

May 13, 2026

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

Company name: Advanced Media, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3773
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 Scheduled date of annual general meeting of shareholders: June 25, 2026
 Scheduled date to commence dividend payments: June 8, 2026
 Scheduled date to file annual securities report: June 24, 2026
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes (for analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	7,063	6.0	1,440	(0.2)	1,558	1.2	1,739	23.5
March 31, 2025	6,665	11.1	1,442	5.5	1,539	8.8	1,408	40.1

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥2,061 million [57.2%]
 For the fiscal year ended March 31, 2025: ¥1,311 million [(20.4)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2026	111.18	-	13.2	9.6	20.4
March 31, 2025	90.40	-	12.0	9.7	21.6

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	16,651	14,016	84.2	895.02
March 31, 2025	15,970	12,307	77.1	788.93

Reference: Equity
 As of March 31, 2026: ¥14,016 million
 As of March 31, 2025: ¥12,307 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	1,853	1,146	(1,623)	5,489
March 31, 2025	1,432	(1,069)	(1,209)	4,105

2. Cash dividends

Fiscal year ended	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
March 31, 2025	-	0.00	-	27.50	27.50	429	30.4	3.6
March 31, 2026	-	0.00	-	33.50	33.50	524	30.1	4.0
March 31, 2027 (Forecast)		0.00		22.00	22.00		31.3	

Note: Breakdown of year-end dividends for the fiscal year ending March 31, 2026: ordinary dividend of 31.00 yen, commemorative dividend of 2.50 yen

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earning per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2027	10,000	-	1,500	-	1,500	-	1,100	-	70.24

Note: The forecast of consolidated financial results for the fiscal year ending March 31, 2027 is calculated based on International Financial Reporting Standards (“IFRS”) because the Company has decided to adopt IFRS on a voluntary basis from the fiscal year ending March 31, 2027. As a result, the percentage change from the actual results for the fiscal year ended March 31, 2026, when Japanese GAAP was applied, is not shown.

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (3) Number of issued shares (common shares)

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

As of March 31, 2026	18,392,724 shares
As of March 31, 2025	18,392,724 shares

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

As of March 31, 2026	2,732,333 shares
As of March 31, 2025	2,792,333 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	15,641,980 shares
Fiscal year ended March 31, 2025	15,581,946 shares

[Reference] Overview of non-consolidated financial results

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

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	6,935	6.1	1,484	(1.5)	1,567	3.4	1,868	33.1
March 31, 2025	6,538	11.3	1,506	5.8	1,515	3.8	1,403	40.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2026	119.45	-
March 31, 2025	90.09	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	16,766	14,168	84.5	904.75
March 31, 2025	15,924	12,309	77.3	789.03

Reference: Equity

As of March 31, 2026: ¥14,168 million

As of March 31, 2025: ¥12,309 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable. Actual financial results may differ from the results anticipated in the statements due to various factors.

Overview of Operating Results

(1) Overview of operating results for the fiscal year ended March 31, 2026

During the current consolidated fiscal year, the Japanese economy experienced a moderate recovery in employment and income. However, the outlook remains uncertain due to factors such as the impact of trade policies of the United States and other countries, and the impact of escalating international tensions on resource prices.

Our Company Group has designated the period from the fiscal year ended March 31, 2024 through the fiscal year ending March 31, 2027 as its BSR*¹ Expansion Phase. Under this plan, during the current fiscal year, we have launched new services embodying next-generation communication into the market. We also expanded our platform business and pursued deeper market development in speech recognition.

During the current fiscal year, amid the rising need for companies to leverage AI technologies to improve productivity, we continued to see a steady increase in usage of our AI speech recognition AmiVoice® API (AmiVoice® Cloud Platform (ACP)), which serves as its interface, and a steady increase in adoption of our various AmiVoice® AI speech recognition products and services. We also invested in hiring and in R&D to support the future launch of our next-generation communication services and the expansion of our platform business.

