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July 15, 2026

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


Company name: Gunosy Inc.
Listing: Tokyo Stock Exchange
Securities code: 6047
URL: https://gunosy.co.jp
Representative: Kentaro Nishio, Representative Director and President
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Scheduled date of annual general meeting of shareholders: August 26, 2026
Scheduled date to commence dividend payments: August 27, 2026
Scheduled date to file annual securities report: August 25, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

## 1. Consolidated financial results for the fiscal year ended May 31, 2026 (from June 1, 2025 to May 31, 2026)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| May 31, 2026 | 6,441 | 5.6 | 186 | (67.7) | 354 | 8.9 | (11) | - |
| May 31, 2025 | 6,098 | (17.0) | 575 | 712.9 | 325 | - | 78 | - |

Note:Comprehensive income For the fiscal year ended May 31, 2026: ¥(28) million [-%]
For the fiscal year ended May 31, 2025: ¥(416) million [-%]

| | 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 |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| May 31, 2026 | (0.50) | - | (0.1) | 2.8 | 2.9 |
| May 31, 2025 | 3.29 | 3.29 | 0.8 | 2.6 | 9.4 |

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended May 31, 2026: ¥- million
For the fiscal year ended May 31, 2025: ¥(261) million

### (2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| May 31, 2026 | 12,499 | 10,751 | 85.2 | 444.81 |
| May 31, 2025 | 13,222 | 11,283 | 84.4 | 464.60 |

Reference: Equity
As of May 31, 2026: ¥10,652 million
As of May 31, 2025: ¥11,161 million

Note: In the current fiscal year, the provisional accounting treatment for the business combination was finalized, and the figures for the fiscal year ended May 31, 2025 reflect the details of the provisional accounting treatment.

**(3) Consolidated cash flows**

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| May 31, 2026 | 681 | 1,416 | (751) | 5,435 |
| May 31, 2025 | (26) | (1,142) | 55 | 3,991 |

**2. Cash dividends**

| | 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 | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended May 31, 2025 | - | 0.00 | - | 18.30 | 18.30 | 441 | 556.2 | 4.2 |
| Fiscal year ended May 31, 2026 | - | 0.00 | - | 22.00 | 22.00 | 528 | - | 4.8 |
| Fiscal year ending May 31, 2027 (Forecast) | - | 0.00 | - | 13.00 | 13.00 | | - | |

Breakdown of year-end dividends for the fiscal year ending May 31, 2026: Ordinary dividend 18.30 yen, Special dividend 3.70 yen

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

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending May 31, 2027 | 5,094<br>-5,257 | (20.9)<br>-(18.4) | 50<br>-250 | (73.1)<br>-34.4 | 80<br>-280 | (77.4)<br>-(21.0) | (179)<br>-(32) | - | (7.51)<br>-(1.34) |

Note: Consolidated earnings forecasts for the fiscal year ending May 31, 2027 are disclosed in a range format. For details, please refer to “(4) Future outlook” of “1. Overview of Operating Results and Others” on page 4 of the attached materials.

*** 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 May 31, 2026 | 24,237,774 shares |
| As of May 31, 2025 | 24,237,774 shares |

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

| | |
|---|---|
| As of May 31, 2026 | 288,148 shares |
| As of May 31, 2025 | 212,920 shares |

(iii) Average number of shares outstanding during the period

| | |
|---|---|
| Fiscal year ended May 31, 2026 | 23,945,216 shares |
| Fiscal year ended May 31, 2025 | 24,005,027 shares |

Note: The number of treasury shares includes the Company's shares (73,667 shares in the fiscal year ended May 31, 2025 and 54,392 shares in the fiscal year ended May 31, 2026) owned by the ESOP Trust Account that grants shares.

**[Reference] Overview of non-consolidated financial results**

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

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| May 31, 2026 | 2,957 | (19.5) | (134) | - | 2,309 | - | 2,263 | 562.6 |
| May 31, 2025 | 3,672 | (17.9) | 131 | - | 201 | - | 341 | - |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| May 31, 2026 | 94.54 | - |
| May 31, 2025 | 14.23 | 14.23 |

**(2) Non-consolidated financial position**

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| May 31, 2026 | 12,542 | 11,842 | 94.0 | 492.06 |
| May 31, 2025 | 10,819 | 10,061 | 92.4 | 416.02 |

Reference: Equity

As of May 31, 2026: ¥11,784 million

As of May 31, 2025: ¥9,994 million

**2. Non-consolidated earnings forecast for the fiscal year ending May 31, 2027 (June 1, 2026 ~ May 31, 2027)**

(Percentages indicate year-on-year changes.)

| | Net sales | | Ordinary profit | | Profit | | Basic earnings per share |
|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending May 31, 2027 | 1,862 | (37.0) | (469)<br>-(369) | - | (484)<br>-(384) | - | (20.22)<br>-(16.04) |

Note: Non-consolidated earnings forecasts for the fiscal year ending May 31, 2027 are disclosed in a range format. For details, please refer to “(4) Future outlook” of “1. Overview of Operating Results and Others” on page 4 of the attached materials.

* 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 currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. Please refer to “(4) Future outlook” of “1. Overview of Operating Results and Others” on page 4 of the attached materials for the conditions that form the assumptions for the forecasts of financial results and cautions concerning the use thereof.

○ Table of Contents for Attached Materials


1. Overview of Business Results, etc. ..... 2
(1) Overview of Business Results for the Period Under Review ..... 2
(2) Overview of Financial Position for the Period Under Review ..... 3
(3) Overview of Cash Flows for the Period Under Review ..... 3
(4) Future Outlook ..... 4
2. Basic Stance Concerning Choice of Accounting Standards ..... 5
3. Consolidated Financial Statements and Significant Notes Thereto ..... 6
(1) Consolidated Balance Sheets ..... 6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income ..... 8
Consolidated Statements of Income ..... 8
Consolidated Statements of Comprehensive Income ..... 9
(3) Consolidated Statements of Changes in Equity ..... 10
(4) Consolidated Statements of Cash Flows ..... 12
(5) Notes to the Consolidated Financial Statements ..... 13
(Notes on going concern assumption) ..... 13
(Notes to Consolidated Statements of Income) ..... 13
(Segment information, etc.) ..... 14
(Per share information) ..... 19
(Business combinations) ..... 21
(Significant subsequent events) ..... 22

# 1. Overview of Business Results, etc.

## (1) Overview of Business Results for the Period Under Review

Regarding the business environment surrounding the Group during the current fiscal year, the domestic economy continued a moderate recovery throughout the fiscal year, supported by improvements in the employment and income environment. On the other hand, although the impact of U.S. trade policies, which was a concern at the beginning of the period, gradually eased, the outlook remains uncertain due to factors such as the situation in the Middle East and fluctuations in financial and capital markets.

