Consolidated Financial Statements for the Second Quarter and First Half-Year Period of Fiscal Year Ending March 31, 2027 (Japanese GAAP)

November 12, 2026

Name of Listed Company: Ａｋａｔｓｕｋｉ　Ｉｎｃ.　Stock listed on: Tokyo Stock Exchange
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Scheduled date for filing half-year report: November 13, 2026
Scheduled dividend payment date: December 11, 2026
Supplementary explanatory materials: Yes
Financial results conference: Yes (For institutional investors and analysts)

(Amounts less than 1 million yen have been rounded down)

1. Consolidated Results for the First Half-Year Period of FY2026 (April 1, 2026 to September 30, 2026)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year change)

	Net sales		Adjusted EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half-year period, FY2026	21,507	116.9	6,022	225.5	4,756	175.9	4,466	166.4	2,542	37.1
First half-year period, FY2025	9,915	△20.6	1,850	△40.5	1,724	△42.4	1,676	△42.7	1,853	31.4

(Note) Comprehensive income: First half-year period, FY2026: 2,798 Million yen (23.3%)
First half-year period, FY2025: 2,269 Million yen (51.4%)

	Profit per Share	Diluted Profit per Share
	Yen	Yen
First half-year period, FY2026	67.29	―
First half-year period, FY2025	42.85	42.85

(Notes) 1. Adjusted EBITDA is calculated by starting with operating profit (based on Japanese GAAP financial accounting) and adjusting for non-cash expenses (share-based compensation expenses, depreciation, amortization of goodwill, etc.) and non-recurring items (M&A-related expenses). The Company considers this to be useful information for understanding its recurring operating performance.
2. The Company conducted a stock split at a ratio of 3 shares for every 1 share of common stock, with an effective date of October 1, 2026. The amounts shown for “Profit per Share” and “Diluted Profit per Share” were calculated assuming that the stock split had been conducted at the beginning of the previous consolidated fiscal year.
3. Diluted Profit per Share is not presented for the first half-year period of FY2026 because there were no dilutive securities.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2026	88,834	42,448	45.5
As of March 31, 2026	62,325	45,376	72.3

(Reference) Equity: As of September 30, 2026: 40,419 Million yen As of March 31, 2026: 45,070 Million yen

2. Dividends

	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year End	Full Year Total
	Yen	Yen	Yen	Yen	Yen
FY2025	―	55.00	―	60.00	115.00
FY2026	―	60.00			
FY2026 (Forecast)			―	―	―

(Notes) 1. Revisions to the latest dividend forecasts: None
2. The Company conducted a stock split at a ratio of 3 shares for every 1 share of common stock, with an effective date of October 1, 2026. The dividend amounts shown for FY2025 and the end of the second quarter

of FY2026 are presented as the actual amounts before the stock split. The dividend amount for the end of the second quarter of FY2026 would be ¥20.00 when taking the stock split into account.

3. The year-end dividend for the fiscal year ending March 31, 2027 is undetermined given uncertainties in forecasting profit attributable to owners of parent at the present time.

3. Forecasts for FY2026 (April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year change)

	Net sales		Adjusted EBITDA		Operating profit	
	Million yen	%	Million yen	%	Million yen	%
Full year	48,000 ～53,000	85.6 ～105.0	11,000 ～13,000	38.7 ～64.0	9,000 ～11,000	20.9 ～47.8

(Notes) 1. Revisions to the latest earnings forecasts: Yes

2. The forecasts for the fiscal year ending March 31, 2027 are shown in a range format. For details, please refer to the “Notice Regarding Announcement of Full-Year Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2027” announced today.

*** Matters of note**:

(1) Significant changes in the scope of consolidation during the first half-year period of consolidated FY2026: Yes

Newly added: 11 companies (Company name: Groove Direction, Inc. and 10 other companies)

Excluded: 1 company (Company name: WOWs, Inc.)

Note: For details, please refer to "2. Half-Year Consolidated Financial Statements and Related Notes, (4) Notes on the Half-Year Consolidated Financial Statements (Changes in Scope of Consolidation or Scope of Equity Method)" on page 10 of the attachment.

(2) Application of accounting methods specific to the preparation of half-year consolidated financial statements: Yes

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies due to the revision of accounting standards and other regulations: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Shares outstanding (Common shares)

1) Number of shares outstanding (including treasury shares)	As of September 30, 2026	43,559,400	As of March 31, 2026	43,559,400
2) Number of treasury shares	As of September 30, 2026	7,462,593	As of March 31, 2026	292,593
3) Average number of shares during the term	First half-year of FY2026	37,781,561	First half-year of FY2025	43,259,832

(Notes) 1. The Company conducted a stock split at a ratio of 3 shares for every 1 share of common stock, with an effective date of October 1, 2026. The figures shown for "number of shares outstanding (including treasury shares)," "number of treasury shares," and "average number of shares during the term" were calculated assuming that the stock split had been conducted at the beginning of the previous consolidated fiscal year.

2. The number of treasury shares includes shares of the Company held by "Employee Stock Ownership Plan (J-ESOP)". (96,468 shares as of September 30, 2026; 96,468 shares as of March 31, 2026, with these amounts also calculated assuming that the stock split had been conducted at the beginning of the previous consolidated fiscal year).