Net sales: In BSR1 (first growth engine), net sales increased in the CTI Department, VoXT Business Department and Medical Business Department, resulting in a year-on-year increase of 4.6%. In BSR2 (second growth engine), net sales increased in the Overseas Business Division and BDC Division, resulting in a year-on-year increase of 19.5%. As a result, net sales for the Group as a whole increased 6.0% year-on-year, reaching a record high.

Profit and loss: In BSR1 (first growth engine), operating profit was down 1.1% year-on-year, due in part to the increase in cost of goods sold and due to investments in hiring and development. In BSR2 (second growth engine), the operating loss was reduced. As a result, operating profit for the Group as a whole declined 0.2% year-on-year. Ordinary profit was up 1.2% year-on-year, due in part to the increase in interest income from rising interest-rates and due to the increase in foreign exchange gains driven by the weak yen. Due to gains on sale of investment securities, profit attributable to owners of parent increased 23.5% year-on-year. Ordinary profit and profit attributable to owners of parent both reached record highs.

As a result, consolidated results for the fiscal year were: net sales of ¥7,063 million (¥6,665 million a year earlier), operating profit of ¥1,440 million (¥1,442 million a year earlier), ordinary profit of ¥1,558 million (¥1,539 million a year earlier), and profit attributable to owners of parent of ¥1,739 million (¥1,408 million a year earlier).

*1) BSR (Beyond Speech Recognition) is a paradigm shift from a traditional sales-centric approach to a new customer needs-centric approach that goes beyond ASR (Automatic Speech Recognition) for greater market penetration and development.

The status of each speech business segment is as follows.

BSR1 (before consolidation adjustments)

Net sales (year-on-year)	Operating profit (year-on-year)
¥6,217 million (+4.6%)	¥1,503 million (-1.1%)
Recurring revenue (year-on-year)	Recurring ratio (year-on-year)
¥4,973 million (+12.2%)	80.0% (+5.4%)

(i) CTI*² Department (for the contact center industry)

Working with sales partners, primarily major system integrators, we expanded the market deployment of our AI speech recognition solution for contact centers, AmiVoice® Communication Suite. We have also worked on enhancing integration for our product AmiVoice® ISR*³ Studio, a voicebot AI interactive voice responder service (AI-IVR*⁴) with external systems with the aim of improving usability and efficiency, while ensuring that it is not dependent on any specific environment and can integrate flexibly and seamlessly with a wide range of business systems. As part of the effort, we have integrated AmiVoice® ISR Studio with “kintone”, a No Code product provided by Cybozu, Inc. By accessing customer information registered in kintone, AmiVoice® ISR Studio can deliver highly accurate and advanced automated phone responses. Additionally, we have released an update to further enhance the convenience and accuracy of our automated phone response system.

As a result, net sales increased due to a rise in the number of licenses and an improvement in the recurring ratio. However, operating profit decreased due to a decline in high-margin non-recurring sales and an increase in selling expenses and general administrative expenses.

Recurring ratio: 77.1% at end of previous fiscal year → 82.9% at end of current fiscal year

License count (cumulative): 82,779 at end of previous fiscal year → 95,430 at end of current fiscal year

*2) CTI: Computer Telephony Integration

*3) ISR: Interactive Speech Responder (automated interactive speech response system)

*4) IVR: Interactive Voice Responder (automated telephone response system)

(ii) VoXT*⁵ Business Department (assembly and meeting solutions)

We have promoted adoption of meeting minutes creation and transcription support applications and services based on AmiVoice® AI speech recognition. These include ScribeAssist, a standalone service; ProVoXT, a cloud service; and VoXT One, a platform that consolidates them both. We have signed a distributorship agreement with The Japan Agricultural News, Inc. to actively support the Japan Agricultural Cooperatives's digital transformation.

As a result, net sales increased due to a rise in the number of licenses. However, operating profit decreased due to an increase in selling expenses and general administrative expenses.

