

This document is a translation of the Japanese original. The Japanese original has been disclosed in Japan in accordance with Japanese accounting standards and the Financial Instruments and Exchange Act. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original shall prevail.

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2026 (J-GAAP)



July 31, 2025

Company name: IMAGICA GROUP Inc. Stock exchange listing: Tokyo Prime
 Securities code: 6879 URL: <https://www.imagicagroup.co.jp/en/>
 Representative: Shunjiro Nagase, Representative Director, President Tel: +81-3-5777-6295
 Inquiries: Eiji Umeda, Director and Managing Executive Officer
 Planned dividend payment date: —
 Supplemental material of financial results: Available
 Planned financial results briefing: Not available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2026 (April 1, 2025 – June 30, 2025)

(1) Consolidated Operating Results

(Percentage represents change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2025	22,259	11.0	220	—	139	—	(235)	—
Three months ended June 30, 2024	20,060	(15.7)	(544)	—	(498)	—	(519)	—

(Note) Comprehensive income: Three months ended June 30, 2025: ¥(282) million / -%

Three months ended June 30, 2024: ¥25 million / (95.9)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	(5.31)	—
Three months ended June 30, 2024	(11.76)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2025	77,403	35,231	43.5
As of March 31, 2025	80,719	36,154	42.8

(Reference) Shareholders' equity: As of June 30, 2025: ¥33,631 million
 As of March 31, 2025: ¥34,540 million

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
Fiscal year ended March 31, 2025	Yen —	Yen 0.00	Yen —	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		—	—	—	—

(Note) Changes in dividends forecast from the latest disclosed information: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

As disclosed in "Notice Regarding Results of Tender Offer for Company Shares by Mikaduki, Inc. and Change in Major Shareholder" dated June 21, 2025, the Tender Offer by Mikaduki, Inc. (hereinafter referred to as the "Tender Offeror") was successfully completed and the common shares of the Company (hereinafter referred to as the "Company Shares") will be delisted from the Tokyo Stock Exchange after the necessary procedures. Then the consolidated forecast for the fiscal year ending March 31, 2026 is not stated.

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) The application of specific accounting of the consolidated quarterly financial statements: Yes

(3) Changes in accounting policies, accounting estimates and retrospective restatement

1) Changes in accounting policies based on revisions of accounting standards: None

2) Changes in accounting policies other than ones based on revisions of accounting standards: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury stock)

As of June 30, 2025	44,741,467 shares	As of March 31, 2024	44,741,467 shares
---------------------	-------------------	----------------------	-------------------

2) Number of treasury stock at the end of the period

As of June 30, 2025	444,809 shares	As of March 31, 2024	444,809 shares
---------------------	----------------	----------------------	----------------

3) Average number of shares during the period

As of June 30, 2025	44,296,658 shares	As of June 30, 2024	44,200,121 shares
---------------------	-------------------	---------------------	-------------------

*** Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None**

*Explanation regarding the appropriate usage of financial forecasts and other special instructions

As disclosed in "Notice Regarding Results of Tender Offer for Company Shares by Mikaduki, Inc. and Change in Major Shareholder" dated June 21, 2025, the Tender Offer by the Tender Offeror was successfully completed and the Company Shares will be delisted from the Tokyo Stock Exchange after the necessary procedures. Then the consolidated forecast for the fiscal year ending March 31, 2026 is not stated.

