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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2026 (Japanese GAAP)

July 15, 2025

Company name  MetaReal Corp. Listing Market TSE

Stock Code 6182 URL <https://www.metareal.jp>

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of President's Office

Scheduled date of commencement of dividend - payment

Preparation of supplementary materials for financial results: Yes

Holding of financial results briefing: Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2026 (March 1, 2025-May 31, 2025)

(1) Consolidated Results of Operation (Cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1 FY2/26	1,125	Δ0.9	Δ61	-	Δ68	-	Δ60	-
Q1 FY2/25	1,135	15.4	211	89.8	207	66.2	135	127.3

(Note) Comprehensive income Q1 FY2/26 Δ60 Millions of yen (-%) Q1 FY2/25 136 Millions of yen (129.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q1 FY2/26	Δ5.58	-
Q1 FY2/25	12.56	12.43

(Note) Diluted net income per share for the first quarter of the fiscal year ending February 28, 2026 is not presented because there were no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Q1 FY2/26	4,845	1,895	39.1
FY2/25	4,919	1,956	39.8

(Reference) Shareholders' equity Q1 FY2/26 1,895 Millions of yen FY2/25 1,956 Millions of yen

2. Dividend payment

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2/25	-	0.00	-	0.00	0.00
FY2/26	-				
FY2/26 (Forecast)		0.00	-	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Consolidated Business Forecasts for the Fiscal Year Ending February 28, 2026 (March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,700	39.5	500	326.2	454	303.0	282	△5.5	26.07

(Note) Revisions to the most recently announced business forecasts: None

◆ Consolidated Business Forecasts by Segment

(Percentages indicate year-on-year changes.)

	Net sales		Operating income	
	Millions of yen	%	Millions of yen	%
Full year				
AI business	3,700	19.9	710	43.8
HT business	800	△9.5	100	12.7
Metaverse business	300	163.0	△100	-
AI/MV Marketing business	900	-	△50	-
Other corporate expenses	-	-	△160	-

(Note) 1. Metareal AI related sales projects, which are future growth strategies, include consigned development-type projects, performance-based quasi-delegation, and licensing as usage rights. The recording of sales varies significantly depending on the delivery of products, the timing of acceptance inspections, and the timing of licensing (and various conditions in licensing). Accordingly, there is a difference in the recording of sales between quarterly periods. Our annual business forecasts are based on the difference between quarterly figures for each fiscal year, and there is a possibility that there will be changes in the timing of bookings before and after the quarter due to differences in the timing of acceptance inspections.

2. We will add a new AI/MV Marketing business from the fiscal year ending February 28, 2026. In AI/MV Marketing business, we will pursue M&A opportunities with companies in specialized technical fields that have strong growth potential through the use of AI (Artificial Intelligence) and MV (Metaverse), and expand our AI/MV Marketing business by leveraging their customer base and operational expertise.

※ Notes

(1) Significant changes in scope of consolidation during the quarter: Yes

Newly included: None - Excluded: 1 company (Company Name) Xtra Co., Ltd.

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes

(Note) For details, please refer to [2.Quarterly Consolidated Financial Statements, (3) Notes on Quarterly Consolidated Financial Statements (Notes on Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements)] on page 7 of the Appendix.

(3) Changes in accounting policies, changes in accounting estimates and restatements

① Changes in accounting policies due to revisions of accounting standards, etc.: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatements: None

(Note) For details, please refer to [2.Quarterly Consolidated Financial Statements, (3) Notes on Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policies)] on page 7 of the Appendix.

