Consolidated Financial Results for the Fiscal Year ended March 31, 2026 (Fiscal Year 2025) [Japanese GAAP]

May 13, 2026

Name of Listed Company: Ａｋａｔｓｕｋｉ　Ｉｎｃ.　Stock listed on: Tokyo Stock Exchange
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Scheduled date of General meeting of shareholders: June 25, 2026
Scheduled dividend payment date: June 26, 2026
Scheduled date for filing securities report: June 24, 2026
Material to supplement the financial results: Yes
Financial results conference: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2025	25,856	9.3	7,444	90.1	7,618	79.9	5,652	243.2
FY2024	23,652	△1.3	3,915	46.3	4,233	49.4	1,646	27.8

(Note) Comprehensive income: FY2025: 5,521 Million yen (142.0%) FY2024: 2,281 Million yen (59.9%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit / Total assets	Operating profit / Net sales
	Yen	Yen	%	%	%
FY2025	391.97	391.95	13.1	13.0	28.8
FY2024	114.22	114.20	4.1	7.9	16.6

Reference: Equity in earnings of affiliates: FY2025: 25 million yen; FY2024: 77 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2026	62,325	45,376	72.3	3,125.09
March 31, 2025	54,632	41,455	75.3	2,851.11

Reference: Equity : March 31, 2026: 45,070 Million yen March 31, 2025: 41,111 Million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash Flows from financing activities	Cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY2025	2,693	△3,283	3,178	34,242
FY2024	3,639	△1,240	△2,137	31,062

2. Dividends

	Dividends per share					Total amount of dividends	Dividend payout ratio (consolidated)	Dividends on net assets ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year End	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2024	—	40.00	—	55.00	95.00	1,372	83.2	3.4
FY2025	—	55.00	—	60.00	115.00	1,662	29.3	3.8
Forecast for FY2026	—	60.00	—	—	—		—	

Note (1): The Company has revised its dividend forecast, setting the year-end dividend for FY2025 (fiscal year ended March 31, 2026) at ¥60 per share. For details, please see the separate announcement published today (May 13, 2026) entitled “Announcement of Revision of Dividend Forecast (Year-end Dividend).”
Note (2): The term-end dividend forecast for the fiscal year ending March 31, 2027 is not yet determined.

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

Providing appropriate and reliable forecasts is difficult given many uncertainties impacting the short-term business environment of the Games and Comics Business, as well as the Company's intention to proactively pursue other businesses. Therefore, going forward, the Company has a policy to strive for timely disclosure of quarterly financial results and business overview and to not provide full-year forecasts. For details, please refer to "1. Summary of Operations and Business Results, (4) Forecasts of Consolidated Operating Results" on page 4 of the attachment.

*Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly included: 5 companies (Company name: CRAYON, Inc. and 4 other companies)

Excluded: 1 company (Company name: Akatsuki Fukuoka, Inc.)

Note: For details, please refer to "3. Consolidated Financial Statements and Key Notes, (5) Notes to Consolidated Financial Statements (Changes in Scope of Consolidation or Scope of Equity Method)" on page 14 of the attachment.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Shares outstanding (Common shares)

1) Number of shares outstanding (including treasury shares)	March 31, 2026	14,519,800	March 31, 2025	14,517,100
2) Number of treasury shares	March 31, 2026	97,531	March 31, 2025	97,531
3) Average number of shares during the term	FY2025	14,421,077	FY2024	14,419,534

Note (1): The number of treasury shares includes shares of the Company held by "Employee Stock Ownership Plan (J-ESOP)". (32,156 shares as of March 31, 2026; 32,156 shares as of March 31, 2025).

(2): The number of shares of the Company held by "Employee Stock Ownership Plan (J-ESOP)" are included in treasury shares and deducted when calculating the average number of shares during the period. (32,156 shares for the year ended March 31, 2026; 32,156 shares for the year ended March 31, 2025).