Table of Contents

1. Overview of Operating Results, etc.....	2
(1) Overview of financial situation for this period	2
(2) Overview of financial situation for this period	3
(3) Explanation of consolidated forecasts and other forward-looking information	3
2. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income	6
(3) Notes to quarterly consolidated financial statements	8
(Notes on ongoing concern assumption)	8
(Notes in the event of significant changes in shareholders' equity)	8
(Special accounting method applied to quarterly consolidated financial statements)	8
(Changes in account policies)	8
(Notes on Segment information and others)	9
(Notes on quarterly consolidated statements of cash flows)	10
(Significant Subsequent Events)	10

1. Overview of Operating Results, etc.

(1) Overview of operating results for this period

① Overview of the first three months of the fiscal year

As a result of these efforts, the Group's performance in the first three months of the fiscal year was as follows: Net sales were 22,259 million yen (up 11.0% year on year), operating income of 220 million yen (compared to operating loss of 544 million yen in the same period of the previous fiscal year), ordinary income of 139 million yen (compared to ordinary loss of 498 million yen in the same period of the previous fiscal year), and net loss attributable to owners of parent was 235 million yen (compared to net loss of 519 million yen in the same period of the previous fiscal year)..

② Performance by business segment

Financial results by business segment are as follows.

1) Content Creation business

In the first three months of the fiscal year, the segment reported sales of 5,546 million yen (up 3.8% year on year) and operating income of 277 million yen (down 42.5%).

Sales of feature films and dramas increased by a higher number of works compared to the previous year. Sales of animation works also increased by strong orders driven by increase of projects. On the other hand, sales of commercial production decreased due to sluggish orders. Sales of the publishing business also decreased due to weaker sales of the original "The Apothecary Diaries" novel, etc. but it kept on the average sales of the previous fiscal year.

As a result, sales increased, but operating income decreased in the segment.

2) Production Technology Services business

In the first three months of the fiscal year, the segment reported sales of 13,639 million yen (up 17.9% year on year) and operating income of 179 million yen (compared to operating loss of 1,016 million yen in the same period of the previous fiscal year).

In domestic E2E services*, sales increased mainly with steady sales of animation-editing and digital cinema services and operating income kept on the same level with the previous fiscal year

In overseas E2E services*, sales increased with recovery in orders for localization services. In addition to increase associated with the sales increase, the cost reduction resulting from workforce reduction implemented in the previous fiscal year contributed to increased operating income.

In the game-related business, sales increased with merger of a subsidiary and an increase in orders for 3DCG production of games as a result of the expansion of the production system.

In the post-production business, sales declined by significant decrease of orders in the TV business due to the decision in December 2024 to withdraw from the TV business. The withdrawal from the TV business was completed on June 30, 2025.

As a result, sales and operating income increased in the segment.

* E2E services: End-to-end services. This is a general term for one-stop services ranging from post-production in the production of video content such as movies, dramas, and animation to media services for the localization (dubbing and subtitling) and distribution through movie theaters, TV, and the Internet. Meanwhile, the closing date for overseas E2E services is December 31, and therefore the results from January 1, 2025 to March 31, 2025 are reflected in those for the first three months of the fiscal year.

3) Imaging Systems & Solutions business

In the first three months of the fiscal year, the segment reported sales of 3,486 million yen (down 2.6% year on year) and operating income of 127 million yen (down 60.9%).

Sales of high-speed cameras decreased due to reactionary decline in large orders in Europe recorded in the previous fiscal year. Sales of video and image processing LSIs increased with growing overseas demand.

As a result, sales and operating income decreased in the segment.

(2) Overview of financial situation for this period

① Assets

Current assets decreased by 2,367 million yen (4.9%) from the end of the previous fiscal year to 46,304 million yen. This was mainly due to a decrease in notes and accounts receivable - trade, and contract assets. While inventories and cash and deposits increased.

Non-current assets decreased by 948 million yen (3.0%) from the end of the previous fiscal year to 31,098 million yen. This was mainly due to a decrease in goodwill.

As a result, total assets decreased by 3,316 million yen (4.1%) from the end of the previous fiscal year to 77,403 million yen.

② Liabilities

Current liabilities decreased by 1,857 million yen (5.0%) from the end of the previous fiscal year to 35,033 million yen. This was mainly due to decreases in notes and accounts payable – trade, income tax payable and short-term borrowings income despite an increase in contract liabilities.