(4) Number of shares outstanding (common stock)

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

Q1 FY2/26	10,888,060 shares	FY2/25	10,888,060 shares
Q1 FY2/26	490 shares	FY2/25	490 shares
Q1 FY2/26	10,887,570 shares	Q1 FY2/25	10,768,648 shares

② Treasury shares at the end of the year

③ Average number of shares outstanding during the period (cumulative)

※ Review by a certified public accountant or an auditing firm on the accompanying quarterly consolidated financial statements: Yes (optional)

※ Explanations and other special notes concerning the appropriate use of business forecasts

(Cautionary Statement with Respect to Forward-Looking Statements)

Forecasts of future performance and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company makes no promises concerning their achievement. Actual results may differ significantly from the forecasts due to various factors. Please refer to [1. Overview of Results of Operation, (3) Consolidated Business Forecasts] on page 3 of the Appendix for the assumptions underlying the forecasts and cautions concerning the use thereof.

(Method of Obtaining Financial Results Briefing Materials)

Supplementary materials for financial results were disclosed on the TDnet on the same date.

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1. Results of Operations and Financial Position

(1) Overview of Results of Operation for the First Quarter

During the first quarter of the current fiscal year (March 1 to May 31, 2025), while net sales and operating income in the AI business decreased compared to the same period of the previous fiscal year, operating income in the HT business increased and the amount of loss incurred in the Metaverse business decreased.

As a result, our group posted net sales of 1,125,240 thousand yen (down 0.9% year on year), an operating loss of 61,264 thousand yen (operating income of 211,943 thousand yen in the same period of the previous fiscal year), an ordinary loss of 68,297 thousand yen (ordinary income of 207,524 thousand yen in the same period of the previous fiscal year), and a loss attributable to owners of parent of 60,701 thousand yen (profit attributable to owners of parent of 135,200 thousand yen in the same period of the previous fiscal year) for the cumulative first quarter of the current fiscal year.

The performance of each business segment is as follows: During the fourth quarter of the previous consolidated fiscal year, out of the businesses of STUDIO55 Inc. included in the scope of consolidation, business results related to the VR business are classified into the Metaverse business segment and business results related to businesses other than VR are classified into AI/MV Marketing business segment. AI/MV Marketing business segment is not compared with the same period of the previous fiscal year because there is no results for the same period of the previous fiscal year, including this business.

① AI business

As for the AI business, orders received were 931,493 thousand yen (down 5.4% year on year). Net sales were 696,444 thousand yen (down 22.1% year on year), due to a reactionary decline from a large-scale project in the same period of the previous fiscal year and a decrease in orders received from the previous fiscal year. Segment loss was 19,564 thousand yen (segment income of 288,765 thousand yen in the same period of the previous fiscal year), mainly due to advertising activities to acquire new projects and improve brand recognition, and investments to reconstruct the management structure. We will continue to implement forward-looking investments that leverage customer value creation, such as aggressive investment in the mainstay T-400, and proposal activities that contribute to promoting the use of generative AI by major and medium-sized companies, to improve the quality of services and profitability, and promote measures to achieve a medium-to long-term recovery in business performance.

② HT business

As for the HT business, sales were 192,580 thousand yen (down 20.2% year on year) and segment income was 36,718 thousand yen (up 96.5% year on year) due to the liquidation of Xtra Co., Ltd.

③ Metaverse business

As for the Metaverse business, sales were 34,940 thousand yen (356 thousand yen in the same period of the previous fiscal year) and segment loss was 25,196 thousand yen (a segment loss of 49,613 thousand yen in the same period of the previous fiscal year), as a result of including STUDIO55 Inc. in the scope of consolidation, shifting short- to medium-term growth measures to the [Metareal AI] project, and reducing the amount of investment in the Metaverse business from a long-term perspective of 10±5 years.

④ AI/MV Marketing business

The inclusion of STUDIO55 Inc. in the scope of consolidation resulted in sales of 201,275 thousand yen and segment loss of 9,995 thousand yen.

(2) Overview of Financial Position for the First Quarter

(Assets)

Current assets decreased by 21,202 thousand yen from the end of the previous fiscal year to 3,624,462 thousand yen at the end of the first quarter of the current fiscal year. This was due mainly to a decrease of 57,115 thousand yen in notes, accounts receivable and contract assets and a decrease of 7,324 thousand yen in inventories, despite an increase of 43,829 thousand yen in cash and deposits. Non-current assets decreased by 53,397 thousand yen from the end of the previous consolidated fiscal year to 1,220,597 thousand yen. This was mainly due to a decrease of 23,201 thousand yen in property, plant and equipment, a decrease of 24,054 thousand yen in intangible assets, and a decrease of 6,140 thousand yen in investments and other assets.