Reference: Non-Consolidated Financial Summary

1. Non-Consolidated Performance for Fiscal Year 2025 (April 1, 2025 to March 31, 2026)

(1) Non-Consolidated Operating Results (percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2025	18,217	△21.3	4,904	△35.3	6,084	324.8	5,760	—
FY2024	23,138	1.5	7,585	30.5	1,432	△67.9	△2,719	—

	Profit per share	Diluted profit per share
	Yen	Yen
FY2025	399.46	399.44
FY2024	△188.59	—

Note1: Although there were dilutive shares outstanding for FY2024 (the fiscal year ended March 31, 2025), diluted profit per share is not presented because a net loss per share was recorded.

Note2: The number of shares of the Company held by "Employee Stock Ownership Plan (J-ESOP)" are included in treasury shares deducted in calculating the average number of shares during the period. (32,156 shares for the year ended March 31, 2026; 32,156 shares for the year ended March 31, 2025).

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2026	58,707	44,791	75.8	3,085.61
March 31, 2025	51,263	40,713	78.8	2,800.88

Reference: Equity: March 31, 2026: 44,501 Million yen March 31, 2025: 40,387 Million yen

Note: The number of shares of the Company held by "Employee Stock Ownership Plan (J-ESOP)" are included in treasury shares and deducted when calculating net assets per share. (32,156 shares as of March 31, 2026; 32,156 shares as of March 31, 2025).

*** Presentation regarding the implementation status of review procedures**

These financial results are unaudited by certified public accountants or audit firms.

* 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 Materials)

Supplementary explanatory materials will be posted on the Company’s website on May 13, 2026.

A results briefing for institutional investors and analysts is planned to be held on May 14, 2026.

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1. Summary of Operations and Business Results

(1) Summary of Consolidated Operating Results for the Period

In consolidated FY2025, economic conditions in Japan continued 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 deceleration in overseas economies exerting downward pressure on Japanese economic conditions, including impacts resulting from the Middle East situation and from fluctuations in financial and capital markets, as well as from trade policies and American policy developments.

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.

During FY2025, the core Games and Comics Business strove to strengthen the long-term earnings base by continuing to focus on maximizing the Lifetime Value (LTV) of existing game titles and by allocating management resources toward stable ongoing operations of the new title, “Kaiju No. 8 The Game,” which had a successful launch after its release at the end of August 2025. During this same period in the Entertainment and Lifestyle Business, the Slash Gift online lottery service performed strongly, thanks to continued success with new projects, and we strengthened our market presence and accelerated growth by consolidating CRAYON Inc. – our subsidiary that provides solutions to a diverse range of IP-related needs, from fan club management to advertising and marketing support. Also during this period, we worked toward reinforcing our service lineup and diversifying our business portfolio on the back of two new M&A transactions executed in the second quarter period. These strategic investments are aimed at building a business foundation for future revenue growth.

As a result, net sales for the period was ¥25,856 million (an increase of 9.3% year-on-year), operating profit was ¥7,444 million (an increase of 90.1% year-on-year), ordinary profit was ¥7,618 million (an increase of 79.9% year-on-year), and profit attributable to owners of parent was ¥5,652 million (an increase of 243.2% year-on-year).

The operating results for each segment are as follows below.

Effective from this fiscal year FY2025, the Group changed its reportable segment classifications. Accordingly, the comparative analysis for the fiscal year is based on the revised segment classifications. For further details, please refer to “1. Reportable Business Segments, Matters Related to Changes in Reportable Segments, etc.” under “Segment Information” in the Notes on the Consolidated Financial Statements.

(Games and Comics Business)

In the Games and Comics Business, we continued to focus on maximizing the Lifetime Value (LTV) of existing game titles through ongoing operations and released the new game title “Kaiju No. 8 THE GAME” at the end of August 2025. The flagship title “Dragon Ball Z Dokkan Battle” (co-development title published by BANDAI NAMCO Entertainment) achieved top store sales ranking* in seven countries and regions, including Japan and France, thanks to successful events and coordinated global initiatives commemorating the 11th anniversary of the Japanese version.