Recurring ratio: 91.2% at end of previous fiscal year → 96.7% at end of current fiscal year

License count for the two core products: 20,396 at end of previous fiscal year → 21,925 at end of current fiscal year

*5) VoXT: Voice teXTing (transcription)

(iii) Medical Business Department (for the healthcare industry)

Japan's "Workstyle Reform for Physicians" initiative has created the need for efforts to optimize physician working hours. Consequently, the need to improve efficiency of work among physicians, nurses, and healthcare workers in hospitals has increased. This drove brisk sales of our core products, the AmiVoice® Ex7 series of AI voice input software and AmiVoice® iNote, an AI speech recognition work-sharing service for healthcare. We have improved the user interface of AmiVoice® iNote to make it more intuitive, with the aim of enhancing usability in various usage scenarios. As a result, net sales and operating profit both increased due to a steady increase in usage and adoption of our main products.

Recurring ratio: 39.6% at end of previous fiscal year → 43.8% at end of current fiscal year

License count (cumulative): 64,775 at end of previous fiscal year → 68,991 at end of current fiscal year

(iv) SDX*⁶ Department (API/SDK; customer service and sales solutions; for the manufacturing and logistics industries)

The number of usage hours has increased for AmiVoice® Cloud Platform (ACP), a cloud engine service for AmiVoice® AI speech recognition engine platform. We have promoted deployment activities for AmiVoice® SalesBoost Platform, a platform designed to strengthen sales capabilities. It includes AmiVoice® RolePlay, which enables sales representatives to conduct self-training through AI-driven role-plays, and AmiVoice® SF-CMS*⁷, an AI-based conversation analytics solution. Also, we have developed and promoted deployment activities for our new solution AmiVoice® SalesAgent, that leverages generative AI to support, record, and analyze sales meetings, helping to improve outcomes of sales activities. We have also developed AmiVoice® Easy Viewer, our new service that directs inside sales by providing an advanced communication feature and a feature that lets users experience the benefits of using the product through website videos.

As a result, net sales decreased because we were unable to increase sales of products and usage of services based on our AmiVoice® AI speech recognition. Furthermore, operating profit decreased due to investment in hiring and development.

Recurring ratio: 71.9% at end of previous fiscal year → 76.2% at end of current fiscal year

Domain-specific engine user count (cumulative): 6,187 at end of previous fiscal year → 8,102 at end of current fiscal year

*6) SDX: Speech DX (Digital transformation with speech recognition).

*7) SF-CMS: AmiVoice® Communication Suite functionally expanded for sales applications (Sales Front CoMmunication Suite).

BSR2 (before consolidation adjustments)

Net sales (year-on-year)	Operating profit (year-on-year)
¥911 million (+19.5%)	Loss of ¥62 million (—)

(v) BDC Division (for the construction and real estate industries) and Overseas Business Division (for overseas companies)

BDC Division saw continued adoption of its AmiVoice® Super Inspection Platform (SIP), a construction project management platform service for the construction industry. As a result, the number of licenses increased steadily. Amid a worsening labor shortage in the construction industry, the staffing business grew significantly through leveraging of our SIP service. We have enhanced "Shortcut feature" (a feature that executes any shortcut key with a single tap) for AmiVoice® Talk Mouse, an application that uses iOS devices to operate a Windows PC's mouse and keyboard on behalf of users.

As a result, net sales increased due to a steady increase in usage and adoption of our main products. However, operating profit decreased due to an increase in selling expenses and general administrative expenses.

License count (cumulative): 69,344 at end of previous fiscal year → 85,932 at end of current fiscal year

The Overseas Business Division saw large usage from big clients. As a result, net sales increased significantly, and deficit was reduced.

(vi) Consolidated subsidiaries

AmiVoice Thai Co., Ltd. (Kingdom of Thailand) implemented business structural reforms aimed at securing projects from major customers and at improving profitability. As a result, net sales increased, and deficit was reduced.

Shorthand Center Tsukuba Co., Ltd. actively pursued securing project orders from local governments, courts, and private-sector clients. As a result, net sales and operating profit were both flat this year.

AmiSupport Co., Ltd. managed the staffing business of the BDC Division. We ran into a deficit because we were unable to recoup our upfront investments in recruitment and other expenses.

(2) Overview of financial position for the fiscal year ended March 31, 2026

Assets

Consolidated current assets at the end of the fiscal year were ¥9,755 million, up ¥413 million from the end of the previous fiscal year. This was mainly due to ¥1,383 million increase in cash and deposits despite ¥979 million decrease in money held in trust. Fixed assets were ¥6,896 million, up ¥267 million from the end of the previous fiscal year, mainly due to ¥282 million increase in property.

