Customer Name or Individual Name	Revenue	Relevant segment names
Apple, inc.	3,709,523	Game Business, Content Business
BANDAI NAMCO Entertainment Inc.	3,137,887	Game Business
Google LLC	2,807,911	Game Business

For the fiscal year ending March 31, 2026

1. Information by finished goods and services

As similar information is disclosed in the segment information, the details are omitted here.

2. Information by Region

(1) Net sales

As net sales to external customers in Japan account for more than 90% of the consolidated statement of income's net sales, the disclosure has been omitted.

(2) Property, plant and equipment

As the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, the disclosure has been omitted.

3. Information by major customer

(Unit: Thousands of yen)

Customer Name or Individual Name	Revenue	Relevant segment name
Google LLC	4,394,229	Game Business, Content Business
Apple, inc.	4,742,341	Game Business
BANDAI NAMCO Entertainment Inc.	2,702,252	Game Business, Content Business

[Information on Impairment Losses on Non-current Assets by Reportable Segment]

For the fiscal year ended March 31, 2025

(Unit: Thousands of yen)

	Game Business	Content Business	Company-wide/Eliminations	Total
Impairment losses	1,121,886	-	-	1,121,886

For the fiscal year ending March 31, 2026

(Unit: Thousands of yen)

	Game Business	Content Business	Corporate and eliminations	Total
Impairment losses	2,040,321	-	11,537	2,051,858

[Information on Amortization and Unamortized Balances of Goodwill by Reportable Segment]

For the fiscal year ended March 31, 2025

There are no applicable matters.

For the fiscal year ending March 31, 2026

There are no applicable items.
[Information on Gain on Bargain Purchase by Reportable Segment]
There are no applicable matters.

(Per share information)

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year (From April 1, 2025 until March 31, 2026)
Net assets per share	162.48 yen	172.26 yen
Basic earnings per share or net loss (-)	36.10 yen	7.41 yen
Diluted earnings per share	-	7.41 yen

(Note) 1. Regarding diluted earnings per share for the previous consolidated fiscal year, although there were potential shares, it is not presented because there was a net loss per share.

2. The basis for the calculation of basic earnings per share, net loss (-), and diluted earnings per share is as follows.

	Previous fiscal year (From April 1, 2024 until March 31, 2025)	For the fiscal year From April 1, 2025 Until March 31, 2026
Basic earnings per share or net loss for the period (-)		
Profit attributable to owners of parent or net loss (-) (thousand yen)	(1,035,569)	213,669
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent or net loss (-) related to common stock (thousand yen)	(1,035,569)	213,669
Average number of common shares (shares)	28,685,771	28,849,533
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	-	-
Increase in number of common shares (shares)	43,380	4,043
(of which, Share acquisition rights (shares))	(43,380)	(4,043)
Overview of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect	-	-

3. The basis for the calculation of net assets per share is as follows.

	Previous fiscal year (March 31, 2025)	For the fiscal year (March 31, 2026)
Total net assets (thousand yen)	4,719,137	5,043,303
Amounts to be deducted from total net assets (thousand yen)	49,527	59,987
(of which, Share acquisition rights (thousand yen))	(47,010)	(57,885)
(of which, Non-controlling interests (thousand yen))	(2,516)	(2,102)
Net assets at the end of the period attributable to common stock (thousand yen)	4,669,610	4,983,315
Number of common shares at the end of the period used to calculate net assets per share (shares)	28,740,217	28,929,817

The number of shares of the Company held by the ESOP trust account, which is recorded as Treasury shares under Shareholders' equity, is included in the Treasury shares deducted from the calculation of the Average number of shares for the purpose of calculating Basic earnings per share or net loss (-) (569,545 shares for the previous fiscal year and 501,243 shares for the current fiscal year). In addition, for the calculation of Net assets per share, these shares are included in the Treasury shares deducted from the total number of shares issued at the end of the period (564,000 shares for the previous fiscal year and 480,400 shares for the current fiscal year).

(Significant Subsequent Events)

At the Board of Directors meeting held on May 12, 2026, the Company resolved, pursuant to Article 459, Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation, matters concerning the acquisition of treasury shares.

1. Reason for the purchase of treasury shares

This is to conduct the purchase of treasury shares for the purpose of utilizing them in future stock compensation plans and improving capital efficiency.

2. Details of the matters related to the acquisition

(1) Type of shares to be acquired

Common stock of the Company

(2) Total number of shares that may be acquired

1,524,000 shares (maximum)

(Percentage of total shares issued (excluding treasury shares): 5.3%)

(3) Total acquisition cost of shares

500,000 thousand yen (upper limit)

(4) Acquisition period

For the fiscal year from May 13, 2026 to May 12, 2027

(5) Acquisition method

Market purchases on the Tokyo Stock Exchange

4. Others

There are no applicable items.