While these initiatives made contributions and the new game title also contributed six months of revenue, sales for the fiscal year period did not reach the high levels recorded in the prior period when existing titles performed exceptionally well. Nonetheless, segment profit increased from the prior year period, driven by expense reductions resulting from the business portfolio review and from operational efficiencies achieved for existing titles, together with lower R&D expense as the cycle of new title development slowed.

As a result, net sales for the period was ¥22,134 million (a decrease of 1.1% year-on-year) and segment profit was ¥7,972 million (an increase of 92.9% year-on-year).

* Store sales ranking: highest sales ranking in App Store and Google Play.

(Entertainment and Lifestyle Business)

In the Entertainment and Lifestyle Business, which centers on online lotteries and e-commerce to provide comprehensive merchandising solutions from planning and development to service operations and support, we

sustained high sales growth thanks to expansion of our system to provide services to leading IP holders, including strong performance of large-scale projects for popular IP at Slash Gift. Additionally, we expanded our service domains with initiatives that included the opening of the official store for the *Tougen Anki* anime television series. In the field of fan engagement, we strengthened our business foundation and accelerated growth with the consolidation of subsidiary CRAYON, Inc., which provides services ranging from fan club operations to marketing support, starting from the first quarter of the fiscal year. Furthermore, in the second quarter of the fiscal year, we acquired PAPABUBBLE, Inc., a world-leading group of candy artists, and included it within the scope of consolidation. We are promoting the construction of a robust business foundation by combining the unique ability of PAPABUBBLE to attract customers through live performances with our Group's IP production expertise and digital know-how.

As a result, net sales for the period was ¥2,560 million (an increase of 117.4% year-on-year) and segment profit was ¥474 million (an increase of 2.3% year-on-year).

(AI/DX Solutions Business)

In the Group's AI/DX Solutions Business, we acquired Natee Inc. and its subsidiaries during the second quarter of the fiscal year and included them within the scope of consolidation. Collectively, Natee and its subsidiaries provide services that include SNS marketing, creator agency, and AI solutions. We are driving business expansion by integrating the specialized expertise of each business domain of these companies with our Group's IP production capabilities. Please note that the AI solutions business is currently in an active investment phase, aimed at establishing and growing the business foundation, resulting in the upfront recording of expenses in this fiscal year.

As a result, net sales for the period was ¥1,143 million and segment loss was ¥241 million. Please note that year-on-year comparisons for this segment are not shown since this was a newly established reportable segment beginning with this fiscal year.

(Others)

The Others segment includes content investment and other businesses. Net sales for the period was ¥18 million (a decrease of 81.4% year-on-year) and segment loss was ¥64 million (prior year period segment loss of ¥284 million).

(2) Summary of Consolidated Financial Position

(Assets)

Total assets at the end of the fiscal year were ¥62,325 million, an increase of ¥7,692 million from the prior fiscal year end. Key contributing factors included: an increase of ¥2,178 million in cash and deposits, an increase of ¥1,375 million in trade accounts receivable, an increase of ¥3,781 million in goodwill, an increase of ¥1,294 million in investment securities, and a decrease of ¥865 million in other investments and other assets.

(Liabilities)

Total liabilities at the end of the fiscal year were ¥16,949 million, an increase of ¥3,771 million from the prior fiscal year end. Key contributing factors included: an increase of ¥5,554 million in long-term borrowings (including the current portion), a decrease of ¥1,299 million in income taxes payable, and a decrease of ¥419 million in other current liabilities.

(Net assets)

Total net assets at the end of the fiscal year were ¥45,376 million, an increase of ¥3,921 million from the prior fiscal year end. Key contributing factors included: profit attributable to owners of parent of ¥5,652 million and dividends paid of ¥1,589 million.