As a result, consolidated total assets stood at ¥16,651 million, up ¥681 million from the end of the previous fiscal year.

Liabilities

Consolidated current liabilities at the end of the fiscal year were ¥2,279 million, down ¥229 million from the end of the previous fiscal year. This was mainly due to ¥246 million increase in income taxes payable and despite ¥330 million decrease in long-term borrowings within one year, and ¥80 million decrease in accounts payable-other. Fixed liabilities stood at ¥355 million, down ¥798 million from the end of the previous fiscal year, mainly due to ¥865 million decrease in long-term borrowings.

As a result, consolidated total liabilities came to ¥2,635 million, down ¥1,027 million from the end of the previous fiscal year.

Net assets

Consolidated net assets at the end of the fiscal year totalled ¥14,016 million, up ¥1,708 million from the end of the previous fiscal year. This was mainly due to ¥1,739 million increase in profit attributable to owners of parent and dividends paid out of surplus of ¥429 million.

As a result, the equity ratio stood at 84.2% (77.1% at the end of the previous fiscal year).

(3) Overview of cash flow for the fiscal year ended March 31, 2026

(Million)

	Previous fiscal year	Current fiscal year
Cash Flow from Operating Activities (Δ decrease)	¥1,432	¥1,853
Cash Flow from Investing Activities (Δ decrease)	Δ ¥1,069	¥1,146
Cash Flow from Financing Activities (Δ decrease)	Δ ¥1,209	Δ ¥1,623
Effect of exchange rate change on cash and cash equivalents (Δ decrease)	Δ ¥2	¥6
Net increase (Δ decrease) in cash and cash equivalents	Δ ¥848	¥1,383

Cash and cash equivalents at the end of the current consolidated fiscal year amounted to ¥5,489 million, up ¥1,383 million from the end of the previous fiscal year.

The status of cash flow for each category and its main factors are as follows:

Cash Flow from Operating Activities

Operating activities resulted in a cash inflow of ¥1,853 million. This was mainly due to income before income taxes and other adjustments of ¥2,484 million.

Cash Flow from Investing Activities

Investing activities resulted in a cash inflow of ¥1,146 million. This was mainly due to proceeds including ¥4,600 million for time deposit refunds, ¥1,793 million for sale of investment in securities, and ¥1,000 million for refund of money held in trust, despite expenditures including ¥4,600 million for fixed deposit, ¥716 million for acquisition of intangible fixed assets, and ¥545 million for acquisition of property.

Cash Flow from Financing Activities

Financing activities resulted in a cash outflow of ¥1,623 million. This was mainly due to expenditures including ¥1,196 million for payment of long-term debt, and ¥427 million for paying dividends.

(4) Future Outlook

Our Company Group has designated the period from the fiscal year ended March 31, 2024 through the fiscal year ending March 31, 2027 as its BSR Expansion Phase. To achieve net sales of ¥10.0 billion and operating profit of ¥2.5 billion in the final year of the BSR Expansion Phase, we have engaged in business promotion. However, operating profit is expected to be affected by changes in the revenue structure resulting from M&A transactions aimed at market development, unavoidable cost increases of business operations, and upfront investment in hiring and R&D to support future growth. Therefore, we revise our goal to net sales of ¥10.0 billion and operating profit of ¥1.5 billion in the final year of the BSR Expansion Phase.

Our Company Group is committed to making work environment more pleasant by using “Speech AI^{*8}” to improve work efficiency and effectiveness. We will leverage our strength in “Japanese × Speech recognition × Domain specific” gained through years of experience in developing speech recognition market. So, we view the fiscal year ended March 31, 2027, which marks the final year of the BSR Expansion Phase as a stepping stone toward the next three years, marking the AISH^{*9} Implementation Phase.