3. The number of shares of the Company held by "Employee Stock Ownership Plan (J-ESOP)" are included in treasury shares and deducted in calculating the average number of shares during the period. (96,468 shares for the first half-year period, FY2026; 96,468 shares for the first half-year period, FY2025, with these amounts also calculated assuming that the stock split had been conducted at the beginning of the previous consolidated fiscal year).

*** Review of this "Consolidated Financial Statements" by certified public accountants or audit firms:** None

*** Explanation on the proper use of financial results forecast and other notes**

(Cautionary Statement)

The forecast figures and forward-looking statements included in these materials are based upon judgements and assumptions derived from information available to management at the time this report was prepared. These judgements and assumptions are subject to uncertainties and changes in the operating environment. Actual performance may differ significantly from forecast figures and the Company does not guarantee the certainty of such forward-looking statements.

(Access to Supplementary Explanatory Materials)

The company plans to hold a results briefing for institutional investors and analysts on November 13, 2026. Supplementary explanatory materials that will be distributed at this meeting will be made available on the company's website promptly after the announcement of financial results.

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1. Qualitative Information on Consolidated Results for the Current Period

(1) Qualitative Information on Consolidated Operating Results

In the first half-year period of consolidated FY2026, economic conditions in Japan are expected to continue recovering moderately thanks to improving conditions for employment and income as well as the effects of various government policies. However, it is necessary to pay close attention to the risk of downward pressures on Japanese economic conditions resulting from the Middle East situation, impacts of natural disasters, or fluctuations in financial and capital markets.

Amidst this environment and with the goal of accelerating growth, the Akatsuki Group (the “Group”) has established a new vision for becoming a “Challengers’ Community” and will use its mission of “Transforming the world into a more joyful and enriched place through sensitivity and technology” as the foundation for business activities. Under this new vision and mission, the Group aims to take advantage of opportunities as a challenger amidst rapid changes. We intend to not only grasp customer needs, but to also build an attractive organizational community for members, creators, teams, and companies who can conceive new initiatives and partner with us as challengers, collaborating to enhance the value of one another and to speedily create and deliver plans and services that offer originality and excitement.

Reviewing the main activities and trends for each business, the core Games and Content Business continued to focus on maximizing the Lifetime Value (LTV) of existing game titles, while also allocating management resources toward stable ongoing operations of “Kaiju No. 8 THE GAME,” released at the end of August 2025, and pursuing efforts to improve profitability, including a slowdown in the cycle of development spending and operational efficiencies. In the Fan Engagement Business, the Slash Gift online lottery service performed strongly, thanks to continued success with new projects, and the scale of the business expanded significantly, including through the addition of the sales promotion and merchandise planning operations of SUNNY SIDE UP GROUP, Inc. (“SSUG”) and through the addition of the artist merchandise manufacturing and sales function from Groove Direction, Inc. (“GD”). Further, we worked toward reinforcing our service lineup and diversifying our business portfolio by conducting a total of four M&A transactions, executed from the second quarter period of the prior fiscal year through the second quarter period of the current fiscal year. These strategic investments are aimed at building a business foundation for future revenue growth.

Additionally, as announced on June 25, 2026 in the "Notice Regarding the Results of Tender Offer for Shares of SUNNY SIDE UP GROUP, Inc. (Securities Code: 2180) and Change in Subsidiaries (Change in Specified Subsidiaries)," the tender offer for SSUG shares was successfully completed, with settlement finalized on July 1, 2026, making SSUG a consolidated subsidiary. Accordingly, the operating results for SSUG and its nine subsidiaries are included in the consolidated income statements of the Group beginning with the second quarter period of the current fiscal year. Through this business integration, the Group will combine its cultivated strengths in "creating IP and entertainment" with SSUG's strengths in "PR and brand communication," driving business growth and enhancing corporate value.

As a result, net sales for the period was ¥21,507 million (an increase of 116.9% year-on-year), Adjusted EBITDA (Note) was ¥6,022 million (an increase of 225.5% year-on-year), operating profit was ¥4,756 million (an increase of 175.9% year-on-year), ordinary profit was ¥4,466 million (an increase of 166.4% year-on-year), and profit attributable to owners of parent was ¥2,542 million (an increase of 37.1% year-on-year).

(Note) Adjusted EBITDA is calculated by starting with operating profit (based on Japanese GAAP financial accounting) and adjusting for non-cash expenses (share-based compensation expenses, depreciation, amortization of goodwill, etc.) and non-recurring items (M&A-related expenses). The Company considers this to be useful information for understanding its recurring operating performance.

The operating results for each segment are as follows below.

As a result of the acquisition of shares in Groove Holdings, Inc. and SSUG, making them subsidiaries, the operating results for these two companies and their ten subsidiaries are included in the consolidated income statements of the Group, beginning with the second quarter of the current fiscal year, and the Group accordingly reviewed its internal profit management segment classifications and changed its segment names beginning with the second quarter of the current fiscal year. For further details, please refer to "II. First half-year period of consolidated FY2026, ii. Matters Related to Changes in Reportable Segments, etc." under "Segment Information."

For the purpose of comparative analysis, figures for the previous half-year consolidated accounting period have

been restated to conform to the current segmentation.