(3) Summary of Cash Flows

Total cash and cash equivalents (hereafter, "cash") at the end of the fiscal year was ¥34,242 million, an increase of ¥3,179 million from the prior fiscal year end.

The following is a summary of cash flows and contributing factors.

(Cash Flow from Operating Activities)

During the fiscal year, operating activities generated a cash inflow of ¥2,693 million (prior fiscal year operating activities generated a cash inflow of ¥3,639 million). Key contributing factors included: inflow of ¥8,306 million in profit before

income taxes, partially offset by the recording of ¥1,608 million gain on sale of investment securities and payment of ¥3,872 million in corporate income tax.

(Cash Flow from Investing Activities)

During the fiscal year, investing activities resulted in a cash outflow of ¥3,283 million (prior year investing activities resulted in a cash outflow of ¥1,240 million). Key contributing factors included: inflow of ¥5,500 million from redemption of time deposits, inflow of ¥2,468 million in proceeds from sale and redemption of investment securities, outflow of ¥3,770 million for payments into time deposits, outflow of ¥3,411 million for purchase of investment securities, and outflow of ¥3,658 million for purchase of shares of subsidiaries involving change in scope of consolidation.

(Cash Flow from Financing Activities)

During the fiscal year, financing activities led to a cash inflow of ¥3,178 million (prior year financing activities led to a cash outflow of ¥2,137 million). Key contributing factors included: inflow of ¥6,750 million in proceeds from long-term borrowings, outflow of ¥1,983 million for redemption of long-term borrowings, and outflow of ¥1,591 million for payment of dividends.

(4) Forecasts of Consolidated Operating Results

For FY2026 onwards, in the Games and Comics Business, we aim to continue maximizing LTV with the operation of existing titles while new title *Kaiju No. 8 THE GAME* is expected to make a full-year contribution. In addition, expenses are expected to be restrained with a slower phase of large-scale development expense for new titles and a reduction in platform fees associated with the enforcement of the Act on Promotion of Competition for Specified Smartphone Software. We will also utilize AI to continue promoting efficiencies in both operations and development. In the Entertainment and Lifestyle Business, we aim to achieve further growth, including through M&A in merchandising solutions, and we expect companies that joined the Group in FY2025 to make full-year contributions in FY2026. In the AI/DX Solutions Business, centered on newly acquired group companies, we anticipate continued upfront expenses as we are currently in an investment phase aiming for future growth.

Based on the above, providing appropriate and reliable forecasts for the fiscal year ending March 31, 2027 is extremely difficult given the potential for significant changes in the short-term business environment of the Games and Comics Business as well as the Company’s intention to continue investing in other businesses. The Company has adopted a policy to not provide forecasts at the present time and, should circumstances change and appropriate and reliable forecasts become available, to disclose such forecasts in a timely manner.

2. Basic Approach in Choosing Accounting Standard

In order to facilitate comparison with Japanese companies in the same industry, Japanese accounting standards are employed.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	28,377	30,555
Accounts receivable - trade	4,252	5,628
Contract assets	1,371	1,096
Deposits paid	4,923	4,419
Other	2,328	2,756
Allowance for doubtful accounts	－	△5
Total current assets	41,252	44,451
Non-current assets		
Property, plant and equipment		
Buildings and structures	561	1,079
Accumulated depreciation	△288	△556
Buildings and structures, net	272	522
Tools, furniture and fixtures	433	591
Accumulated depreciation	△303	△435
Tools, furniture and fixtures, net	130	155
Other	7	45
Accumulated depreciation	△7	△29
Other, net	0	16
Total property, plant and equipment	403	694
Intangible assets		
Goodwill	－	3,781
Software	0	19
Other	0	1
Total intangible assets	0	3,802
Investments and other assets		
Investment securities	11,375	12,669
Deferred tax assets	6	11
Other	1,594	729
Allowance for doubtful accounts	－	△35
Total investments and other assets	12,976	13,376
Total non-current assets	13,379	17,873
Total assets	54,632	62,325