The advertising market continued to expand throughout the current fiscal year, centered on the internet sector. In 2025, internet advertising expenditures accounted for more than half of total advertising expenditures for the first time, with demand for video advertising and social media advertising, in particular, continuing to grow.

In the game market, while maintaining a certain market size both domestically and internationally, the competitive environment between platforms and titles has continued to shift, in addition to the diversification of user preferences and leisure activities.

From the fiscal year ended May 31, 2026, we have reviewed our portfolio classification based on business domains and changed to a new segment classification based on cash generation capacity and growth potential. The status of initiatives for each segment during the current fiscal year is as follows.

Media Business: Comprises a group of businesses that generate stable cash flow and serve as the foundation of the Group, including "Gunosy," "NewsLight," and "au Service Today" operated by the Company, as well as domestic and international media operated by consolidated subsidiary Game8 Inc. (hereinafter, "Game8").

Business progress in the current fiscal year: For game walkthrough media, the overseas business continued to perform strongly, as it did in the previous fiscal year. On the other hand, for news curation media operated by the Company, such as "Gunosy," the number of users fell short of the plan due to factors such as user response to content like news being lower than expected. We will continue to work on cost reductions, including the reduction of advertising expenses, and strive to generate stable free cash flow.

G Holdings Business: Comprises businesses operated by G Holdings Co., Ltd. that aim to maximize the value of intellectual property (IP) through activities such as publishing social games that utilize existing IP, including anime and manga.

In the G Holdings Business, we continued stable operations for existing titles and released new titles. In addition, we are working on multiple new titles scheduled for the future, such as preparing for the launch of the new title "Haikyu!! TOUCH AND CONNECT" within the next fiscal year (fiscal year ending May 31 2027). We will continue to promote PMI (Post-Merger Integration) and strictly manage the profitability of each title, aiming to contribute to Group performance in terms of operating profit, including goodwill amortization.

New Business: Comprises a group of businesses expected to see significant growth over the medium to long term, including Game8's Store and Commerce Business (hereinafter, "SC business") and the "IR Hub" operated by the Company.

In the SC business, following the full enforcement of the Act on Promotion of Competition for Specified Smartphone Software on December 18, 2025, we are continuing to work on expanding title acquisition. Regarding IR Hub, we are strengthening our sales structure to capture demand for English disclosure support, and we are working to improve convenience through better English translation accuracy and functional enhancements, leading to a steady increase in the number of client companies.

Performance for the current fiscal year was as follows: net sales of 6,441 million yen (up 5.6% year on year), ordinary profit of 354 million yen (up 8.9% year on year), and loss attributable to owners of parent of 11 million yen (compared to profit attributable to owners of parent of 78 million yen in the previous fiscal year).

Performance by segment is as follows.

(1) Media Business

Net sales for the Media Business were 5,470 million yen (down 9.6% year on year), and segment profit was 1,163 million yen (down 18.3% year on year). On the other hand, for the game walkthrough media operated by Game8, although there were no major title releases throughout the year, net sales continued to grow year on year as a result of the overseas business's page

views (PV) significantly exceeding expectations.

(2) G Holdings Business

Net sales for the G Holdings Business were 944 million yen, and segment loss was 212 million yen. In the current fiscal year, while the existing title "Haikyu!! TOUCH THE DREAM" performed generally as expected, new titles fell short of expectations due to changes in the release schedule that had been estimated in the plan. Looking toward the next fiscal year, we have been preparing for the release of multiple new titles, including the new title "Haikyu!! TOUCH AND CONNECT," which utilizes "Haikyu!!," an IP with high brand awareness.

(3) New Business

Net sales for the New Business were 30 million yen (down 34.6% year on year), and the segment loss was 198 million yen (compared to a segment loss of 223 million yen in the previous fiscal year).

Regarding our strategic investee, slice Small Finance Bank Ltd., deposits have grown at an annualized rate of approximately 2.2 times, and AUM has continued to grow steadily since the public release of the credit card, maintaining high growth potential even after the merger. The Company will continue to focus on asset management.

(2) Overview of Financial Position for the Period Under Review

(Assets)

Assets at the end of the current fiscal year decreased by 722 million yen from the end of the previous fiscal year to 12,499 million yen. The main factors were a decrease in accounts receivable - trade (a decrease of 275 million yen from the end of the previous fiscal year), a decrease in other current assets (a decrease of 313 million yen from the end of the previous fiscal year), and a decrease in investment securities (a decrease of 160 million yen from the end of the previous fiscal year).

(Liabilities)

Liabilities at the end of the current fiscal year decreased by 190 million yen from the end of the previous fiscal year to 1,748 million yen. The main factors were a decrease in accounts payable - trade (a decrease of 117 million yen from the end of the previous fiscal year) and a decrease in long-term borrowings (a decrease of 187 million yen from the end of the previous fiscal year).

(Net assets)

Net assets at the end of the current fiscal year decreased by 532 million yen from the end of the previous fiscal year to 10,751 million yen. The main factor was a decrease in retained earnings (a decrease of 461 million yen from the end of the previous fiscal year).

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as "capital") at the end of the current fiscal year increased by 1,444 million yen from the end of the previous fiscal year to 5,435 million yen. The details for each type of cash flow for the current fiscal year are as follows.

(Cash flows from operating activities)

Capital provided by operating activities during the current fiscal year amounted to 681 million yen (compared with 26 million yen used during the previous fiscal year). This is mainly attributable to recording profit before income taxes of 267 million yen, a decrease in trade receivables of 259 million yen, a decrease in prepaid expenses of 301 million yen, and income taxes paid of 221 million yen.

(Cash flows from (used in) investing activities)

Capital provided by investing activities during the current fiscal year amounted to 1,416 million yen (compared with 1,142 million yen used during the previous fiscal year). This is mainly attributable to payments into time deposits of 429 million yen and proceeds from withdrawal of time deposits of 1,816 million yen.