(Games and Content Business)

In the Games and Content segment, consistent with its policy of maximizing LTV through ongoing operations of existing game titles, the Group focused on operations that aligned with the momentum of each IP. The flagship title "Dragon Ball Z Dokkan Battle," developed in collaboration with Bandai Namco Entertainment Inc., achieved the No. 1 position in store sales rankings* in five countries and regions, including Japan and France, thanks to the implementation of a global campaign, and the segment performed strongly, led mainly by its flagship titles.

In terms of financial performance, the segment recorded a year-on-year increase in net sales thanks to revenue contributions from "Kaiju No. 8 THE GAME," released at the end of August 2025, which contributed to sales throughout the first half-year period of consolidated FY2026, and to strong performance of its flagship titles.

In addition, segment profit increased significantly from the prior year period as profitability improved thanks to lower R&D expense as the cycle of development investment slowed, together with expense reductions resulting from review of the business portfolio and from operational efficiencies achieved for existing titles.

As a result, net sales for the consolidated half-year period was ¥9,718 million (an increase of 5.0% year-on-year), Adjusted EBITDA was ¥5,144 million (an increase of 168.1% year-on-year), and segment profit was ¥5,119 million (an increase of 177.4% year-on-year).

* Store sales ranking: sales ranking in App Store or Google Play.

(Fan Engagement Business)

The Fan Engagement Business centers on online lotteries and e-commerce, where we provide comprehensive merchandising solutions from planning and development to service operations and support. Within this segment, the online lottery service Slash Gift continued to grow strongly, driven by the popularity of products featuring popular IP. In addition, in the sales promotion and merchandise planning operations of SSUG, which newly joined the Group beginning with the second quarter of the current fiscal year, the number of "Happy Lottery" projects increased and net sales per title expanded, led by strong movie tie-in titles and others, while we also continued to receive orders for large-scale summer sales promotion campaigns from major restaurant chains. Further, in GD's artist merchandise manufacturing and sales business, concert-related orders remained strong. Including CRAYON, Inc., which provides solutions addressing various IP-related needs — from fan club management to advertising and marketing support, we are continuing to make active investments in order to capture market growth, such as expanding demand for “oshi-katsu” operations (operations for fans wanting to support their IP favorites).

As a result, net sales for the consolidated half-year period was ¥6,215 million (an increase of 857.4% year-on-year), Adjusted EBITDA was ¥1,066 million (an increase of 334.3% year-on-year), and segment profit was ¥910 million (an increase of 271.8% year-on-year).

(Brand Communication and DX Business)

In the Brand Communication and DX segment, the PR and brand communication operations of SSUG, which newly joined the Group beginning with the second quarter of the current fiscal year, performed steadily during the period thanks to increased orders in the tech and AI fields, adding to its areas of strength that include cosmetics and fashion, food and beverages, and commercial facilities and hotels. In addition, the SNS marketing business centered on Natee Inc. achieved steady progress with new project acquisition. Meanwhile, the AI solutions business continued to be in an active investment phase that aims at establishing and growing its business foundation, resulting in continued upfront recording of expenses even though the creation of its business foundation is largely complete.

As a result, net sales for the consolidated half-year period was ¥3,698 million, Adjusted EBITDA was ¥94 million, and segment loss was ¥63 million. Please note that year-on-year comparisons for this segment are not shown since this was a newly established reportable segment beginning with the third quarter of the prior year.

(Lifestyle Business)

In the Lifestyle segment, the restaurant “bills” operations of SSUG, which newly joined the Group beginning with the second quarter of the current fiscal year, performed steadily, maintaining the higher average spend per customer achieved since the introduction of its autumn/winter menu in the prior year. In addition, PAPABUBBLE, Inc., a world-leading group of candy artists, saw strong sales of collaborative products with prominent IP and artists, while progress was also made in developing new stores. In this business, we are working to transform the earnings structure into one that can stably generate profits exceeding goodwill amortization.

As a result, net sales for the consolidated half-year period was ¥1,858 million, Adjusted EBITDA was ¥183 million, and segment loss was ¥16 million. Please note that year-on-year comparisons for this segment are not shown since this was a newly established reportable segment beginning with the third quarter of the prior year.

(Others)

The Others segment includes content investment and other businesses. For the first half-year period of consolidated FY2026, the Others segment recorded net sales of ¥17 million (an increase of 84.9% year-on-year), Adjusted EBITDA of -¥15 million (prior year period Adjusted EBITDA of -¥42 million), and a segment loss of ¥15 million (prior year period segment loss of ¥42 million).

(2) Qualitative Information on Consolidated Financial Position

(Assets)

Total assets as of September 30, 2026 were ¥88,834 million, an increase of ¥26,509 million from March 31, 2026. Key contributing factors included: an increase of ¥10,390 million in cash and deposits, an increase of ¥4,003 million in trade accounts receivable and contract assets, an increase of ¥13,135 million in goodwill, and a decrease of ¥3,961 million in deposits paid.

(Liabilities)

Total liabilities as of September 30, 2026 were ¥46,386 million, an increase of ¥29,436 million from March 31, 2026. Key contributing factors included: an increase of ¥2,149 million in trade accounts payable, an increase of ¥6,481 million in short-term borrowings, and an increase of ¥18,034 million in long-term borrowings (including the portion due within one year).