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	763	1,160
Current portion of long-term borrowings	1,000	699
Income taxes payable	2,492	1,193
Contract liabilities	949	629
Provision for bonuses	349	334
Other	1,823	1,404
Total current liabilities	7,378	5,422
Non-current liabilities		
Bonds payable	2,000	2,000
Long-term borrowings	3,100	8,955
Deferred tax liabilities	275	338
Other	423	233
Total non-current liabilities	5,798	11,526
Total liabilities	13,177	16,949
Net assets		
Shareholders' equity		
Share capital	2,780	2,782
Capital surplus	2,779	2,781
Retained earnings	34,734	38,818
Treasury shares	△261	△261
Total shareholders' equity	40,032	44,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	957	795
Foreign currency translation adjustment	121	154
Total accumulated other comprehensive income	1,079	950
Share acquisition rights	326	289
Non-controlling interests	17	15
Total net assets	41,455	45,376
Total liabilities and net assets	54,632	62,325

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	23,652	25,856
Cost of sales	9,954	11,827
Gross profit	13,698	14,028
Selling, general and administrative expenses	9,782	6,584
Operating profit	3,915	7,444
Non-operating income		
Interest income	92	215
Share of profit of entities accounted for using equity method	77	25
Foreign exchange gains	—	484
Gain On Sale Of crypto assets	469	—
Other	58	107
Total non-operating income	697	833
Non-operating expenses		
Interest expenses	37	67
Foreign exchange losses	50	—
Loss on investments in investment partnerships	2	299
Loss on valuation of crypto assets	272	144
Other	16	147
Total non-operating expenses	379	658
Ordinary profit	4,233	7,618
Extraordinary income		
Gain on sale of investment securities	1,695	1,813
Gain on reversal of asset retirement obligations	38	—
Gain on reversal of share acquisition rights	17	58
Gain on step acquisitions	—	51
Total extraordinary income	1,751	1,922
Extraordinary losses		
Loss on retirement of non-current assets	0	10
Loss on valuation of investment securities	1,074	507
Loss on sale of investment securities	—	204
Loss on liquidation of investment securities	3	—
Loss on liquidation of business	—	122
Impairment losses	324	390
Total extraordinary losses	1,403	1,234
Profit before income taxes	4,581	8,306
Income taxes - current	2,935	2,538
Income taxes - deferred	1	118
Total income taxes	2,936	2,656
Profit	1,645	5,650
Loss attributable to non-controlling interests	△1	△2
Profit attributable to owners of parent	1,646	5,652

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	1,645	5,650
Other comprehensive income		
Valuation difference on available-for-sale securities	684	△162
Foreign currency translation adjustment	△48	33
Total other comprehensive income	636	△128
Comprehensive income	2,281	5,521
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,283	5,523
Comprehensive income attributable to non-controlling interests	△1	△2

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1,2024 to March 31,2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,779	2,778	34,243	△261	39,540
Changes during period					
Issuance of new shares	0	0			1
Dividends of surplus			△1,156		△1,156
Profit attributable to owners of parent			1,646		1,646
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					—
Total changes during period	0	0	490	△0	491
Balance at end of period	2,780	2,779	34,734	△261	40,032

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	273	169	442	209	18	40,211
Changes during period						
Issuance of new shares						1
Dividends of surplus						△1,156
Profit attributable to owners of parent						1,646
Purchase of treasury shares						△0
Net changes in items other than shareholders' equity	684	△48	636	116	△1	751
Total changes during period	684	△48	636	116	△1	1,243
Balance at end of period	957	121	1,079	326	17	41,455

