

October 26, 2023

To whom it may concern

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## Notice Concerning Recording of Operating Expenses and Extraordinary Losses

In the second quarter of fiscal year ending March 31, 2024, we have recorded operating expenses and extraordinary losses, as follows.

### Notice

#### 1. Operating expenses and extraordinary losses and their details

We have decided today to close "GGGGG," a game application for smartphones released at the end of the fiscal year ending March 31, 2023; and consequently, to write off the related assets of this game application and record the inevitable future expenses. The Company considered modifications to this title, such as making it a blockchain game. However, it was deemed difficult to make the project successful due to compatibility issues with the game model and other factors.

Additionally, during reviewing our business portfolio, the Company decided to discontinue the development of "Project BEAT," a game application under development and wrote down the related assets. This decision was made in reference to the recent situation of new titles. Given the difficulty of surpassing the number of installations and persistence rate to exceed a certain level of profitability, we judged that it is risky to continue the development of this title, and as such, we decided to discontinue it.

As a result, in the second quarter of the fiscal year ending March 31, 2024, the Company recorded 9 million yen as operating expenses and 192 million yen as an impairment loss on software and software in progress as an extraordinary loss.

#### 2. Future Outlook

The Company revised its full-year consolidated earnings forecast for the fiscal year ending March 31, 2024, in the announcement of first quarter results for the fiscal year ending March 31, 2024, considering business performance and future expectations, as described below. If there is a need to revise the forecast or any other matter that should be disclosed in the future, we will promptly announce it.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on July 27, 2023) and consolidated results for the previous fiscal year

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Forecast of Results for the Year Ending March 31, 2024 (Fiscal year ending March 31, 2024)	Millions of yen 11,500	Millions of yen 500	Millions of yen 450	Millions of yen 0
Actual results for the previous period (Fiscal year ending March 31, 2023)	10,800	2,281	2,192	1,159