(Liabilities)

Current liabilities increased by 138,361 thousand yen from the end of the previous fiscal year to 2,259,241 thousand yen at the end of the first quarter of the current fiscal year. This was due mainly to an increase of 221,307 thousand yen in advances received and a decrease of 118,286 thousand yen in short-term loans payable. Non-current liabilities decreased by 152,433 thousand yen from the end of the previous consolidated fiscal year to 690,050 thousand yen. This was mainly due to a decrease of 107,433 thousand yen in long-term debt and a decrease of 45,000 thousand yen in bonds payable.

(Net assets)

Net assets decreased by 60,527 thousand yen from the end of the previous fiscal year to 1,895,767 thousand yen at the end of the first quarter of the current fiscal year. This was due mainly to a decrease of 60,701 thousand yen in retained earnings as a result of recording a loss attributable to owners of the parent.

(3) Consolidated Business Forecasts

Our three management themes for achieving further acceleration of growth are:

① Renovation of management team and management integration of MetaReal-Rozetta

Recognizing that the fundamental reason for the slump in business performance since the previous fiscal year is [the failure of the delegation stage in Rozetta management], as a countermeasure, we implemented the management integration of MetaReal and Rozetta, including the return of Goishi, our founder, to the field.

We also saw the weakness of our headquarters functions as a major task, and revamped the management team on the part of our headquarters. We have invited outstanding management teams and staff from outside the Company to strengthen the management base of the Group as a whole. This includes reinforcing executive officers such as CSO (Strategy) and CMO (Marketing), and other functions such as M&A, IR, sales, business execution, and logistics support.

In addition, Group management will be directly involved in the management of Rozetta, and we will establish a responsibility management system with multiple, talented chief operating officers (COOs), and once again take on the challenge of achieving the transfer stage of authority. Through this structure, we will transform our business structure by balancing the profitability and cooperation of each business, aiming to reconstruct our earnings structure and expand to the next growth phase.

We also take seriously the loss of organizational capabilities, which had been Rozetta's strength in the age of high growth, and reiterate our mission of [liberate humanity from its location, time, language, and physical constraints]. We have clearly defined values in business strategies, actions, communication, and the personnel system, and we are enforcing them thoroughly among all employees. In addition to improving cohesiveness and regaining the spirit of innovation by returning our founder to the workplace, we are developing an organizational structure to reconstruct our organizational culture and foster a sense of unity as a group as a whole, and thereby accelerate the pace of growth.

② Expansion of the business base for AI translation targeting specialized industry documents to the generative AI business

By utilizing specialized document data such as [T-400] highly valued by customers and a customer base of more than 6,000 companies as AI translation for [industry-specific specialized documents], we will expand our business domain from the narrow domain of translation to the peripheral and application fields for document preparation and shift to [vertically integrated AI agents].

We will resolve issues such as speed and artificial numbers in customers' business processes in the form of consigned development, joint development, and SaaS products.

③ Commencement of provision of consigned development solutions utilizing AI technology that automatically generates digital twins in the Metaverse business

Commencement of provision of consigned development solutions utilizing AI technology that automatically generates digital twins in the Metaverse business

As a long-term growth strategy aiming to achieve results in 10 ± 5 years, the Metaverse business is addressing the task of the [Metaverser] concept and its method [Metaverse \times AI], and in particular we are focusing on providing consigned development solutions using AI-technology that automatically generates digital twins. Previous methods of digital twin-building included [3D Laser Scan] and [Combination of Plane Capture Images]. However, there were issues such as trouble and cost in the former and limitations on viewpoints and perspectives in the latter. Accordingly, we will provide consigned AI-development solutions that automatically generate photo digital twins from videos taken on a smartphone without special equipment or work by using the next-generation 3D spatial configuration technique [Gaussian Splatting]. Use cases are assumed for industries centered on the construction, real estate, and manufacturing industries.