Non-current liabilities decreased by 535 million yen (7.0%) from the end of the previous fiscal year to 7,139 million yen. This was mainly due to a decrease in long-term borrowings and lease liabilities.

As a result, total liabilities decreased by 2,393 million yen (5.4%) from the end of the previous fiscal year to 42,172 million yen.

③ Net assets

Net assets decreased by 922 million yen (2.6%) from the end of the previous fiscal year to 35,231 million yen. This was mainly due to decreases in retained earnings.

(3) Explanation of consolidated forecasts and other forward-looking information

As disclosed in "Notice Regarding Results of Tender Offer for Company Shares by Mikaduki, Inc. and Change in Major Shareholder" dated June 21, 2025, the Tender Offer by the Tender Offeror was successfully completed and the Company Shares will be delisted from the Tokyo Stock Exchange after the necessary procedures. Then the consolidated forecast for the fiscal year ending March 31, 2026 is not stated.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	March 31, 2025	June 30, 2025
Assets		
Current assets		
Cash and deposits	6,515,116	9,022,950
Notes and accounts receivable - trade, and contract assets	25,339,880	17,727,084
Inventories	12,990,984	14,914,781
Other	3,902,345	4,698,882
Allowance for doubtful accounts	(75,679)	(58,739)
Total current assets	48,672,646	46,304,960
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,434,089	13,236,723
Accumulated depreciation	(8,750,388)	(8,673,196)
Accumulated impairment	(652,707)	(632,268)
Buildings and structures, net	4,030,993	3,931,258
Machinery, equipment and vehicles	5,517,599	5,199,258
Accumulated depreciation	(4,829,396)	(4,542,563)
Accumulated impairment	(187,265)	(156,909)
Machinery, equipment and vehicles, net	500,937	499,785
Land	897,363	897,363
Leased assets	4,368,150	4,209,558
Accumulated depreciation	(756,398)	(762,138)
Accumulated impairment	(3,308)	(3,308)
Leased assets, net	3,608,443	3,444,111
Construction in progress	1,190,862	1,387,403
Other	10,338,113	9,963,584
Accumulated depreciation	(7,523,649)	(7,190,971)
Accumulated impairment	(130,016)	(125,911)
Other, net	2,684,448	2,646,702
Total property, plant and equipment	12,913,048	12,806,624
Intangible assets		
Goodwill	8,220,194	7,474,853
Other	3,294,811	3,067,563
Total intangible assets	11,515,006	10,542,416
Investments and other assets		
Investment securities	3,485,203	3,951,337
Shares of subsidiaries and affiliates	291,422	214,702
Leasehold and guarantee deposits	2,001,723	2,097,164
Deferred tax assets	1,631,831	1,306,360
Other	373,331	340,615
Allowance for doubtful accounts	(164,452)	(160,465)
Total investments and other assets	7,619,060	7,749,714
Total non-current assets	32,047,115	31,098,756
Total assets	80,719,761	77,403,716

(Thousands of yen)

	March 31, 2025	June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,845,606	6,434,576
Short-term borrowings	8,475,215	7,457,942
Lease liabilities	1,026,962	997,299
Accounts payable	3,290,104	2,467,158
Income taxes payable	1,555,517	287,309
Contract liabilities	6,797,665	9,432,689
Provision for bonuses	1,718,836	942,439
Provision for loss on orders received	13,617	1,500
Asset retirement obligations	157,000	149,014
Other	6,010,465	6,863,104
Total current liabilities	36,890,991	35,033,035
Non-current liabilities		
Long-term borrowings	1,985,440	1,706,640
Lease liabilities	3,065,739	2,903,330
Long-term accounts payable	586,410	469,832
Deferred tax liabilities	183,046	173,130
Retirement benefit liability	1,155,930	1,161,911
Asset retirement obligations	620,434	618,994
Other	77,688	105,577
Total non-current liabilities	7,674,690	7,139,415
Total liabilities	44,565,681	42,172,451
Net assets		
Shareholders' equity		
Share capital	3,306,002	3,306,002
Capital surplus	11,781,941	11,781,941
Retained earnings	14,205,948	13,364,664
Treasury shares	(337,995)	(337,995)
Total shareholders' equity	28,955,897	28,114,613
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,417,616	1,736,824
Deferred gains or losses on hedges	(8,210)	(2,973)
Revaluation reserve for land	(17,933)	(17,933)
Foreign currency translation adjustment	4,189,153	3,797,068
Remeasurements of defined benefit plans	4,032	4,335
Total accumulated other comprehensive income	5,584,659	5,517,321
Non-controlling interests	1,613,522	1,599,330
Total net assets	36,154,079	35,231,264
Total liabilities and net assets	80,719,761	77,403,716