Current fiscal year (From April 1,2025 to March 31,2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,780	2,779	34,734	△261	40,032
Changes during period					
Issuance of new shares	1	1			3
Dividends of surplus			△1,589		△1,589
Profit attributable to owners of parent			5,652		5,652
Change in scope of consolidation			22		22
Net changes in items other than shareholders' equity					—
Total changes during period	1	1	4,084	—	4,088
Balance at end of period	2,782	2,781	38,818	△261	44,120

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	957	121	1,079	326	17	41,455
Changes during period						
Issuance of new shares						3
Dividends of surplus						△1,589
Profit attributable to owners of parent						5,652
Change in scope of consolidation						22
Net changes in items other than shareholders' equity	△162	33	△128	△36	△1	△166
Total changes during period	△162	33	△128	△36	△1	3,921
Balance at end of period	795	154	950	289	15	45,376

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	4,581	8,306
Depreciation	121	211
Amortization of goodwill	—	199
Loss (gain) on step acquisitions	—	△51
Increase (decrease) in provision for bonuses	17	△25
Increase (decrease) in allowance for doubtful accounts	—	35
Loss on liquidation of business	—	122
Loss on retirement of non-current assets	0	10
Gain on reversal of asset retirement obligations	△38	—
Share of loss (profit) of entities accounted for using equity method	△77	△25
Loss on valuation of investment securities	1,074	507
Loss (gain) on sale of investment securities	△1,695	△1,608
Loss on liquidation of investment securities	3	—
Loss (gain) on valuation of Crypto Assets	272	144
Impairment losses	324	390
Interest income	△92	△215
Interest expenses	37	67
Foreign exchange losses (gains)	31	△512
Gain on reversal of share acquisition rights	△17	△58
Loss (gain) on investments in investment partnerships	2	299
Decrease (increase) in trade receivables	△0	△702
Decrease (increase) in contract assets	△599	275
Decrease (increase) in other assets	573	605
Increase (decrease) in trade payables	△424	3
Increase (decrease) in contract liabilities	505	△319
Increase (decrease) in other liabilities	△367	△1,158
Other, net	△239	39
Subtotal	3,993	6,539
Interest received	92	215
Interest paid	△37	△67
Payments for business liquidation	—	△122
Income taxes paid	△409	△3,872
Net cash provided by (used in) operating activities	3,639	2,693
Cash flows from investing activities		
Payments into time deposits	△2,149	△3,770
Proceeds from withdrawal of time deposits	—	5,500
Purchase of property, plant and equipment	△71	△98
Purchase of intangible assets	△274	△494
Proceeds from sales of Crypto assets	626	—
Loan advances	△50	△30
Purchase of investment securities	△1,579	△3,411
Proceeds from sale and redemption of investment securities	2,029	2,468
Proceeds from distributions from investment partnerships	234	38
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△3,658
Other, net	△5	170
Net cash provided by (used in) investing activities	△1,240	△3,283

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities		
Redemption of bonds	△1,000	―
Proceeds from long-term borrowings	―	6,750
Repayments of long-term borrowings	―	△1,983
Proceeds from issuance of shares	1	3
Proceeds from issuance of share acquisition rights	19	―
Purchase of treasury shares	△0	―
Dividends paid	△1,157	△1,591
Net cash provided by (used in) financing activities	△2,137	3,178
Effect of exchange rate change on cash and cash equivalents	△63	281
Net increase (decrease) in cash and cash equivalents	197	2,871
Cash and cash equivalents at beginning of period	30,864	31,062
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	―	308
Cash and cash equivalents at end of period	31,062	34,242

(5) Notes on the Summary of Consolidated Financial Statements

(Notes Related to the Going Concern Assumption)

Not applicable.

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

(Significant Changes in Scope of Consolidation)

From the first quarter of the consolidated fiscal year, CRAYON, Inc., which was previously a non-consolidated subsidiary, has been newly included in the scope of consolidation due to its increased significance.

In the second quarter of the consolidated fiscal year, WOWs Inc. was newly established and has been included in the scope of consolidation.