(Cash flows from (used in) financing activities)

Capital used by financing activities during the current fiscal year amounted to 751 million yen (compared with 55 million yen provided during the previous fiscal year). This is mainly attributable to repayments of long-term borrowings of 266 million yen, purchase of treasury shares of 109 million yen, and dividends paid of 441 million yen.

(Reference) Changes in indicators related to cash flows

| | Fiscal year ended May 31, 2022 | Fiscal year ended May 31, 2023 | Fiscal year ended May 31, 2024 | Fiscal year ended May 31, 2025 | Fiscal year ended May31, 2026 |
|---|---|---|---|---|---|
| Equity ratio (%) | 87.3 | 87.5 | 87.2 | 84.4 | 85.2 |
| Equity ratio based on fair value (%) | 151.4 | 119.6 | 152.8 | 113.4 | 94.5 |
| Interest-bearing debt to cash flows ratio (Years) | - | - | - | - | 0.1 |
| Interest coverage ratio (Times) | - | - | - | - | 372.4 |

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on fair value: Total market value of shares / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debts / Cash flows

Interest coverage ratio: Cash flows / Interest paid

(Note) 1. The indicators were calculated using consolidated financial figures.

2. The total market value of shares was calculated based on the number of shares outstanding, excluding treasury shares.

3. Cash flows represent cash flows from operating activities.

4. Interest-bearing debts include all debts recorded on the consolidated balance sheet for which interest is paid. Interest paid is the interest expenses paid shown on the consolidated statement of cash flows.

5. The interest coverage ratio (times) for the fiscal years ended May 31, 2022, 2024, and 2025 was not calculated as the cash flows from operating activities were negative. Furthermore, as there was no interest paid for the fiscal year ended May 31, 2023, it has not been provided.

(4) Future Outlook

In recent years, as the adoption of generative AI has progressed, changes have occurred in users' information-gathering behavior. The Company recognizes the possibility of structural impacts centered on news media, and we believe it is a critical management issue to appropriately address risks arising from AI while transforming the business opportunities generated by AI into growth drivers for the Company. In addition, as announced on July 15, 2026, in the "Notice Regarding Termination of Business Alliance Agreement with KDDI CORPORATION," the business alliance agreement regarding the portal app "au Service Today," which we have jointly developed and operated with the company, is scheduled to terminate at the end of March 2027. Accordingly, we recognize that responding to the risk of losing revenue related to this app from the fiscal year ending May 2028 onwards is also a critical management issue for the Group.

In light of these circumstances, the Group will promote management and business transformation centered on AI. While maintaining the Group's growth policy centered on the growth of our strategic investee, slice, we will work to realize extremely high organizational productivity by transforming into a business structure where AI acts as a tailwind for growth or is highly AI-resilient, and by transforming our business workflows and organizational structure with AI as a premise. The earnings forecast for the Fiscal Year Ending May 2027 is based on the assumption that a certain level of investment will be made for these initiatives.

The consolidated earnings forecast for the Fiscal Year Ending May 2027 is disclosed in a range format. The lower end of the range is the level we expect to achieve even after making the aforementioned investments, while incorporating risks such as a downturn in the domestic media market. On the other hand, the upper end of the range takes into account the impact of upside realization in new businesses, upside from the acquisition of new revenue opportunities, or cases where costs are lower than expected due to portfolio selection and concentration, which narrows investment to certain areas.

1. Media Business

In our media business, centered on "Gunosy," we will respond to environmental changes such as the commoditization of news and the replacement of information gateways by AI, and advance the transition from the traditional "news"-only domain to an integrated "news and entertainment" domain that incorporates participatory experiences such as prediction voting and posting. At the same time, based on the termination of the business alliance with KDDI CORPORATION, we aim to build a business structure capable of generating profit solely through "Gunosy" and "NewsLight" within the current fiscal year. At our consolidated subsidiary, Game8 Inc., we view game walkthrough media, which centers on experiential value, as an area with relatively low potential for replacement by AI. We will promote domain expansion through the provision of

diverse content such as videos and seamless integration with games, while using the growth of our strong overseas media as a driving force. In this segment, we plan to execute upfront investments in the restructuring of our organizational structure and development system toward a transition to an AI-resilient media business, and the range of segment profit reflects the fluctuation width depending on the acquisition status of new revenue opportunities. As a result, we forecast net sales of 4,316 million yen and segment profit of 785 to 920 million yen.

2. G Holdings Business

At G Holdings Co., Ltd., we launched the self-released title "Haikyu!! TOUCH AND CONNECT" on June 30, 2026, and are planning the release of new titles such as "Tougen Anki: Crimson Inferno" and "Yowamushi Pedal: Resonance Pedism." Although we anticipate upfront investments such as advertising expenses for new titles, we will proceed with the expansion of our title portfolio while carefully controlling release timing and risk-return for the sake of future revenue maximization. As a result, we forecast net sales of 713 million yen and segment loss of 75 million yen.

3. New Business

This is a group of businesses aimed at achieving high growth over the medium to long term, and includes Game8's SC business and the Company's IR Hub business. For the SC business, we have begun full-scale entry into a market exceeding 2 trillion yen, newly opened by the full enforcement of the Act on Promotion of Competition for Specified Smartphone Software, and we aim to capture significant growth opportunities in the short to medium term, such as through decisions to introduce our services to famous IP titles. For the IR Hub business, the cumulative number of contracts is steadily increasing due to functional enhancements, and we will continue to focus on expanding our customer base and evolving our services. In addition, we plan to execute new investments to commercialize the productivity reform initiatives driven by the Group's own use of AI and to deploy them as BtoB services. In this segment, performance may fluctuate depending on the progress of investments and the realization of their results, and we have incorporated these impacts into the ranges for net sales and segment profit/loss. As a result, we forecast net sales of 68 to 230 million yen and a segment loss of 132 to 67 million yen.

Through these initiatives, for the consolidated financial results for the fiscal year ending May 31, 2027, we forecast net sales of 5,094 to 5,257 million yen (down 20.9% to 18.4% year on year), operating profit of 50 to 250 million yen (down 73.1% to up 34.4% year on year), ordinary profit of 80 to 280 million yen (down 77.4% to 21.0% year on year), and a loss attributable to owners of parent of 179 to 32 million yen.