(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income
Quarterly Consolidated Statements of Income

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	20,060,758	22,259,256
Cost of sales	14,173,666	15,675,397
Gross profit	5,887,091	6,583,858
Selling, general and administrative expenses	6,431,508	6,363,376
Operating income (loss)	(544,416)	220,482
Non-operating income		
Interest income	4,323	2,807
Dividend income	19,851	18,938
Foreign exchange gains	129,440	26,749
Reversal of allowance for doubtful accounts	19,582	19,349
Other	26,670	24,670
Total non-operating income	199,867	92,516
Non-operating expenses		
Interest expenses	126,172	140,433
Other	27,480	32,945
Total non-operating expenses	153,652	173,378
Ordinary income (loss)	(498,201)	139,620
Extraordinary income		
Gain on extinguishment of bundled shares	—	42,523
Gain on sale of non-current assets	10	6,608
Gain on sale of investment securities	—	0
Total extraordinary income	10	49,132
Extraordinary losses		
Loss on retirement of non-current assets	412	469
Additional retirement allowance	—	4,856
Total extraordinary losses	412	5,325
Net income (loss) before income taxes	(498,603)	183,428
Income taxes	67,881	387,585
Net income (loss)	(566,485)	(204,157)
Net income (loss) attributable to non-controlling interests	(46,670)	31,075
Net income (loss) attributable to owners of parent	(519,814)	(235,233)

Quarterly Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net income (loss)	(566,485)	(204,157)
Other comprehensive income		
Valuation difference on available-for-sale securities	(167,990)	307,694
Deferred gains or losses on hedges	(8,009)	5,236
Foreign currency translation adjustment	766,950	(391,738)
Remeasurements of defined benefit plans, net of tax	1,194	302
Total other comprehensive income	592,144	(78,504)
Comprehensive income	25,658	(282,662)
(Breakdown)		
Comprehensive income attributable to owners of parent	78,498	(314,085)
Comprehensive income attributable to non-controlling interests	(52,839)	31,423

(3) Notes to quarterly consolidated financial statements

(Notes on ongoing concern assumption)

No relevant matters to be noted.

(Notes in the event of significant changes in shareholders' equity)

No relevant matters to be noted.

(Special accounting method applied to quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after tax effect accounting on net income before income taxes for the fiscal year that includes the first quarter and multiplying net income before income taxes for the quarter by the estimated effective tax rate.

However, if using this estimated effective tax rate results in extremely unreasonable tax expenses, the statutory effective tax rate is used after adjusting net income (loss) before income taxes for material differences that are not temporary.