(Net assets)

Total net assets as of September 30, 2026 were ¥42,448 million, a decrease of ¥2,927 million from March 31, 2026. Key contributing factors included: half-year period net income attributable to parent company shareholders of ¥2,542 million, an increase of ¥1,559 million in non-controlling interests, dividends paid of ¥867 million, and an increase of ¥6,481 million in treasury shares.

(3) Qualitative Information on Forecasts of Consolidated Operating Results

Regarding consolidated earnings forecasts for the fiscal year ending March 31, 2027, the Company had adopted a policy to not provide full-year consolidated earnings forecasts, since providing appropriate and reliable forecasts was difficult given many uncertainties impacting the short-term business environment of the Games and Content business, as well as the Company's intention to continue investing in other businesses. However, as it has now become possible to calculate forecasts with a certain degree of reasonableness based on information and projections currently available, the Company has decided to announce its consolidated earnings forecasts.

Please note that, since it is extremely difficult to calculate appropriate and reasonable figures regarding the exit and valuation of investments in the investment and incubation domain, the Company has adopted a policy to not disclose full-year consolidated earnings forecasts for ordinary profit and profit attributable to owners of parent for the fiscal year ending March 31, 2027.

For details, please refer to the "Notice Regarding Announcement of Full-Year Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2027" announced today (November 12, 2026).

2. Half-Year Consolidated Financial Statements and Related Notes

(1) Half-Year Consolidated Balance Sheet

(Millions of yen)

	End of consolidated FY2025 (as of March 31, 2026)	End of first half-year of consolidated FY2026 (as of September 30, 2026)
Assets		
Current assets		
Cash and deposits	30,555	40,945
Accounts receivable - trade, and contract assets	6,724	10,727
Deposits paid	4,419	458
Other	2,756	3,314
Allowance for doubtful accounts	△5	△19
Total current assets	44,451	55,427
Non-current assets		
Property, plant and equipment	694	1,218
Intangible assets		
Goodwill	3,781	16,916
Other	21	20
Total intangible assets	3,802	16,936
Investments and other assets		
Investment securities	12,669	13,236
Other	741	2,146
Allowance for doubtful accounts	△35	△131
Total investments and other assets	13,376	15,251
Total non-current assets	17,873	33,407
Total assets	62,325	88,834
Liabilities		
Current liabilities		
Accounts payable - trade	1,160	3,310
Short-term borrowings	—	6,481
Current portion of bonds payable	—	2,000
Current portion of long-term borrowings	699	2,219
Income taxes payable	1,193	2,102
Provision for bonuses	334	119
Other	2,034	3,638
Total current liabilities	5,422	19,871
Non-current liabilities		
Bonds payable	2,000	—
Long-term borrowings	8,955	25,469
Other	571	1,044
Total non-current liabilities	11,526	26,514
Total liabilities	16,949	46,386
Net assets		
Shareholders' equity		
Share capital	2,782	2,782
Capital surplus	2,781	2,781
Retained earnings	38,818	40,502
Treasury shares	△261	△6,743
Total shareholders' equity	44,120	39,322
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	795	962
Deferred gains or losses on hedges	—	△8
Foreign currency translation adjustment	154	143
Total accumulated other comprehensive income	950	1,096
Share acquisition rights	289	455
Non-controlling interests	15	1,574

Total net assets	45,376	42,448
Total liabilities and net assets	62,325	88,834

(2) Half-Year Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income, Cumulative First Half-Year Period of the Fiscal Year)

(Millions of yen)

	First half-year period of consolidated FY2025 (April 1, 2025 to September 30, 2025)	First half-year period of consolidated FY2026 (April 1, 2026 to September 30, 2026)
Net sales	9,915	21,507
Cost of sales	5,104	11,825
Gross profit	4,811	9,682
Selling, general and administrative expenses	3,087	4,925
Operating profit	1,724	4,756
Non-operating income		
Interest income	76	123
Foreign exchange gains	4	—
Other	51	88
Total non-operating income	131	211
Non-operating expenses		
Interest expenses	20	213
Foreign exchange losses	—	139
Commission expenses	18	101
Loss on investments in investment partnerships	121	—
Other	19	48
Total non-operating expenses	179	502
Ordinary profit	1,676	4,466
Extraordinary income		
Gain on sale of non-current assets	—	11
Gain on sale of investment securities	1,210	924
Gain on reversal of asset retirement obligations	—	11
Gain on reversal of share acquisition rights	58	0
Gain on step acquisitions	51	—
Total extraordinary income	1,320	947
Extraordinary losses		
Loss on sale of non-current assets	—	4
Loss on valuation of investment securities	2	772
Loss on sale of investment securities	204	—
Loss on liquidation of business	120	—
Impairment losses	—	13
Total extraordinary losses	327	790
Profit before income taxes	2,669	4,623
Income taxes	816	1,908
Profit	1,852	2,715
Profit (loss) attributable to non-controlling interests	△0	173
Profit attributable to owners of parent	1,853	2,542

(Consolidated Statement of Comprehensive Income, Cumulative First Half-Year Period of the Fiscal Year)

(Millions of yen)

	First half-year period of consolidated FY2025 (April 1, 2025 to September 30, 2025)	First half-year period of consolidated FY2026 (April 1, 2026 to September 30, 2026)
Profit	1,852	2,715
Other comprehensive income		
Valuation difference on available-for-sale securities	351	100
Deferred gains or losses on hedges	―	△21
Foreign currency translation adjustment	65	3
Total other comprehensive income	416	82
Comprehensive income	2,269	2,798
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,270	2,623
Comprehensive income attributable to non-controlling interests	△1	174