Amid growing momentum and trends surrounding AI adoption, we have entered an era where the use of AI is essential for companies to remain competitive. In this era, we can begin to foresee a future where human jobs are replaced with the remarkable advancements in generative AI and AI agents. However, we think this era brings us opportunity. We must leverage AI to create an environment where our business and our individual work can continue. To achieve this, we need to leverage various AI according to intended purposes. Such AI consists of “GAI^{*11}” (generative AI and AI agent) and AOI (our platform for “PAI^{*12}”). We expect GAI to generate significant business opportunities through the creation and autonomous operations enabled by the data we have collected or will collect in the future. Meanwhile we expect PAI to generate the specific data required by GAI from participating companies and individual users, and to personalize that data for each user to enhance the capability of GAI.

For fiscal year ending March 31, 2027, we will move forward into a new era – AISH Era^{*13} – by addressing the following three challenges.

1. The Challenge to M-Dev^{*14}

Until now, our market development for AI speech recognition has involved developing products and handling market development ourselves. Moving forward, we will accelerate the adoption of AISH and increase the scale and speed of market development by collaborating with other companies. Specifically, we will develop new sales channels and promote sales and usage of our AISH products and services.

2. The Challenge to advanced media

We will develop and introduce a new service that transforms corporate websites into cutting-edge platforms through high-impact videos, enabling companies to establish a strong foundation for inside sales. We will help companies nurture customer leads by utilizing the touchpoints with customers gained through enhanced media value of company’s owned media website (advanced media) by AI-enhanced dialogue via online meeting interface.

3. The Challenge to AI Speech Enabler^{*15}

We will develop and expand the SAM^{*16} market, which enables users to enhance work efficiency and effectiveness by integrating AI systems such as GAI and PAI. We will enter the era (AISH Era) in which we will need to enhance our own skills by leveraging AI to improve work efficiency and effectiveness, to sustain and produce our own work. Until now, Our Company Group has been working to develop a market that integrates GAI with our proprietary PAI. Moving forward, we will focus on developing new sales channels and expanding sales for AWB^{*18}, which is one of the products in the SAM lineup. As a result, we will continue to develop and expand the AISH market, where people can sustain their own work.

*8) Speech AI: AI that interacts with people through speech communication. It is an AI that enables the use of Speech or “AI Speech Enable”.

*9) AISH (AI Super Humanization): Utilize AI to improve work efficiency and effectiveness work more enjoyably by treating AI as a partner.

*10) AOI (AmiVoice Ontology Integrated): Speech AI that enables integration of AI speech recognition, GAI, and PAI. This is our unique technology that enables us to improve the accuracy, precision, processing speed, and safety of inference by customizing large language model (LLM) and knowledge base (KB).

*11) GAI (Generative AI and AI agents): AI that can be made to provide appropriate responses or perform specific actions by crafting the right prompts.

*12) PAI (Personalize AI): AI that allows users to make the technology their own by ensuring the quality and accuracy of its output through secure training and customization using proprietary data, tailored to the specific needs of individual companies and users.

*13) AISH Era: An era where each individual based on AISH manages both people and AI to sustain their own work.

*14) M-Dev (Market Development with Enterprise Deployment for AISH): Evolve the existing AI speech recognition market into a broader AI market by developing new sales channels and expanding sales through partnerships with other companies, including M&A.

*15) AI Speech Enabler: Promotes client and partner companies “AI Enable” through generative AI and voice-based AI, thereby advancing the development of the AI market.

*16) SAM (Substance Assembly Model): A model which combine “Substance^{*17}” (processing units designed to solve specific problems) with “AI Substance” (processing units specialized in solving AI-driven problems).

*17) Substance: A processing unit equipped with input and output capabilities for performing specific tasks.

*18) AWB (AISH Work Basis): A software framework that represents GAI and our AOI’s PAI as Substance and coordinates them by linking their inputs and outputs via speech commands, for seamless improvement of work efficiency and effectiveness.

We will voluntarily adopt International Financial Reporting Standards (“IFRS”) for our consolidated financial statements starting from the first three months ended March 31, 2027. For the next fiscal year, we expect consolidated net sales of ¥10.0 billion, consolidated business profit of ¥1.5 billion, consolidated profit before income tax of ¥1.5 billion, and profit attributable to owners of parent of ¥1.1 billion in accordance with IFRS.