(Notes on Segment information and others)

I. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information regarding net sales and income (loss) by reportable segment

(Thousands of yen)

	Content Creation	Production Technology Services	Imaging Systems & Solutions	Sub total	Adjustments (Note 1)	Amount in the Quarterly Consolidated Statements of Income (Note 2)
Net sales						
Sales to external customers	5,344,945	11,271,318	3,430,645	20,046,909	13,848	20,060,758
Inter-segment sales or transfers	595	299,828	148,905	449,329	(449,329)	—
Total	5,345,541	11,571,146	3,579,551	20,496,239	(435,481)	20,060,758
Segment income	481,796	(1,016,973)	325,734	(209,442)	(334,973)	(544,416)

(Notes) 1. Adjustment to segment income (loss) of (334,973) thousand yen consists of income (loss) related to the Company of 1,982,477 thousand yen and elimination of inter-segment transactions of (2,317,451) thousand yen.

2. Segment income (loss) is adjusted against operating loss on the quarterly consolidated financial statements.

II. For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information regarding net sales and income (loss) by reportable segment

(Thousands of yen)

	Content Creation	Production Technology Services	Imaging Systems & Solutions	Sub total	Adjustments (Note 1)	Amount in the Quarterly Consolidated Statements of Income (Note 2)
Net sales						
Sales to external customers	5,546,805	13,323,021	3,381,183	22,251,010	8,245	22,259,256
Inter-segment sales or transfers	166	316,036	104,924	421,127	(421,127)	—
Total	5,546,971	13,639,058	3,486,107	22,672,137	(412,881)	22,259,256
Segment income (loss)	277,045	179,729	127,523	584,298	(363,815)	220,482

(Notes) 1. Adjustment to segment income (loss) of (363,815) thousand yen consists of income (loss) related to the Company of 2,075,421 thousand yen and elimination of inter-segment transactions of (2,439,237) thousand yen.

2. Segment income (loss) is adjusted against operating loss on the quarterly consolidated financial statements.

(Notes on quarterly consolidated statements of cash flows)

The Group has not prepared quarterly consolidated statements of cashflows for the first three months of the fiscal year. Depreciation and amortization (including amortization associated with intangible assets, excluding goodwill) and goodwill amortization for the first quarter of the consolidated fiscal year are as follows:

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation and amortization	840,117	883,423
Goodwill amortization	443,964	352,246

(Significant Subsequent Events)

(Share consolidation)

At the Board of Directors meeting held on July 31, 2025 (hereinafter referred to as "the Board Meeting"), the Company resolved to convene an extraordinary general meeting of shareholders scheduled for September 2, 2025 (hereinafter referred to as "the Extraordinary General Meeting") and to submit the matter of the share consolidation for resolution at the Extraordinary General Meeting.

Note that the Company's common shares (hereinafter referred to as "the Company's shares") will become subject to the delisting criteria set forth in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (hereinafter referred to as "the Tokyo Stock Exchange") during the course of the above procedures. As a result, the Company's shares will be designated as securities to be delisted from September 2, 2025, to September 28, 2025, and will be delisted on September 29, 2025.

1. Purpose and reasons for the share consolidation

As disclosed in the "Notice Regarding Implementation of MBO and Recommendation to Tender Offer" announced by the Company on May 9, 2025, Mikazuki Co., Ltd. (hereinafter referred to as the "Tender Offeror") intends to acquire all of the shares of the Company (excluding the shares of the Company held by the Company itself and the shares of the Company owned by shareholders who have agreed not to tender their shares in the Tender Offer (hereinafter referred to as the "Non-Tendered Shares") and to delist the Company from the Tokyo Stock Exchange Prime Market, with the ultimate goal of achieving a state where the Tender Offeror, Createo Co., Ltd. (hereinafter referred to as "Createo") and Createo Holdings Co., Ltd. (hereinafter referred to as "Createo HD," and collectively, Createo and Createo HD are referred to as the "Non-Tender Agreement Shareholders") are the sole shareholders of the Company. However, following the commencement of the settlement of the Tender Offer, the parties related to the Tender Offer have decided to ultimately make the Tender Offeror and Createo the sole shareholders of the Company. As part of this transaction, we conducted the Tender Offer with a tender offer period from May 12, 2025, to June 20, 2025.