(3) Half-Year Consolidated Statements of Cash Flows

(Millions of yen)

	First half-year period of consolidated FY2025 (April 1, 2025 to September 30, 2025)	First half-year period of consolidated FY2026 (April 1, 2026 to September 30, 2026)
Cash flows from operating activities		
Profit before income taxes	2,669	4,623
Depreciation	78	91
Amortization of goodwill	—	454
Loss (gain) on sale and retirement of non-current assets	—	△7
Gain on reversal of asset retirement obligations	—	△11
Gain on reversal of share acquisition rights	△58	△0
Loss (gain) on step acquisitions	△51	—
Loss (gain) on sale of investment securities	△1,006	△924
Loss (gain) on valuation of investment securities	2	772
Loss on liquidation of business	120	—
Impairment losses	—	13
Interest income	△76	△123
Interest expenses	20	213
Commission expenses	18	101
Loss (gain) on investments in investment partnerships	121	△3
Foreign exchange losses (gains)	△24	127
Increase (decrease) in allowance for doubtful accounts	—	25
Increase (decrease) in provision for bonuses	△324	△751
Decrease (increase) in accounts receivable - trade, and contract assets	289	195
Decrease (increase) in other assets	530	△15
Increase (decrease) in trade payables	639	270
Increase (decrease) in other liabilities	△85	△392
Other, net	△53	99
Subtotal	2,808	4,756
Interest received	76	123
Interest paid	△20	△160
Payments for business liquidation	△120	—
Income taxes paid	△2,374	△1,858
Net cash provided by (used in) operating activities	369	2,860
Cash flows from investing activities		
Payments into time deposits	△3,519	△564
Proceeds from withdrawal of time deposits	2,143	376
Purchase of property, plant and equipment	△7	△142
Purchase of intangible assets	△492	△3
Loan advances	△30	△60
Purchase of investment securities	△1,493	△1,045
Proceeds from sale and redemption of investment securities	1,679	1,103
Proceeds from distributions from investment partnerships	12	33
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△3,917	△11,728
Other, net	193	17
Net cash provided by (used in) investing activities	△5,433	△12,012
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	6,481
Proceeds from long-term borrowings	3,600	16,960
Repayments of long-term borrowings	△1,031	△581
Proceeds from issuance of shares	2	—

Purchase of treasury shares	—	△6,488
Dividends paid	△795	△867
Other, net	—	△3
Net cash provided by (used in) financing activities	1,775	15,499

(Millions of yen)

	First half-year period of consolidated FY2025 (April 1, 2025 to September 30, 2025)	First half-year period of consolidated FY2026 (April 1, 2026 to September 30, 2026)
Effect of exchange rate change on cash and cash equivalents	△53	△120
Net increase (decrease) in cash and cash equivalents	△3,341	6,227
Cash and cash equivalents at beginning of period	31,062	34,242
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	308	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	△25
Cash and cash equivalents at end of period	28,029	40,444

(4) Notes on the Half-Year Consolidated Financial Statements

(Notes Related to the Going Concern Assumption)

Not applicable.

(Notes Related to Significant Changes in Shareholders' Equity)

At a Board of Directors meeting held on May 13, 2026, the Company resolved to acquire treasury shares and determined the specific method of acquisition, in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Companies Act. On May 14, 2026, the Company acquired 2,390,000 shares of its common stock through the Off-auction Share Repurchase Trading System (ToSTNeT-3) and, as a result, including treasury shares delivered through the Employee Stock Ownership Plan (J-ESOP), the amount recorded for treasury shares increased by ¥6,481 million during the first half-year period of consolidated FY2026, reaching ¥6,743 million as of the end of the first half-year period of consolidated FY2026.

(Changes in Scope of Consolidation or Scope of Equity Method)

In the first quarter of consolidated FY2026, all shares of Groove Holdings, Inc. ("GHD") were acquired, making it a wholly-owned subsidiary. As a result, GHD and its subsidiary, Groove Direction, Inc. ("GD"), have been included within the scope of consolidation. GD merged with GHD effective August 1, 2026, with GD as the surviving company, and GHD was dissolved. Please note that the provisional closing date for the settlement of accounts for GD was August 31 and, as the difference between the end of the half-year period of the Company's consolidated fiscal year and the provisional closing date utilized by GD does not exceed three months, the statement of income was consolidated beginning with the second quarter of the current fiscal year using GD's financial statements prepared as of its provisional closing date.

In the second quarter of consolidated FY2026, SUNNY SIDE UP GROUP, Inc. was made a subsidiary through the acquisition of its shares by tender offer, and accordingly, the company and its nine subsidiaries have been included within the scope of consolidation. Since the deemed acquisition date is the beginning of the second quarter of the current fiscal year, the statements of income have been consolidated beginning with the second quarter of the current fiscal year.

Additionally, beginning with the first quarter of consolidated FY2026, consolidated subsidiary WOWs, Inc. has been excluded from the scope of consolidation as its materiality has decreased.

Furthermore, beginning with the first quarter of consolidated FY2026, XICA COLLECTIVE Ltd., previously an equity-method affiliate of the Company, has been excluded from the scope of equity-method accounting following the Company's disposal of all shares held in the company.