In addition, STUDIO55 Inc., which we welcomed as a group company, will serve as the growth platform for the VR/digital twin business. While up to now our cutting-edge technological capabilities related to Gaussian Splatting and generative AI have been our strengths, our weakness was that we do not have a customer base because of the thin knowledge of the construction industry. STUDIO55 Inc. has a high level of expertise and a broad customer base in the VR/CG/BIM field of architectural design, and has established a solid track record and reliability in the industry. We aim to grow in this field through the synergy effect of combining our cutting-edge AI technology with the specialized skills and customer base of STUDIO55 Inc.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (February 28, 2025)	Current first quarter (May 31, 2025)
Assets		
Current assets		
Cash and deposits	2,903,833	2,947,662
Notes, accounts receivable and contract assets	429,783	372,668
Inventories	73,519	66,195
Other	247,057	246,100
Allowance for doubtful accounts	△8,529	△8,165
Total current assets	3,645,664	3,624,462
Non-current assets		
Property, plant and equipment	212,704	189,503
Intangible assets		
Goodwill	408,422	400,465
Software	307,176	267,498
Software in progress	40,419	65,686
Other	3,340	1,652
Total intangible assets	759,357	735,302
Investments and other assets		
Investment securities	53,030	53,261
Other	276,596	270,702
Allowance for doubtful accounts	△27,694	△28,172
Total investments and other assets	301,932	295,791
Total non-current assets	1,273,994	1,220,597
Total assets	4,919,659	4,845,059
Liabilities		
Current liabilities		
Notes and accounts payable-trade	107,109	91,019
Short-term borrowings	232,610	114,323
Current portion of long-term loans payable	402,114	433,290
Current portion of corporate bonds	194,000	194,000
Income taxes payable	24,352	2,997
Provision for bonuses	45,795	89,276
Advances received	783,716	1,005,023
Provision for loss on orders received	-	2,303
Other	331,179	327,005
Total current liabilities	2,120,879	2,259,241
Non-current liabilities		
Corporate bonds	300,000	255,000
Long-term debt	542,484	435,050
Total non-current liabilities	842,484	690,050
Total liabilities	2,963,364	2,949,291
Net assets		
Shareholders' equity		
Common stock	802,289	802,289
Capital surplus	1,776,235	1,776,235
Retained earnings	△619,662	△680,363
Treasury stock	△986	△986
Total shareholders' equity	1,957,876	1,897,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△1,581	△1,406
Total accumulated other comprehensive income	△1,581	△1,406
Total net assets	1,956,295	1,895,767
Total liabilities and net assets	4,919,659	4,845,059

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the Three-month Period)

(Thousands of yen)

	Previous first quarter (From March 1, 2024 to May 31, 2024)	Current first quarter (From March 1, 2025 to May 31, 2025)
Net sales	1,135,459	1,125,240
Cost of sales	348,810	467,941
Gross profit	786,648	657,299
Selling, general and administrative expenses		
Salaries, allowances and bonuses	160,861	183,392
Research and development expenses	50,017	42,356
Provision for bonuses	33,449	31,398
Retirement benefit expenses	1,748	2,052
Other	328,629	459,362
Total selling, general and administrative expenses	574,705	718,563
Operating income or loss (Δ)	211,943	Δ 61,264
Non-operating income		
Interest income	6	200
Gain on forgiveness of dividends payable	203	-
Cash-back income	133	-
Foreign exchange gain	-	516
Other	163	21
Total non-operating income	507	738
Non-operating expenses		
Interest expenses	2,174	6,415
Provision for doubtful receivables	-	485
Share of loss of investments accounted for using equity method	1,452	622
Foreign exchange loss	1,128	-
Other	169	248
Total non-operating expenses	4,925	7,771
Ordinary income or loss (Δ)	207,524	Δ 68,297
Special income		
Income on sales of non-current assets	127	-
Gain on sale of investment securities	19,999	-
Other	400	-
Total special income	20,527	-
Special loss		
Loss on sales and retirement of noncurrent assets	0	0
Impairment loss	5,965	-
Office transfer expenses	-	2,648
Total special loss	5,965	2,648
Income or loss (Δ) before income taxes	222,086	Δ 70,945
Income taxes	86,885	Δ 10,243
Net income or loss (Δ)	135,200	Δ 60,701
Net income or loss (Δ) attributable to owners of parent	135,200	Δ 60,701