Regarding slice, our strategic investee, it achieved full-year profitability in the fiscal year ended March 31, 2026, and is establishing its competitive advantage as a digital bank in India. Key indicators such as deposits and loan balances continue to grow while maintaining a healthy balance, and we will continue to strive to enhance its value from an asset management perspective.

For details, please refer to the 'Financial Results Briefing for the Fiscal Year Ended May 31, 2026' scheduled for disclosure today.

## 2. Basic Stance Concerning Choice of Accounting Standards

The Group prepares its consolidated financial statements using Japanese GAAP. We will continue to strive to establish a system to appropriately adapt to trends while closely monitoring developments regarding the future introduction of IFRS (International Financial Reporting Standards).

## 3. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated balance sheet

(Millions of yen)

| | As of May 31, 2025 | As of May 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,369 | 5,436 |
| Accounts receivable - trade | 926 | 651 |
| Other | 942 | 629 |
| Total current assets | 7,238 | 6,716 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 7 | 14 |
| Other, net | 6 | 5 |
| Total property, plant and equipment | 13 | 20 |
| Intangible assets | | |
| Goodwill | 679 | 582 |
| Other | 104 | 79 |
| Total intangible assets | 783 | 661 |
| Investments and other assets | | |
| Investment securities | 5,049 | 4,888 |
| Deferred tax assets | 74 | 137 |
| Other | 62 | 74 |
| Total investments and other assets | 5,186 | 5,101 |
| Total non-current assets | 5,984 | 5,783 |
| Total assets | 13,222 | 12,499 |

(Millions of yen)

| | As of May 31, 2025 | As of May 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 337 | 219 |
| Accounts payable - other | 307 | 344 |
| Income taxes payable | 85 | 155 |
| Short-term borrowings | - | 27 |
| Current portion of long-term borrowings | 41 | 6 |
| Advances received | 612 | 582 |
| Provision for share awards | 16 | 7 |
| Other | 172 | 175 |
| Total current liabilities | 1,573 | 1,518 |
| Non-current liabilities | | |
| Long-term borrowings | 225 | 38 |
| Provision for share awards | 1 | 2 |
| Deferred tax liabilities | 137 | 186 |
| Other | - | 1 |
| Total non-current liabilities | 364 | 229 |
| Total liabilities | 1,938 | 1,748 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,099 | 4,099 |
| Capital surplus | 4,099 | 4,099 |
| Retained earnings | 2,919 | 2,457 |
| Treasury shares | (220) | (265) |
| Total shareholders' equity | 10,896 | 10,390 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 305 | 271 |
| Deferred gains or losses on hedges | (40) | (8) |
| Total accumulated other comprehensive income | 265 | 262 |
| Share acquisition rights | 66 | 57 |
| Non-controlling interests | 55 | 40 |
| Total net assets | 11,283 | 10,751 |
| Total liabilities and net assets | 13,222 | 12,499 |

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Millions of yen)

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 |
|---|---|---|
| Net sales | 6,098 | 6,441 |
| Cost of sales | 3,203 | 3,492 |
| Gross profit | 2,895 | 2,948 |
| Selling, general and administrative expenses | 2,319 | 2,762 |
| Operating profit | 575 | 186 |
| Non-operating income | | |
| Interest income | 66 | 79 |
| Dividend income | - | 13 |
| Foreign exchange gain | - | 88 |
| Other | 2 | 3 |
| Total non-operating income | 68 | 185 |
| Non-operating expenses | | |
| Interest expenses | - | 1 |
| Commission expenses | 5 | 6 |
| Foreign exchange loss | 31 | - |
| Loss on investments in investment partnerships | 20 | 8 |
| Share of loss of entities accounted for using equity method | 261 | - |
| Other | 0 | - |
| Total non-operating expenses | 319 | 16 |
| Ordinary profit | 325 | 354 |
| Extraordinary income | | |
| Gain on sale of investment securities | 87 | 46 |
| Gain on reversal of share acquisition rights | 14 | 18 |
| Total extraordinary income | 101 | 64 |
| Extraordinary losses | | |
| Impairment losses | - | 69 |
| Loss on valuation of investment securities | 139 | 60 |
| Extra retirement payments | - | 21 |
| Total extraordinary losses | 139 | 151 |
| Profit before income taxes | 287 | 267 |
| Income taxes - current | 230 | 272 |
| Income taxes - deferred | (17) | 21 |
| Total income taxes | 212 | 293 |
| Profit (loss) | 74 | (26) |
| Loss attributable to non-controlling interests | (4) | (14) |
| Profit (loss) attributable to owners of parent | 78 | (11) |

(Consolidated statement of comprehensive income)

(Millions of yen)

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 |
|---|---|---|
| Profit (loss) | 74 | (26) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 246 | (34) |
| Deferred gains or losses on hedges | (77) | 31 |
| Foreign currency translation adjustment | (835) | - |
| Share of other comprehensive income of entities accounted for using equity method | 175 | - |
| Total other comprehensive income | (490) | (2) |
| Comprehensive income | (416) | (28) |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | (411) | (14) |
| Comprehensive income attributable to non-controlling interests | (4) | (14) |

(3) Consolidated statement of changes in equity

Fiscal year ended May 31, 2025

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,099 | 4,099 | 1,223 | (288) | 9,134 |
| Changes during period | | | | | |
| Profit attributable to owners of parent | | | 78 | | 78 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | | (5) | 67 | 61 |
| Changes in scope of application of equity method | | | 1,621 | | 1,621 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | 1,695 | 67 | 1,762 |
| Balance at end of period | 4,099 | 4,099 | 2,919 | (220) | 10,896 |

| | Accumulated other comprehensive income | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 58 | 37 | 660 | 756 | 79 | - | 9,970 |
| Changes during period | | | | | | | |
| Profit attributable to owners of parent | | | | | | | 78 |
| Purchase of treasury shares | | | | | | | (0) |
| Disposal of treasury shares | | | | | | | 61 |
| Changes in scope of application of equity method | | | | | | | 1,621 |
| Net changes in items other than shareholders' equity | 246 | (77) | (660) | (490) | (12) | 55 | (448) |
| Total changes during period | 246 | (77) | (660) | (490) | (12) | 55 | 1,313 |
| Balance at end of period | 305 | (40) | - | 265 | 66 | 55 | 11,283 |