(Accounting Treatments Specific to the Preparation of Half-Year Consolidated Financial Statements)

(Calculation of tax expense)

In calculating tax expense, the effective tax rate after application of tax effect accounting for income before income taxes for the consolidated fiscal year, inclusive of the first half-year of consolidated FY2026, has been estimated in a rational manner. The tax expense is calculated by multiplying the half-year income before income taxes by this estimated effective tax rate.

(Segment Information)

I. First half-year period of consolidated FY2025 (April 1, 2025 to September 30, 2025)

i. Information regarding the amounts of sales and income/loss and disaggregation of revenue for reportable segments

(Millions of yen)

	Segment					Others (note 1)	Total	Adjust-ments (note 2)	Consoli-dated Total (note 3)
	Games and Content	Fan Engage-ment	Brand Communi-cation and DX	Lifestyle	Subtotal				
Net Sales									
Revenue from contracts with customers	9,257	649	—	—	9,906	9	9,915	—	9,915
Other revenue	—	—	—	—	—	—	—	—	—
To external customers	9,257	649	—	—	9,906	9	9,915	—	9,915
Inter-segment sales and transfers	24	—	—	—	24	10	35	(35)	—
Total	9,282	649	—	—	9,931	19	9,951	(35)	9,915
Segment profit (loss)	1,845	244	—	—	2,090	(42)	2,047	(323)	1,724
Other items									
Other adjustment items	73	0	—	—	74	0	74	51	126
Adjusted EBITDA	1,918	245	—	—	2,164	(42)	2,122	(272)	1,850

Notes 1. The “Others” category includes content investment and other business activities that are not included in reportable segments.

2. The adjustment to segment profit (loss) of -¥323 million includes elimination of inter-segment transactions of ¥23 million and corporate expenses not allocated to reportable segments of -¥346 million. Principal corporate expenses are general management expenses not belonging to reportable segments.

3. Segment profit (loss) is adjusted with operating profit in the half-year consolidated statements of income.

4. Other adjustment items consist of non-cash expenses (share-based compensation expenses, depreciation, amortization of goodwill, etc.) and non-recurring items (M&A-related expenses). Adjusted EBITDA is calculated by adding other adjustment items to segment profit (loss).

ii. Information Regarding Impairment Losses on Non-current Assets and Goodwill by Reportable Segment

(Significant Changes in Goodwill)

As a result of the acquisition of shares in Natee, Inc. and PAPABUBBLE JAPAN HD, Inc. and their inclusion in the scope of consolidation during the first half-year period of consolidated FY2025, the amount of recorded goodwill increased by ¥964 million in the “Brand Communication and DX” segment and by ¥3,352 million in the “Lifestyle” segment. Please note that since the purchase price allocation was not complete as of the end of the first half-year period of consolidated FY2025, this represents a provisional amount.

II. First half-year period of consolidated FY2026 (April 1, 2026 to September 30, 2026)

i. Information regarding the amounts of sales and income/loss and disaggregation of revenue for reportable segments

(Millions of yen)

	Segment					Others (note 1)	Total	Adjust-ments (note 2)	Consoli-dated Total (note 3)
	Games and Content	Fan Engage-ment	Brand Communi-cation and DX	Lifestyle	Subtotal				
Net Sales									
Revenue from contracts with customers	9,718	6,215	3,698	1,858	21,490	17	21,507	—	21,507
Other revenue	—	—	—	—	—	—	—	—	—
To external customers	9,718	6,215	3,698	1,858	21,490	17	21,507	—	21,507
Inter-segment sales and transfers	38	4	19	1	64	9	74	(74)	—
Total	9,756	6,220	3,718	1,860	21,555	26	21,582	(74)	21,507
Segment profit (loss)	5,119	910	(63)	(16)	5,950	(15)	5,934	(1,178)	4,756
Other items									
Other adjustment items	24	155	157	200	538	0	539	726	1,265
Adjusted EBITDA	5,144	1,066	94	183	6,489	(15)	6,473	(451)	6,022

Notes 1. The “Others” category includes content investment and other business activities that are not included in reportable segments.

2. The adjustment to segment profit (loss) of -¥1,178 million includes elimination of inter-segment transactions of ¥9 million and corporate expenses not allocated to reportable segments of -¥1,187 million. Principal corporate expenses are general management expenses not belonging to reportable segments.

3. Segment profit (loss) is adjusted with operating profit in the half-year consolidated statements of income.

4. Other adjustment items consist of non-cash expenses (share-based compensation expenses, depreciation, amortization of goodwill, etc.) and non-recurring items (M&A-related expenses). Adjusted EBITDA is calculated by adding other adjustment items to segment profit (loss).

ii. Matters Related to Changes in Reportable Segments, etc.

As a result of the acquisition of shares in Groove Holdings, Inc. ("GHD") and SUNNY SIDE UP GROUP, Inc. ("SSUG"), making them subsidiaries, the operating results for these two companies and their ten subsidiaries are included in the consolidated income statements of the Group, beginning with the second quarter of the current fiscal year, and the Group accordingly reviewed its internal profit management segment classifications beginning with the second quarter of the current fiscal year.