The above forecasts are based on information available as of the date of publication of this document. The actual results may differ from the full-year-consolidated earnings forecast due to various factors in the future.

(5) Basic Policy on the Payment of Dividends and Dividends for the Fiscal Year Under Review

Our Company Group regard returning profits to our shareholders as a key management priority. Taking into consideration the internal reserves necessary for strategic investments aimed at expanding our business and strengthening our financial position, our basic policy is to strive to return profits to shareholders based on a consolidated dividend payout ratio of 30%.

Our policy is to conduct share buybacks in a flexible and responsive manner with the aim of enhancing shareholder returns and improving capital efficiency. Based on this policy, we have set a dividend of ¥31.0 per share of our common stock (The consolidated dividend payout ratio of 27.9%) for the current fiscal year. Also, we have set a special dividend to commemorate the 20th anniversary of our company groups' listing of ¥2.5. Add these together, we have set the total annual dividend of ¥33.5 per share (The consolidated dividend payout ratio of 30.1%). For the next fiscal year, we plan to pay an annual dividend of ¥22.0 per share.

As previously announced on March 27, 2026, pursuant to a resolution adopted at the Board of Directors meeting held on March 27, 2026, we plan to repurchase up to 2.5 million shares or a total of ¥3,000 million in acquisition value between March 28, 2026, and March 27, 2027.

Basic Concept concerning the Selection of Accounting Standards

We will voluntarily adopt International Financial Reporting Standards (“IFRS”) for our consolidated financial statements starting from the first three months ended March 31, 2027 with the aim of improving the international comparability of financial information in capital markets.

Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	6,405,922	7,789,397
Notes and accounts receivable - trade	1,131,898	1,118,909
Money held in trust	979,400	-
Electronically recorded monetary claims - operating	26,027	5,621
Merchandise and finished goods	59,581	43,687
Work in process	7,056	4,558
Raw materials and supplies	18,242	8,275
Accounts receivable - other	44,769	14,375
Other	669,216	771,206
Allowance for doubtful accounts	(191)	(711)
Total current assets	9,341,923	9,755,320
Non-current assets		
Property, plant and equipment		
Buildings	300,697	644,484
Accumulated depreciation	(100,154)	(144,904)
Buildings, net	200,542	499,579
Other	805,114	945,602
Accumulated depreciation	(429,141)	(585,332)
Accumulated impairment	(9,674)	(10,222)
Other, net	366,297	350,047
Total property, plant and equipment	566,840	849,627
Intangible assets		
Software	732,022	889,681
Software in progress	138,566	161,349
Other	115	115
Total intangible assets	870,704	1,051,146
Investments and other assets		
Investment securities	3,774,005	3,824,071
Leasehold and guarantee deposits	254,781	252,795
Long-term prepaid expenses	518,585	448,127
Deferred tax assets	236,154	12,530
Distressed receivables	21,835	21,835
Other	407,800	458,271
Allowance for doubtful accounts	(21,835)	(21,835)
Total investments and other assets	5,191,327	4,995,797
Total non-current assets	6,628,872	6,896,571
Total assets	15,970,795	16,651,892

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	55,230	46,234
Accounts payable - other	259,710	179,066
Income taxes payable	270,663	516,677
Advances received	1,043,807	987,987
Current portion of long-term borrowings	710,480	380,000
Provision for bonuses	37,460	40,515
Other	131,818	129,475
Total current liabilities	2,509,172	2,279,957
Non-current liabilities		
Long-term borrowings	1,060,700	195,000
Asset retirement obligations	93,304	160,556
Total non-current liabilities	1,154,004	355,556
Total liabilities	3,663,177	2,635,514
Net assets		
Shareholders' equity		
Share capital	6,930,315	6,930,315
Capital surplus	5,817,855	5,836,722
Retained earnings	2,025,764	3,335,854
Treasury shares	(2,651,458)	(2,594,485)
Total shareholders' equity	12,122,477	13,508,407
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192,698	537,086
Foreign currency translation adjustment	(7,557)	(29,115)
Total accumulated other comprehensive income	185,141	507,971
Total net assets	12,307,618	14,016,378
Total liabilities and net assets	15,970,795	16,651,892