Fiscal year ended May 31, 2026

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,099 | 4,099 | 2,919 | (220) | 10,896 |
| Changes during period | | | | | |
| Loss attributable to owners of parent | | | (11) | | (11) |
| Purchase of treasury shares | | | | (109) | (109) |
| Disposal of treasury shares | | | (8) | 65 | 56 |
| Dividends of surplus | | | (441) | | (441) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | (461) | (44) | (506) |
| Balance at end of period | 4,099 | 4,099 | 2,457 | (265) | 10,390 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 305 | (40) | 265 | 66 | 55 | 11,283 |
| Changes during period | | | | | | |
| Loss attributable to owners of parent | | | | | | (11) |
| Purchase of treasury shares | | | | | | (109) |
| Disposal of treasury shares | | | | | | 56 |
| Dividends of surplus | | | | | | (441) |
| Net changes in items other than shareholders' equity | (34) | 31 | (2) | (9) | (14) | (26) |
| Total changes during period | (34) | 31 | (2) | (9) | (14) | (532) |
| Balance at end of period | 271 | (8) | 262 | 57 | 40 | 10,751 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 287 | 267 |
| Depreciation | 3 | 53 |
| Impairment losses | - | 69 |
| Amortization of goodwill | - | 97 |
| Foreign exchange loss (gain) | 21 | (69) |
| Interest and dividend income | (66) | (93) |
| Interest expenses | - | 1 |
| Loss (gain) on sale of investment securities | (87) | (46) |
| Loss (gain) on valuation of investment securities | 139 | 60 |
| Share of loss (profit) of entities accounted for using equity method | 261 | - |
| Extra retirement payments | - | 21 |
| Decrease (increase) in trade receivables | 66 | 259 |
| Increase (decrease) in trade payables | (83) | (117) |
| Increase (decrease) in accounts payable - other | 13 | 16 |
| Decrease (increase) in prepaid expenses | (229) | 301 |
| Increase (decrease) in advances received | (29) | (30) |
| Increase (decrease) in provision for share awards | 13 | 11 |
| Other | 66 | 0 |
| Subtotal | 377 | 802 |
| Interest and dividends received | 58 | 101 |
| Interest paid | - | (1) |
| Income taxes paid | (462) | (221) |
| Cash flows from operating activities | (26) | 681 |
| Cash flows from investing activities | | |
| Payments into time deposits | (1,744) | (429) |
| Proceeds from withdrawal of time deposits | 1,160 | 1,816 |
| Purchase of property, plant and equipment | - | (13) |
| Purchase of intangible assets | - | (67) |
| Purchase of investment securities | (185) | (67) |
| Proceeds from sale of investment securities | 291 | 65 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (673) | - |
| Proceeds from share of profits on investments in capital | - | 86 |
| Payments of leasehold and guarantee deposits | - | (21) |
| Proceeds from refund of leasehold and guarantee deposits | 6 | 6 |
| Other | 3 | 41 |
| Cash flows from investing activities | (1,142) | 1,416 |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | - | 30 |
| Repayments of short-term borrowings | - | (2) |
| Proceeds from long-term borrowings | - | 45 |
| Repayments of long-term borrowings | - | (266) |
| Purchase of treasury shares | (0) | (109) |
| Proceeds from disposal of treasury shares | 1 | - |
| Commission expenses | (6) | (6) |
| Proceeds from share issuance to non-controlling shareholders | 60 | - |
| Dividends paid | - | (441) |
| Cash flows from financing activities | 55 | (751) |
| Effect of exchange rate change on cash and cash equivalents | 13 | 98 |
| Net increase (decrease) in cash and cash equivalents | (1,099) | 1,444 |
| Cash and cash equivalents at beginning of period | 5,090 | 3,991 |
| Cash and cash equivalents at end of period | 3,991 | 5,435 |

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes to Consolidated statement of income)

Impairment losses

The Group has recognized impairment losses for the following asset groups.

Fiscal year ended May 31, 2025

There is no relevant information.

Fiscal year ended May 31, 2026

| Location | Purpose | Class | Amount |
|---|---|---|---|
| Shibuya-ku, Tokyo | Assets for business use | Buildings and structures | 0 million yen |
| | | Investments and other assets (Other) | 23 million yen |
| Shinjuku-ku, Tokyo | Assets for business use | Intangible assets (Other) | 45 million yen |

(1) Circumstances leading to the recognition of impairment losses

Following a review of the Company's business plan, the Company compared the future cash flows based on the business plan with the book value of its non-current assets, using the remaining useful life of the major assets as the estimation period. As a result, since the future cash flows fell below the book value, the book value was reduced to the recoverable amount, and this reduction was recognized as an impairment loss in extraordinary losses.

(2) Method of grouping assets

The Group performs asset grouping primarily based on the smallest unit that generates cash flows that are largely independent of the cash flows from other assets or groups of assets, based on business segments.

(3) Method of calculating the recoverable amount

The recoverable amount is measured by value in use, and since no future cash flows are expected, the recoverable amount is calculated as zero.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are those for which separate financial information is available among the constituent units of the Company and which are subject to regular review by the Board of Directors for the purpose of deciding on the allocation of management resources and evaluating performance.

(2) Types of products and services belonging to each reportable segment

(1) "Media Business": This segment comprises a group of businesses that generate stable cash flow and serve as the foundation of the Group, including "Gunosy" and "au Service Today" operated by the Company, as well as domestic and international media operated by Game8.

(2) "G Holdings Business": This segment comprises businesses operated by G Holdings Co., Ltd. that aim to maximize the value of intellectual property (IP) through activities such as publishing social games that utilize existing IP, including anime and manga.

(3) "New Business": This segment is comprised of a group of businesses with significant medium to long-term growth potential, including Game8's SC business and the "IR Hub" operated by the Company.

In addition to the businesses described above, the Company also engages in investment activities, led by slice Small Finance Bank Ltd. These investment activities represent a high-growth option for the Company in the medium to long-term and may have a significant impact on future business results. However, they are not currently recognized as a reportable segment because their revenue recognition is non-continuous and they do not meet the criteria for an independent business segment as defined by accounting standards. The assets and profit/losses related to these investment activities will be presented as adjustments.

(3) Disclosure of changes, etc. in reportable segments

The Group had previously only identified the "Media Business" since other segments were not considered significant enough to be disclosed individually.