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Three-month Period)

(Thousands of yen)

	Previous first quarter (From March 1, 2024 to May 31, 2024)	Current first quarter (From March 1, 2025 to May 31, 2025)
Net income or loss (Δ)	135,200	Δ 60,701
Other comprehensive income		
Valuation difference on available-for-sale securities	1,301	174
Total other comprehensive income	1,301	174
Comprehensive income	136,502	Δ 60,527
Comprehensive income (loss) attributable to:		
Owners of parent	136,502	Δ 60,527
Non-controlling interests	-	-

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of [Accounting Standard for Income Taxes, Inhabitant Taxes, and Business Taxes])

The “Accounting Standard for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes, etc.” (Accounting Standard No. 27, issued on October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), the “Accounting Standard for Presentation of Comprehensive Income” (Accounting Standard No. 25, issued on October 28, 2022), and the “Guidance on the Accounting Standard for Tax Effect Accounting” (Accounting Standard Implementation Guidance No. 28, issued on October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”) have been applied from the beginning of the first quarter of the current consolidated fiscal period.

Revisions to the classification of income taxes (taxation of other comprehensive income) have been made in accordance with the transitional handling stipulated in the proviso to Paragraph 20-3 of the Amended Accounting Standard for 2022 and the transitional handling stipulated in the proviso to Paragraph 65-2 of the Amended Implementation Guidance for 2022. This change in accounting policy has had no impact on the quarterly consolidated financial statements.

In addition, we have applied the revised Implementation Guidance for 2022 from the beginning of the first quarter of the current fiscal year to revisions related to the revision of the handling in the consolidated financial statements for deferring gain or loss on sales of investments in subsidiaries and other assets resulting from the sale for tax purposes. Changes in accounting policies have been applied retrospectively. The quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year have been applied retrospectively. This change in accounting policy has had no effect on the previous quarter's quarterly consolidated financial statements or the previous year's consolidated financial statements.

(Notes on Accounting Procedures Specific to Preparation of the Quarterly Consolidated Financial Statements)

Income taxes are calculated by multiplying the income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

However, if the calculation of tax expenses using the estimated effective tax rate yields a highly unreasonable result, then the statutory tax rate is used.

(Notes on Segment Information)

I Previous first quarter (From March 1, 2024 to May 31, 2024)

1. Information on net sales and income or loss by reportable segment and breakdown of income

(Thousands of yen)

	Reportable Segments				Adjustment (Note 1)	Amounts on the consolidated financial statements (Note 2)
	AI business (Note 3)	HT business	Metaverse business	Total		
By type of goods or services						
Machine translation	685,574	6,538	-	692,113	-	692,113
Human translation	13,553	234,925	-	248,479	-	248,479
Metaverse	-	-	356	356	-	356
Consigned development	194,510	-	-	194,510	-	194,510
Revenue from contracts with customers	893,638	241,464	356	1,135,459	-	1,135,459
Revenue recognition by period						
Goods or services that are transferred at one time	185,587	209,859	73	395,519	-	395,519
Goods or services that are transferred over a period of time	708,050	31,605	283	739,939	-	739,939
Revenue from contracts with customers	893,638	241,464	356	1,135,459	-	1,135,459
Net sales to unaffiliated customers	893,638	241,464	356	1,135,459	-	1,135,459
Intersegment sales or transfer	800	10,846	4,178	15,824	△15,824	-
Total	894,438	252,310	4,535	1,151,284	△15,824	1,135,459
Segment income or loss (△)	288,765	18,686	△49,613	257,839	△45,895	211,943