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	6,665,147	7,063,091
Cost of sales	1,731,345	1,862,898
Gross profit	4,933,801	5,200,193
Selling, general and administrative expenses	3,491,235	3,759,896
Operating profit	1,442,566	1,440,296
Non-operating income		
Interest income	10,515	20,878
Dividend income	70,360	77,593
Foreign exchange gains	2,517	26,769
Gain on investments in investment partnerships	27,480	3,677
Miscellaneous income	3,347	6,041
Total non-operating income	114,221	134,960
Non-operating expenses		
Interest expenses	13,210	11,837
Commission expenses	1,048	1,570
Miscellaneous losses	2,725	3,278
Total non-operating expenses	16,984	16,687
Ordinary profit	1,539,804	1,558,570
Extraordinary income		
Gain on sale of non-current assets	-	8
Gain on sale of investment securities	57,977	997,160
Gain on reversal of share acquisition rights	25,199	-
Total extraordinary income	83,176	997,168
Extraordinary losses		
Loss on retirement of non-current assets	1,267	893
Impairment losses	-	70,683
Extra retirement payments	14,984	-
Total extraordinary losses	16,251	71,576
Profit before income taxes	1,606,729	2,484,162
Income taxes - current	435,517	679,952
Income taxes - deferred	(237,425)	65,109
Total income taxes	198,091	745,061
Profit	1,408,637	1,739,100
Profit attributable to owners of parent	1,408,637	1,739,100

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	1,408,637	1,739,100
Other comprehensive income		
Valuation difference on available-for-sale securities	(90,876)	344,388
Foreign currency translation adjustment	(6,133)	(21,558)
Total other comprehensive income	(97,010)	322,829
Comprehensive income	1,311,627	2,061,929
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,311,627	2,061,929

Consolidated statement of changes in equity

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of period	6,930,315	5,808,776	920,156	(2,708,811)	10,950,437	283,575	(1,423)	282,151
Changes during period								
Dividends of surplus			(303,029)		(303,029)			
Restricted stock payment		8,727		56,972	65,700			
Profit attributable to owners of parent			1,408,637		1,408,637			
Disposal of treasury shares		351		379	731			
Net changes in items other than shareholders' equity						(90,876)	(6,133)	(97,010)
Total changes during period	-	9,078	1,105,607	57,352	1,172,039	(90,876)	(6,133)	(97,010)
Balance at end of period	6,930,315	5,817,855	2,025,764	(2,651,458)	12,122,477	192,698	(7,557)	185,141

	Share acquisition rights	Total net assets
Balance at beginning of period	25,401	11,257,990
Changes during period		
Dividends of surplus		(303,029)
Restricted stock payment		65,700
Profit attributable to owners of parent		1,408,637
Disposal of treasury shares		731
Net changes in items other than shareholders' equity	(25,401)	(122,411)
Total changes during period	(25,401)	1,049,627
Balance at end of period	-	12,307,618

Consolidated statement of changes in equity

Fiscal year ended March 31, 2026

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of period	6,930,315	5,817,855	2,025,764	(2,651,458)	12,122,477	192,698	(7,557)	185,141
Changes during period								
Dividends of surplus			(429,010)		(429,010)			
Restricted stock payment		18,867		56,972	75,840			
Profit attributable to owners of parent			1,739,100		1,739,100			
Disposal of treasury shares								
Net changes in items other than shareholders' equity						344,388	(21,558)	322,829
Total changes during period	-	18,867	1,310,089	56,972	1,385,929	344,388	(21,558)	322,829
Balance at end of period	6,930,315	5,836,722	3,335,854	(2,594,485)	13,508,407	537,086	(29,115)	507,971

	Share acquisition rights	Total net assets
Balance at beginning of period	-	12,307,618
Changes during period		
Dividends of surplus		(429,010)
Restricted stock payment		75,840
Profit attributable to owners of parent		1,739,100
Disposal of treasury shares		
Net changes in items other than shareholders' equity		322,829
Total changes during period		1,708,759
Balance at end of period	-	14,016,378

Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	1,606,729	2,484,162
Depreciation	520,448	701,767
Impairment losses	-	70,683
Share-based payment expenses	64,768	69,686
Increase (decrease) in allowance for doubtful accounts	(935)	519
Increase (decrease) in provision for bonuses	10,713	3,055
Loss on retirement of non-current assets	1,267	893
Gain on sale of non-current assets	-	(8)
Commission expenses	1,048	1,570
Interest and dividend income	(80,875)	(98,472)
Interest expenses	13,210	11,837
Foreign exchange losses (gains)	(4,236)	(28,609)
Gain on reversal of share acquisition rights	(25,199)	-
Loss (gain) on investments in investment partnerships	(27,480)	(3,677)
Loss (gain) on sale of investment securities	(57,977)	(997,160)
Decrease (increase) in trade receivables	(103,166)	33,395
Decrease (increase) in inventories	43,440	28,358
Decrease (increase) in prepaid expenses	(79,791)	(25,327)
Increase (decrease) in advances received	(52,897)	(55,819)
Other, net	(14,280)	18,942
Subtotal	1,814,784	2,215,796
Interest and dividends received	81,105	98,168
Interest paid	(12,939)	(12,291)
Income taxes paid	(452,163)	(448,126)
Income taxes refund	1,682	1
Net cash provided by (used in) operating activities	1,432,469	1,853,549

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from investing activities		
Payments into time deposits	(4,600,032)	(4,600,255)
Proceeds from withdrawal of time deposits	4,600,021	4,600,096
Purchase of property, plant and equipment	(214,472)	(545,193)
Proceeds from sale of property, plant and equipment	-	8
Purchase of intangible assets	(561,609)	(716,639)
Purchase of investment securities	(559,642)	(352,402)
Proceeds from sale of investment securities	289,240	1,793,000
Reduction of investments in trusts	-	1,000,000
Proceeds from share of profits on investments in capital	54,720	20,640
Payments of leasehold and guarantee deposits	(32,136)	(1,283)
Proceeds from refund of leasehold and guarantee deposits	895	497
Purchase of insurance funds	(55,834)	(58,503)
Proceeds from maturity of insurance funds	9,829	6,496
Net cash provided by (used in) investing activities	(1,069,023)	1,146,460
Cash flows from financing activities		
Proceeds from short-term borrowings	-	100,000
Repayments of short-term borrowings	-	(100,000)
Repayments of long-term borrowings	(908,980)	(1,196,180)
Proceeds from disposal of treasury shares from exercise of share acquisition rights	529	-
Dividends paid	(301,060)	(427,089)
Net cash provided by (used in) financing activities	(1,209,511)	(1,623,269)
Effect of exchange rate change on cash and cash equivalents	(2,063)	6,576
Net increase (decrease) in cash and cash equivalents	(848,128)	1,383,316
Cash and cash equivalents at beginning of period	4,954,028	4,105,900
Cash and cash equivalents at end of period	4,105,900	5,489,216

(Important subsequent events)

(Business Combination through Acquisition)

At a board of Directors meeting held on April 6, 2026, Our Company Group resolved to acquire all shares of feat, Inc., and make it a consolidated subsidiary.

(1) Names and Business Description of Acquired Company

Names of Acquired Company : feat, Inc.

Business Description : Software Testing/Third-party Verification, Software Design/Development, Hardware Design/Development, and Technical Support

(2) Reason for the Business Combination

We determined that by combining our company's overwhelming strengths in "AI speech recognition × Speech AI" with the target company's development capabilities and human resources, we can create integrated solutions and new services as an AI Speech Enabler, leveraging our strength in "Japanese × Speech recognition × Domain-specific".

This integration is expected to lead to market expansion and increased market share, as well as strengthening our Group's stock structure.

(3) Share Transfer Date

April 14, 2026

(4) Legal Form of Business Combination

Acquisition of shares

(5) Name of Combined Company Post-Acquisition

None

(6) Voting Rights Acquired

100.0%

(7) Main Reasons for Determining Acquirer

Our Company Group acquired the shares with cash consideration.