However, given that existing businesses have achieved stable profitability in the previous fiscal year and M&A activities have progressed, the Company has decided to change its segment classification from the current fiscal year, with the aim of more accurately reflecting the actual state of its business activities based on cash generation capacity and growth potential.

Accordingly, segment information for the previous fiscal year has been prepared based on the revised reportable segment classification.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting methods for the reportable business segments are consistent with the accounting policies adopted to prepare the consolidated financial statements.

Profit for reportable segments is based on operating profit. Internal sales between segments are based on third-party transaction prices.

3. Information on net sales, profit or loss, and assets for each reportable segment, and disaggregated revenue information

Fiscal year ended May 31, 2025

(Millions of yen)

| | Reportable segment | | | | Adjustments | Amount on consolidated financial statements |
|---|---|---|---|---|---|---|
| | Media Business | G Holdings Business | New Business | Total | | |
| Net sales | | | | | | |
| Revenue from contracts with customers | 6,051 | - | 46 | 6,098 | 0 | 6,098 |
| Other income | - | - | - | - | - | - |
| Sales to external customers | 6,051 | - | 46 | 6,098 | 0 | 6,098 |
| Transactions with other segments | - | - | - | - | - | - |
| Total | 6,051 | - | 46 | 6,098 | 0 | 6,098 |
| Segment profit or loss | 1,424 | - | (223) | 1,200 | (624) | 575 |
| Segment assets | 2,027 | 1,813 | 240 | 4,080 | 9,141 | 13,222 |
| Other items | | | | | | |
| Depreciation | 3 | - | 0 | 3 | 0 | 3 |

(Note) 1. Adjustments are as follows.

(1) The adjustment of (624) million yen for segment profit or loss mainly reflects corporate expenses not allocated to any reportable segment. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

(2) The adjustment of 9,141 million yen for segment assets mainly reflects surplus funds (cash and deposits) and long-term investment funds (investment securities) not attributable to any reportable segment.

(3) The adjustment of 0 million yen for depreciation reflects depreciation expenses not allocated to any reportable segment.

2. Segment profit or loss is consistent with operating profit on the consolidated statement of income.

Fiscal year ended May 31, 2026

(Millions of yen)

| | Reportable segment | | | | Adjustments | Amount on consolidated financial statements |
|---|---|---|---|---|---|---|
| | Media Business | G Holdings Business | New Business | Total | | |
| Net sales | | | | | | |
| Revenue from contracts with customers | 5,470 | 944 | 26 | 6,441 | 0 | 6,441 |
| Other income | - | - | - | - | - | - |
| Sales to external customers | 5,470 | 944 | 26 | 6,441 | 0 | 6,441 |
| Transactions with other segments | - | - | 4 | 4 | (4) | - |
| Total | 5,470 | 944 | 30 | 6,445 | (4) | 6,441 |
| Segment profit or loss | 1,163 | (212) | (198) | 752 | (566) | 186 |
| Segment assets | 1,582 | 1,268 | 322 | 3,174 | 9,325 | 12,499 |
| Other items | | | | | | |
| Depreciation | 3 | 50 | 0 | 53 | 0 | 53 |
| Amortization of goodwill | - | 97 | - | 97 | - | 97 |

(Note) 1. Adjustments are as follows.

(1) The adjustment of (566) million yen for segment profit or loss mainly reflects corporate expenses not allocated to any reportable segment. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

(2) The adjustment of 9,325 million yen for segment assets mainly reflects surplus funds (cash and deposits) and long-term investment funds (investment securities) not attributable to any reportable segment.

(3) The adjustment of 0 million yen for depreciation mainly reflects depreciation expenses not allocated to any reportable segment.

2. Segment profit or loss is consistent with operating profit on the consolidated statement of income.

3. Segment information for the previous fiscal year is disclosed based on the amounts after reflecting the significant revision of the initial allocation of the acquisition cost due to the finalization of the provisional accounting treatment described in "Notes (Business combinations)."

[Related information]

Fiscal year ended May 31, 2025

1. Information for each product or service

Omitted because similar information is disclosed in the segment information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

| Japan | United States | Other | Total |
|---|---|---|---|
| 5,244 | 853 | 2 | 6,098 |

(2) Property, plant and equipment

There is no relevant information because there are no property, plant and equipment owned outside Japan.

3. Information for each of main customers

| Customer name | Net sales (Millions of yen) | Related segment |
|---|---|---|
| KDDI CORPORATION | 1,049 | Media Business |
| Mediavine, Inc. | 854 | Media Business |
| Google LLC | 673 | Media Business |

Fiscal year ended May 31, 2026

1. Information for each product or service

Omitted because similar information is disclosed in the segment information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

| Japan | United States | Other | Total |
|---|---|---|---|
| 5,381 | 990 | 69 | 6,441 |

(2) Property, plant and equipment

There is no relevant information because there are no property, plant and equipment owned outside Japan.

3. Information for each of main customers

| Customer name | Net sales (Millions of yen) | Related segment |
|---|---|---|
| Mediavine, Inc. | 908 | Media Business |
| KDDI CORPORATION | 764 | Media Business |

[Information about impairment losses on non-current assets by reportable segment]

Fiscal year ended May 31, 2025

There is no relevant information.

Fiscal year ended May 31, 2026

(Millions of yen)

| | Media Business | G Holdings Business | New Business | Total | Corporate/Eliminations | Total |
|---|---|---|---|---|---|---|
| Impairment losses | - | 45 | - | 45 | 24 | 69 |

[Information about amortization amount and unamortized balance of goodwill by reportable segment]

Fiscal year ended May 31, 2025

(Millions of yen)

| | Media Business | G Holdings Business | New Business | Total | Corporate/Eliminations | Total |
|---|---|---|---|---|---|---|
| Remaining balance at end of period | - | 679 | - | 679 | - | 679 |

Fiscal year ended May 31, 2026

(Millions of yen)

| | Media Business | G Holdings Business | New Business | Total | Corporate/Eliminations | Total |
|---|---|---|---|---|---|---|
| Amortization for the period | - | 97 | - | 97 | - | 97 |
| Remaining balance at end of period | - | 582 | - | 582 | - | 582 |

[Information about gain on bargain purchase by reportable segment]

Fiscal year ended May 31, 2025

There is no relevant information.