As disclosed in the "Notice Regarding Results of Tender Offer for Company Shares by Mikaduki, Inc. and Change in Major Shareholder" announced by the Company on June 21, 2025, as a result of the Tender Offer, the Tender Offeror acquired 16,662,324 shares of the Company's shares (ownership ratio: 37.62%) of the Company's shares as of June 27, 2025 (the settlement commencement date of the Tender Offer).

(Note) "Ownership ratio" refers to ratio (rounded to the second decimal place) to the number of shares as of March 31, 2025 (44,296,658 shares), which is calculated by deducting the number of treasury shares owned by the Company as of the same date (444,809 shares) from the number of issued shares as of the same date (44,741,467 shares) as stated in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese Accounting Standards]" (hereinafter referred to as the "Company's Financial Results") submitted by the Company on May 9, 2025. The same applies hereinafter.

As stated above, the Tender Offer has been completed; however, the Tender Offeror was unable to acquire all of the shares of the Company (excluding treasury shares held by the Company and shares not tendered in the Tender Offer). Therefore, at the request of the Tender Offeror, in order to restrict the shareholders of the Company to the Tender Offeror and Createo, at the Board Meeting, the Company has resolved to conduct a share consolidation (hereinafter referred to as the "Share Consolidation") whereby 3,332,464 shares of the Company's shares will be

consolidated into one share, subject to the approval of the shareholders at the Extraordinary General Meeting and resolved to convene the Extraordinary General Meeting.

Additionally, Createo has reportedly received the return of 3,500,000 shares of the Company's stock (ownership ratio: 7.90%) that were held in trust with Mitsui Sumitomo Trust Bank, Ltd. as trustee and Japan Custody Bank, Ltd. as sub-trustee, with Createo as the sole trustee and beneficiary, without any special consideration, following the termination of the trust agreement and related contracts. Furthermore, Createo HD planned to enter into a stock lending transaction (hereinafter referred to as the "Stock Lending Transaction") with Createo, whereby Createo HD would lend to Createo all of the shares of the Company owned by Createo HD (number of shares owned: 400,000 shares, ownership ratio: 0.90%). However, following discussions among the parties related to the Tender Offer after the commencement of the settlement of the Tender Offer, it has been decided not to proceed with the Stock Lending Transaction.

Additionally, as a result of the Share Consolidation, the number of shares of the Company held by shareholders other than the Tender Offeror and Createo is expected to be less than one share.

2. Summary of the share consolidation

(1) Schedule for the share consolidation

- | | |
|---|---|
| ① Date of announcement of the record date for the Extraordinary General Meeting | June 27, 2025 (Friday) |
| ② Record date for the Extraordinary General Meeting | July 15, 2025 (Tuesday) |
| ③ Date of Board of Directors' resolution | July 31, 2025 (Thursday) |
| ④ Date of the Extraordinary General Meeting | September 2, 2025 (Tue) (tentative) |
| ⑤ Date of designation as a delisted securities | September 2, 2025 (Tuesday) (tentative) |
| ⑥ Final trading date for our shares | September 26, 2025 (Friday) (tentative) |
| ⑦ Date of delisting of the Company's shares | September 29, 2025 (Monday) (tentative) |
| ⑧ Effective date of the share consolidation | October 1, 2025 (Wednesday) (planned) |

(2) Details of the share consolidation

① Type of shares to be consolidated

Common stock

② Merger ratio

We will consolidate 3,332,464 shares of our company's stock into one share.

③ Total number of issued shares to be reduced

44,332,830 shares

(Note) At the Board Meeting, the Company resolved to cancel 408,624 shares (the number of shares obtained by deducting 36,185 shares disposed of as stock compensation for directors and other executive officers of the Company as of July 25, 2025, from the total number of treasury shares owned by the Company as of March 31, 2025, which was 444,809 shares) as of September 30, 2025. (hereinafter referred to as the "Share Cancellation"). Therefore, the "decrease in the total number of issued shares" is stated based on the total number of issued shares after the Share Cancellation. Note that the cancellation of the treasury shares is subject to the approval of the resolution regarding the Share consolidation at the Extraordinary General Meeting in accordance with the original proposal.