As a result, the name of the former “Games and Comics” segment has been changed to “Games and Content,” the former “Entertainment and Lifestyle” segment has been divided into “Fan Engagement” and “Lifestyle,” and the name of the former “AI/DX Solutions” segment, which has been a reportable segment since the third quarter of the prior fiscal year, has been changed to “Brand Communication and DX.”

GHD and its subsidiary, Groove Direction, Inc. ("GD"), have been included within the scope of consolidation beginning with the first quarter of the current fiscal year. In the second quarter of the current fiscal year, GHD merged with GD effective August 1, 2026, with GD as the surviving company, and GHD was dissolved. Please note that the provisional closing date for the settlement of accounts for GD was August 31 and, as the difference between the end of the half-year period of the consolidated fiscal year and the provisional closing date utilized by GD does not exceed three months, the statement of income has been consolidated beginning with the second quarter of the current fiscal year using GD's financial statements prepared as of its provisional closing date, with

GD included in the “Fan Engagement” segment.

SSUG and its nine subsidiaries have been included within the scope of consolidation beginning with the second quarter of the current fiscal year. The segment classifications for the operations of SSUG have been split, with the brand communication operations of SSUG split between the “Brand Communication and DX” and “Fan Engagement” segments, while the food branding business has been included in the “Lifestyle” segment and the business development business has been included in the “Brand Communication and DX” segment.

In addition, WOWs, Inc., a consolidated subsidiary of the Company that was previously included in the “Fan Engagement” segment, has been excluded from the scope of consolidation beginning with the first quarter of the current fiscal year as its significance has decreased.

The segment information for the prior half-year period has been adjusted to conform with these revised segment classifications.

iii. Information Regarding Impairment Losses on Non-current Assets and Goodwill by Reportable Segment

(Significant Changes in Goodwill)

As a result of the acquisition of shares in Groove Holdings, Inc. and SUNNY SIDE UP GROUP, Inc. and their inclusion within the scope of consolidation during the first half-year period of consolidated FY2026, goodwill increased by ¥5,352 million in the “Brand Communication and DX” segment, by ¥7,500 million in the “Fan Engagement” segment, and by ¥736 million in the “Lifestyle” segment. Please note that since the purchase price allocation was not complete as of the end of the first half-year period of consolidated FY2026, this represents a provisional amount.

(Business Combinations)

(Business Combination by Acquisition ①)

At the meeting of the Board of Directors held on May 13, 2026, the Company resolved to acquire the common shares and stock acquisition rights of SUNNY SIDE UP GROUP, Inc. (the "Target") through a tender offer (the “Tender Offer”) pursuant to the Financial Instruments and Exchange Act, as part of a series of transactions (the “Transactions”) for the management integration between the Target and the Company, and conducted the Tender Offer during the period from May 14, 2026 to June 24, 2026. As a result, settlement was completed on July 1, 2026, and the Company acquired 9,355,136 common shares of SUNNY SIDE UP GROUP, Inc. As the Company's voting rights ownership ratio in the company reached 63.16%, the company became a consolidated subsidiary of the Company as of the same date.

1. Overview of Business Combination

(1) Name of acquiree and description of its business

Name of acquiree: SUNNY SIDE UP GROUP, Inc.

Description of business: Brand communication business, food branding business, and business development business

(2) Primary reason for the business combination

The Company commenced the Tender Offer believing that the integration of management structures with the Target will enable both parties to align and to maximize their utilization of management resources and to achieve maximal synergy effects, while still respecting each other’s business strategies and corporate cultures to the greatest extent possible, so that both parties can surpass their standalone business results and further increase corporate value.

(3) Date of business combination

July 1, 2026

(4) Legal form of business combination

Acquisition of shares for cash consideration

(5) Name of entity after business combination
No change in name.

(6) Percentage of voting rights acquired
63.16%

(7) Primary basis for determining the acquirer
The Company acquired shares of SUNNY SIDE UP GROUP, Inc. for cash consideration.

2. Period for which the financial results of the acquiree are included in the half-year consolidated financial statements
July 1, 2026 to September 30, 2026

3. Acquisition cost and breakdown by type of consideration
Consideration (cash and deposits): ¥12,418 million
Acquisition cost: ¥12,418 million

4. Primary acquisition-related costs
Advisory fees and other: ¥402 million

5. Amount of goodwill, cause of occurrence, method of amortization, and amortization period
(1) Amount of goodwill: ¥10,151 million
Note: Since the identification of identifiable assets and liabilities had not been completed as of the end of the first half-year period of consolidated FY2026, this represents a provisionally calculated amount.

(2) Cause of occurrence
This arises from expected excess earning power from future business development.

(3) Method and period of amortization
Straight-line method over 15 years

6. Amounts of assets acquired and liabilities assumed at the acquisition date, and their major details

Current assets:	¥8,369 million
Non-current assets:	¥2,043 million
Total assets:	¥10,413 million
Current liabilities:	¥4,843 million
Non-current liabilities:	¥1,763 million
Total liabilities:	¥6,607 million

Note: The above amounts include those of the Target's subsidiaries.

(Business Combination by Acquisition ②)

The Company resolved at a Board of Directors meeting held on April 24, 2026 to acquire all shares of Groove Holdings, Inc. ("GHD") and make it a subsidiary (the "Transaction"), and entered into a share transfer agreement on the same date. All shares were acquired on April 30, 2026. In addition, since GHD wholly owns Groove Direction, Inc. ("GD"), GD also became a consolidated subsidiary (sub-subsidiary) of the Company as a result of the Transaction. In addition, GHD merged with GD effective August 1, 2026, with GD as the surviving company, and GHD was dissolved.