Fiscal year ended May 31, 2026

There is no relevant information.

(Per share information)

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 |
|---|---|---|
| Net assets per share | 464.60 yen | 444.81 yen |
| Profit (loss) per share | 3.29 yen | (0.50) yen |
| Diluted earnings per share | 3.29 yen | - yen |

(Note) 1. Diluted earnings per share for the current fiscal year is not stated because a net loss per share was recorded, although potential shares exist.

2. In the calculation of net assets per share, the Company's shares that are recorded as treasury shares under the shareholders' equity and held by the Share-Based ESOP Trust are included in treasury shares that are excluded from the total number of issued shares at the end of the period. In addition, in the calculation of basic earnings per share, basic loss per share, and diluted earnings per share, they are included in treasury shares that are excluded when calculating the average number of shares during the period.

3. In the calculation of net assets per share, the number of the treasury shares excluded from the total number of outstanding shares at the end of the period is 73,667 shares for the previous fiscal year and 54,392 shares for the current fiscal year. In the calculation of basic earnings per share, basic loss per share, and diluted earnings per share, the number of the treasury shares excluded from the average number of shares during the period is 78,839 shares for the previous fiscal year and 62,113 shares for the current fiscal year.

4. The basis for calculating basic earnings per share, basic loss per share, and diluted earnings per share is as follows.

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 |
|---|---|---|
| Profit (loss) per share | | |
| Profit (loss) attributable to owners of parent (Millions of yen) | 78 | (11) |
| Amount not attributable to common shareholders (Millions of yen) | - | - |
| Profit (loss) attributable to owners of parent (Millions of yen) | 78 | (11) |
| Average number of common shares outstanding during the period (shares) | 24,005,027 | 23,945,216 |
| | | |
| Diluted earnings per share | | |
| Adjustment to profit attributable to owners of parent (Millions of yen) | - | - |
| Increase in number of common shares (shares) | 613 | - |
| (of which, share acquisition rights) (shares) | (613) | (-) |

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 |
|---|---|---|
| Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect | 7th share acquisition rights<br>20,000 units<br>(20,000 common shares)<br>Issued on July 29, 2016<br><br>9th share acquisition rights<br>1,600 units<br>(1,600 common shares)<br>Issued on July 29, 2019<br><br>10th share acquisition rights<br>4,400 units<br>(4,400 common shares)<br>Issued on September 14, 2020<br><br>11th share acquisition rights<br>54,300 units<br>(54,300 common shares)<br>Issued on June 2, 2021<br><br>12th share acquisition rights<br>5,000 units<br>(5,000 common shares)<br>Issued on September 30, 2021<br><br>13th share acquisition rights<br>11,000 units<br>(11,000 common shares)<br>Issued on May 2, 2022<br><br>14th share acquisition rights<br>15,800 units<br>(15,800 common shares)<br>Issued on June 29, 2022<br><br>15th share acquisition rights<br>20,900 units<br>(20,900 common shares)<br>Issued on July 3, 2023<br><br>16th share acquisition rights<br>20,500 units<br>(20,500 common shares)<br>Issued on July 5, 2024 | 7th share acquisition rights<br>20,000 units<br>(20,000 common shares)<br>Issued on July 29, 2016<br><br>9th share acquisition rights<br>1,600 units<br>(1,600 common shares)<br>Issued on July 29, 2019<br><br>10th share acquisition rights<br>3,300 units<br>(3,300 common shares)<br>Issued on September 14, 2020<br><br>11th share acquisition rights<br>33,200 units<br>(33,200 common shares)<br>Issued on June 2, 2021<br><br>12th share acquisition rights<br>5,000 units<br>(5,000 common shares)<br>Issued on September 30, 2021<br><br>13th share acquisition rights<br>11,000 units<br>(11,000 common shares)<br>Issued on May 2, 2022<br><br>14th share acquisition rights<br>15,800 units<br>(15,800 common shares)<br>Issued on June 29, 2022<br><br>15th share acquisition rights<br>20,200 units<br>(20,200 common shares)<br>Issued on July 3, 2023<br><br>16th share acquisition rights<br>19,600 units<br>(19,600 common shares)<br>Issued on July 5, 2024<br><br>17th share acquisition rights<br>52,200 units<br>(52,200 common shares)<br>Issued on July 4, 2025 |

5. The basis for calculating net assets per share is as follows.

| | As of May 31, 2025 | As of May 31, 2026 |
|---|---|---|
| Total net assets (Millions of yen) | 11,283 | 10,751 |
| Amount deducted from total net assets (Millions of yen) | 121 | 98 |
| (of which, share acquisition rights) (Millions of yen) | (66) | (57) |
| (of which, non-controlling interests) (Millions of yen) | (55) | (40) |
| Year-end net assets related to common shares (Millions of yen) | 11,161 | 10,652 |
| Number of common shares at year-end used to calculate net assets per share (shares) | 24,024,854 | 23,949,626 |

(Business combinations)

(Finalization of provisional accounting treatment for business combinations)

Regarding the business combination with G Holdings Co., Ltd., a consolidated subsidiary of the Company, which took place on May 23, 2025, provisional accounting treatment was performed in the previous fiscal year, but it has been finalized in the current fiscal year. In addition, the price adjustment after the stock acquisition has been completed, and the acquisition cost has been finalized in the current fiscal year. As a result of these finalizations, significant revisions to the initial allocation of the acquisition cost have been reflected in the comparative information included in the consolidated financial statements for the current fiscal year. As a result, the provisionally calculated goodwill of 720 million yen decreased by 40 million yen due to the finalization of the accounting treatment, resulting in 679 million yen. The decrease in goodwill is due to a decrease of 3 million yen resulting from adjustments to the acquisition cost, as well as an increase of 57 million yen in other intangible assets and an increase of 19 million yen in deferred tax liabilities. In addition, in the consolidated balance sheet for the previous fiscal year, other current assets increased by 3 million yen and other intangible assets increased by 57 million yen, while goodwill decreased by 40 million yen and deferred tax assets decreased by 19 million yen. The amortization period for goodwill is 7 years, and the amortization period for other intangible assets is 3 years.

(Significant subsequent events)

(Reduction of Capital Reserve)

At the Board of Directors meeting held on July 15, 2026, the Company resolved to submit to the 14th Annual General Meeting of Shareholders scheduled to be held on August 26, 2026 a proposal for the reduction of the amount of capital reserve as described below.