④ Total number of issued shares prior to the effective date

44,332,843 shares

(Note) As stated above, the Company has resolved at the Board Meeting to carry out the cancellation of treasury shares. Therefore, the "Total number of issued shares prior to the effective date" is stated by subtracting the number of treasury shares to be canceled in the cancellation of treasury shares (408,624 shares) from the number of issued shares as of March 31, 2025, which was stated in the Company's Financial Results submitted on May 9, 2025. (44,741,467 shares), minus the number of treasury shares to be canceled in this treasury stock cancellation (408,624 shares).

⑤ Total number of issued shares after the effective date

13 shares

⑥ Total number of authorized shares as of the effective date
52 shares

⑦ Method of handling fractional shares and the amount of cash expected to be paid to shareholders as a result of such handling

As stated in the above "1. Purpose and Reasons for the Stock Consolidation," as a result of this stock consolidation, the number of shares of the Company's stock owned by shareholders other than the Tender Offeror and Createo will be less than one share.

With respect to any fractional shares resulting from this stock consolidation that are less than one share, the Company will sell the Company's shares corresponding to the total number of such fractional shares (calculated in accordance with Article 235, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter) Article 235, Paragraph 1, if the total number includes fractions less than one share, such fractions shall be rounded down), and the proceeds from such sale shall be distributed to shareholders in proportion to such fractions.

Regarding this sale, the Company hereby notifies that the purpose of this share consolidation is to limit the shareholders of the Company to the Tender Offeror and Createo, and considering that the Company's shares are scheduled to be delisted on September 29, 2025, and will become shares without market value, it is deemed unlikely that a buyer will emerge through a public auction. Therefore, pursuant to the provisions of Article 234, Paragraphs 2 and 4 of the Companies Act, as applied mutatis mutandis under Article 235, Paragraph 2 of the same Act, the Company plans to purchase the shares with the court's approval.

In this case, the sale price will be set at an amount equivalent to the sum of 795 yen (the same as the public tender offer price) multiplied by the number of shares of the Company's stock owned by shareholders listed or recorded in the final shareholder register as of September 30, 2025, the day before the effective date of the stock consolidation, provided that the necessary court approval is obtained as scheduled. However, if court approval is not obtained or if adjustments are necessary due to rounding or other calculations, the actual amount paid may differ from the above amount.

(3) Impact on per-share information

Assuming that the Stock Consolidation had been implemented at the beginning of the previous fiscal year, the per-share information for the first quarter cumulative period of the previous fiscal year and the first quarter cumulative period of the current fiscal year would be as follows:

Prior First Quarter Consolidated Cumulative Period (From April 1, 2024 to June 30, 2024)

Net loss per share: 39,985,761.92 yen

Current first quarter consolidated cumulative period (From April 1, 2025 to June 30, 2025)

Net loss per share: 18,094,877.46 yen

(Cancellation of treasury stock)

The Company resolved at the Board of Directors meeting held on July 31, 2025, to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act.

Note that the cancellation of the treasury shares is subject to the approval of the resolution regarding the share consolidation, which is scheduled to be held at the extraordinary general meeting of shareholders on September 2, 2025, and which is set to take effect on October 1, 2025, as stated in the "Notice Regarding Share Consolidation, Abolition of Provisions on Share Units and Partial Amendment to the Articles of Incorporation " disclosed on July 31, 2025.

1. Type of shares to be cancelled

Common stock

2. Number of shares to be canceled

408,624 shares (representing 0.91% of the total number of issued shares prior to cancellation)

(Note) Rounded to the second decimal place.

3. Scheduled date of cancellation
September 30, 2025