1. Overview of Business Combination

(1) Name of acquiree and description of its business

Name of acquiree: Groove Holdings, Inc. and its wholly-owned subsidiary, Groove Direction, Inc.

Description of business: Planning and production of concert merchandise, fan club merchandise, and other related goods

(2) Primary reason for the business combination

Under its mission of "Transforming the world into a more joyful and enriched place through sensitivity and technology" the Akatsuki Group strives to maximize the value of existing IP through its core businesses of games and comics and to also create new IP, while also advancing diversified business development based on its vision of being a "Challengers' Community" that resonates with diverse talents to take on challenge together.

GD has an extensive track record in planning and production of concert merchandise for artists. Thanks to its competitive pricing advantages through direct transactions with overseas partners and its end-to-end management under a strong collaborative framework, GD is an industry leader for its short delivery times and quality control standards. Additionally, GD has established a stable business foundation through long-standing relationships of trust within the music and entertainment industries and, in recent years, GD has expanded into adjacent fields, including merchandise for anime and VTubers.

By combining the Company's knowledge and network in the entertainment field with GD's know-how for manufacturing high-quality goods with short delivery times, the Company aims to accelerate the multifaceted IP development across the Group, to enhance the value of fan experiences, and to contribute to sustainable growth in corporate value across the entire Group.

(3) Date of business combination

April 30, 2026 (date of share acquisition)

(4) Legal form of business combination

Acquisition of shares for cash consideration

(5) Name of entity after business combination

No change in name.

(6) Percentage of voting rights acquired

100%

(7) Primary basis for determining the acquirer

The Company acquired all shares of Groove Holdings, Inc. for cash consideration.

2. Period for which the financial results of the acquiree are included in the half-year consolidated financial statements

June 1, 2026 to August 31, 2026. As the provisional closing date of GD is August 31 and the difference between the end of the half-year period of the consolidated fiscal year and the provisional closing date of GD does not exceed three months, consolidation is performed using GD's financial statements prepared as of its provisional closing date.

3. Acquisition cost and breakdown by type of consideration

Consideration (cash and deposits): ¥4,500 million

Acquisition cost (GHD shares): ¥4,500 million

4. Primary acquisition-related costs

Advisory fees and other: ¥165 million

5. Amount of goodwill, cause of occurrence, method of amortization, and amortization period

(1) Amount of goodwill: ¥3,438 million

Note: The above amount includes goodwill of GD, the wholly-owned subsidiary of GHD. In addition, since

the purchase price allocation was not complete as of the end of the first half-year period of consolidated FY2026, this represents a provisional amount.

(2) Cause of occurrence

This arises from expected excess earning power from future business development.

(3) Method and period of amortization

Straight-line method over 10 years

6. Amounts of assets acquired and liabilities assumed at the acquisition date, and their major details

Current assets:	¥1,720 million
Non-current assets:	¥23 million
Total assets:	¥1,744 million
Current liabilities:	¥682 million
Non-current liabilities:	—
Total liabilities:	¥682 million

Note: The above amounts include those of GD, the wholly-owned subsidiary of GHD.

(Significant Subsequent Events)

(Stock Split and Partial Amendment to the Articles of Incorporation in Connection with the Stock Split)

Based on a resolution of its Board of Directors at the meeting held on August 12, 2026, the Company conducted a stock split and a partial amendment to its Articles of Incorporation effective October 1, 2026.

1. Purpose of the Stock Split

The purpose of the stock split is to improve the liquidity of the market for the Company's shares and to broaden the Company's investor base by making it easier for investors to purchase the Company's shares.

2. Overview of the Stock Split

(1) Method of Split

Using September 30, 2026 as the date of record, each share of common stock of the Company held by shareholders listed or recorded in the closing register of shareholders on that date was split on the basis of 3 shares for every 1 share held.

(2) Increase in the number of shares resulting from the split

(a)Total number of issued shares prior to stock split (including treasury shares):	14,519,800 shares
(b)Number of shares to be increased by the split:	29,039,600 shares
(c)Total number of issued shares after the stock split:	43,559,400 shares
(d)Total number of authorized shares after the stock split:	135,271,200 shares

(3) Schedule

(a)Record date announcement date:	September 11, 2026
(b)Record date:	September 30, 2026
(c)Effective date:	October 1, 2026

(4) Impact on per share information

The impact on per share information is presented in the summary information.

(5) Change in Amount of Capital

There is no change in the amount of capital in connection with this stock split.

3. Partial Amendment to the Articles of Incorporation

(1) Reason for Amendment

In connection with the stock split described above, and pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, the Company partially amended its Articles of Incorporation, with an effective date of October 1, 2026.

(2) Details of the Amendment

Current Articles of Incorporation	Amended Articles of Incorporation
Article 6 (Total Number of Authorized Shares and Total Number of Authorized Shares by Class) The total number of shares authorized to be issued by the Company shall be 45,090,400 shares.	Article 6 (Total Number of Authorized Shares and Total Number of Authorized Shares by Class) The total number of shares authorized to be issued by the Company shall be 135,271,200 shares.

(3) Schedule of amendment

Effective date: October 1, 2026