(Note) 1 The adjustment amount of segment profit or loss (△) of △45,895 thousand yen includes the elimination of intersegment transactions of 61,899 thousand yen and corporate expenses not attributable to the reporting segments of △107,795 thousand yen. Corporate expenses mainly consist of costs related to the management departments of the parent company's headquarters, which are not attributable to the reporting segments.

2. Segment income or loss (△) is adjusted with operating income in the quarterly consolidated statements of income.

3. Sales related to generative AI are included in [Machine translation] for platform-type sales, and sales related to consigned development are included in [Consigned development].

2. Information on impairment loss on noncurrent assets or goodwill by reportable segment
(Significant impairment loss on noncurrent assets)

This information is omitted because it is not material.

II Current first quarter (From March 1, 2025 to May 31, 2025)

1. Information on net sales and income or loss by reportable segment and breakdown of income

(Thousands of yen)

	Reportable Segments					Adjustment (Note 1)	Amounts on the consolidated financial statements (Note 2)
	AI business (Note 3)	HT business	Metaverse business	AI/MV Marketing business	Total		
By type of goods or services							
Machine translation	627,831	-	-	-	627,831	-	627,831
Human translation	12,313	192,580	-	-	204,893	-	204,893
Metaverse	-	-	34,940	-	34,940	-	34,940
Consigned development	56,299	-	-	201,275	257,575	-	257,575
Revenue from contracts with customers	696,444	192,580	34,940	201,275	1,125,240	-	1,125,240
Revenue recognition by period							
Goods or services that are transferred at one time	73,140	169,057	34,803	201,275	478,277	-	478,277
Goods or services that are transferred over a period of time	623,303	23,522	136	-	646,962	-	646,962
Revenue from contracts with customers	696,444	192,580	34,940	201,275	1,125,240	-	1,125,240
Net sales to unaffiliated customers	696,444	192,580	34,940	201,275	1,125,240	-	1,125,240
Intersegment sales or transfer	143	9,092	5,996	-	15,232	△15,232	-
Total	696,587	201,672	40,936	201,275	1,140,472	△15,232	1,125,240
Segment income or loss (△)	△19,564	36,718	△25,196	△9,995	△18,038	△43,225	△61,264

(Note) 1 The adjustment amount of segment profit or loss (△) of △43,225 thousand yen includes the elimination of intersegment transactions of 102,653 thousand yen and corporate expenses not attributable to the reporting segment of △145,878 thousand yen. Corporate expenses mainly consist of costs related to the management departments of the parent company's headquarters, which are not attributable to the reporting segment.

2. Segment income or loss (△) is adjusted with operating loss in the quarterly consolidated statements of income.

3. Sales related to generative AI are included in [Machine translation] for platform-type sales, and sales related to consigned development are included in [Consigned development].

2. Information on impairment loss on noncurrent assets or goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable.

3. Changes in reportable segments

(Changes in Reportable Segments)

During the fourth quarter of the previous fiscal year, STUDIO55 Inc. was converted into a consolidated subsidiary.

As a result, [AI/MV Marketing business] has been added as a new reportable segment from the first quarter of the fiscal year under review.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on the Quarterly Consolidated Statement of Cash Flows)

The quarterly consolidated cash flow statement for the first quarter consolidated cumulative period has not been prepared. Additionally, the depreciation expenses related to the first quarter consolidated cumulative period (including amortization expenses for intangible fixed assets excluding goodwill) and the amortization amount for goodwill are as follows.

	Previous first quarter (From March 1, 2024 to May 31, 2024)	Current first quarter (From March 1, 2025 to May 31, 2025)
Depreciation	63,350 thousand yen	66,196 thousand yen
Amortization of goodwill	-	7,956