1. Purpose of the Reduction of Capital Reserve

The purpose of this reduction is to enhance the distributable amount in order to continue stable long-term dividend payments and to ensure flexibility in capital policy. Pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, the entire amount of the capital reserve will be reduced and transferred in its entirety to other capital surplus.

2. Details of the Reduction of Capital Reserve

The entire amount of the capital reserve of 4,099,301,787 yen will be reduced, and the same amount will be transferred to other capital surplus, resulting in the capital reserve balance being reduced to zero yen.

3. Schedule for the Reduction of Capital Reserve

(1) Board of Directors resolution date: July 15, 2026
(2) General Meeting of Shareholders resolution date: August 26, 2026 (scheduled)
(3) Public notice date for creditor objection period: September 7, 2026 (scheduled)
(4) Final date for creditor objections: October 7, 2026 (scheduled)
(5) Effective date: October 16, 2026 (scheduled)

(Termination of business alliance with KDDI CORPORATION)

At the Board of Directors meeting held on July 15, 2026, the Company resolved to terminate the business alliance based on the Basic Collaboration Agreement (hereinafter "the Business Alliance Agreement") concluded with KDDI CORPORATION (Tokyo Stock Exchange Prime Market, Securities Code: 9433; hereinafter "KDDI") on January 14, 2021.

1. Reasons for Termination of Business Alliance

The Company has been promoting collaboration with KDDI primarily in the media domain since 2014. As part of this initiative, as announced in the Company's timely disclosure dated January 14, 2021, titled "Notice Regarding Business Alliance with KDDI CORPORATION," the Company concluded the Business Alliance Agreement with KDDI and has been promoting the development and operation of the portal application "au Service Today."

In recent years, the business environment surrounding information distribution services for smartphones has undergone significant changes due to shifts in information distribution structures, including advances in generative AI, and the diversification of user behavior. While the business alliance with KDDI has achieved certain results over a long period, both companies engaged in repeated discussions regarding the future direction of their businesses in light of recent environmental changes, and The Company also conducted careful deliberations.

As a result, given the rapid pace of change in the current business environment, both companies reached a shared understanding that the flexible allocation of each company's management resources under their own decision-making would contribute to the medium- to long-term enhancement of corporate value for both parties. Accordingly, The Company resolved at the Board of Directors meeting held on July 15, 2026 to terminate the business alliance.

2. Details of the Alliance Termination

The joint development and operation of the portal application "au Service Today" with KDDI. The Business Alliance Agreement is scheduled to be terminated as of March 31, 2027.

3. Overview of the Counterparty to the Business Alliance Termination (as of March 31, 2026)

| | | |
|---|---|---|
| (1) Name | KDDI CORPORATION | |
| (2) Location | 2-3-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo | |
| (3) Title and name of representative | President and Representative Director, CEO: Hiromichi Matsuda | |
| (4) Description of business | Telecommunications business | |
| (5) Share capital | 141,852 million yen | |
| (6) Date of establishment | June 1, 1984 | |
| (7) Major shareholders and shareholding ratio (as of March 31, 2026) | The Master Trust Bank of Japan, Ltd. (Trust Account) | 15.77% |
| | KYOCERA Corporation | 14.75% |
| | Toyota Motor Corporation | 9.54% |
| | Custody Bank of Japan, Ltd. (Trust Account) | 6.63% |

| (8) Relationship between the Company and the said company | | |
|---|---|---|
| | Capital relationship | The said company is a major shareholder holding 10% or more of the total number of issued shares of the Company. |
| | Personnel relationship | One director has been seconded from the said company. In addition, two employees have been seconded from the Company to the said company. |
| | Business relationship | The Company and the said company collaborate on the au portal application "au Service Today." In addition, call charges are incurred for mobile phones sold by the said company. |
| | Status as a related party | The said company is a major shareholder of the Company and falls under the category of a related party. |

(9) Consolidated operating results and consolidated financial position for the past three years (Consolidated)

| Fiscal year | Fiscal Year Ended March 31, 2024 | Fiscal Year Ended March 31, 2025 | Fiscal Year Ended March 31, 2026 |
|---|---|---|---|
| Equity Attributable to Owners of the Parent | 5,188,048 million yen | 5,032,495 million yen | 5,076,738 million yen |
| Total assets | 14,054,762 million yen | 16,714,708 million yen | 19,063,364 million yen |
| Equity Attributable to Owners of the Parent per Share | 1,245.78 yen | 1,264.94 yen | 1,333.50 yen |
| Revenue | 5,699,724 million yen | 5,835,525 million yen | 6,071,915 million yen |
| Operating Income | 912,031 million yen | 1,087,468 million yen | 1,099,125 million yen |
| Pre-tax Income for the Period | 943,172 million yen | 1,073,418 million yen | 1,117,904 million yen |
| Profit for the Period Attributable to Owners of the Parent | 600,281 million yen | 655,416 million yen | 707,112 million yen |
| Basic earnings per share | 141.75 yen | 161.86 yen | 183.59 yen |
| Dividends per share | 140.00 yen | 145.00 yen | 80.00 yen |

(Note 1) Since KDDI CORPORATION applies IFRS, "ordinary income" is not presented; pre-tax income is stated instead.
(Note 2) KDDI CORPORATION implemented a 2-for-1 stock split of its common stock effective April 1, 2025. Basic earnings per share and owners' equity per share are calculated on a post-split basis for all periods. Dividends per share are stated as the actual amounts before the stock split for the Fiscal Year Ended March 31, 2024 and the Fiscal Year Ended March 31, 2025, and on a post-split basis (equivalent to 160 yen before the split) for the Fiscal Year Ended March 31, 2026.
(Note 3) One director seconded from KDDI CORPORATION is scheduled to resign at the conclusion of the Company's

14th Annual General Meeting of Shareholders scheduled to be held on August 26, 2026.

4. Schedule

| | |
|---|---|
| (1) Date of Board of Directors resolution | July 15, 2026 |
| (2) Date of termination of business alliance | March 31, 2027 (planned) |

5. Future Outlook

The impact of this matter on the consolidated financial results of Gunosy Inc. for the Fiscal Year Ending May 2027 is disclosed as part of the full-year consolidated financial forecast for the Fiscal Year Ending May 2027 announced today.