Additionally, the Company acquired the shares of Natee Inc. and PAPABUBBLE JAPAN HD Inc. and converted them into subsidiaries. Accordingly, these two companies and their two subsidiaries have been included in the scope of consolidation. Since the deemed acquisition date was the last day of the second quarter, their results of operations have been included in the consolidated statements of income starting with the third quarter of the current period.

In the third quarter, PAPABUBBLE JAPAN HD, Inc. merged with its wholly owned subsidiary PAPABUBBLE JAPAN, Inc. effective November 1, 2025, with PAPABUBBLE JAPAN, Inc. as the surviving company. As a result of this merger, PAPABUBBLE JAPAN HD, Inc. was dissolved and, on the same date, PAPABUBBLE JAPAN, Inc. changed its trade name to PAPABUBBLE, Inc..

The liquidation of Akatsuki Fukuoka, Inc. was completed on September 30, 2025, and this entity is no longer included in the scope of consolidation.

(Segment Information)

1. Reportable Business Segments

The reportable segments of the Group are the business units for which respective financial information is separately available. Each segment is subject to periodic examination by the Board of Directors to assess its performance and to determine how to allocate management resources.

Based on classifications used in management accounting that reflect the characteristics of its business activities, the Group aggregates its business segments into three reportable segments: Games and Comics Business, Entertainment and Lifestyle Business, and AI/DX Solutions Business.

The Games and Comics Business — consists mainly of mobile game planning, development and operations, as well as planning, production, and distribution of full-color vertical comics.

The Entertainment and Lifestyle Business — provides online lottery sales systems, develops and operates fan app platforms, and manages multiple brands of confectionery shops.

The AI/DX Solutions Business — provides services including SNS marketing, creator agency, and AI solutions.

(Matters Related to Changes in Reportable Segments, etc.)

Following a review of internal profit management classifications, a change in reportable segments was implemented, starting with the second quarter and first half-year period of the fiscal year, changing from the former two categories of “Games” and “Comics” to a new single category of “Games and Comics.”

The “IP Solutions” business, which had been included in the “Others” segment for the prior year consolidated accounting period, was reclassified as a separate reportable segment starting from the first three-month period of the fiscal year due to its increased quantitative materiality. Additionally, starting with the second quarter and first half-year period of the fiscal year, the name of this segment was changed from “IP Solutions” to “Entertainment and Lifestyle.”

In the second quarter period, WOWs Inc. was newly established and has been included in the scope of consolidation within the “Entertainment and Lifestyle” segment.

Natee, Inc. and PAPABUBBLE JAPAN HD Inc., along with their two subsidiaries, have been included in the scope of consolidation following the acquisition of their shares and their conversion into subsidiaries. Since the deemed acquisition date was the last day of the second quarter period, the results of their operations have been included in the consolidated statements of income starting from the third quarter period. PAPABUBBLE JAPAN HD, Inc. and its subsidiary are included in the “Entertainment and Lifestyle” segment, while Natee Inc. and its subsidiary are included in the “AI/DX Solutions” segment.

In the third quarter period, PAPABUBBLE JAPAN HD, Inc. merged with its wholly owned subsidiary PAPABUBBLE JAPAN, Inc. effective November 1, 2025, with PAPABUBBLE JAPAN, Inc. as the surviving company. As a result of this merger, PAPABUBBLE JAPAN HD, Inc. was dissolved and, on the same date, PAPABUBBLE JAPAN, Inc. changed its trade name to PAPABUBBLE, Inc..

Beginning with the third quarter period of the fiscal year, the “AI/DX Solutions” business has been disclosed as a separate reportable segment in order to ensure clear presentation and to more appropriately reflect the actual business classifications and activities of the Group.

For the purpose of comparative analysis, figures for the previous consolidated accounting period have been restated to conform to the current segment classifications.

2. Method for calculating sales, income/loss, assets, liabilities, and other items for reportable segments

The accounting methods applied to the reportable business segments reported are the same as those adopted for the preparation of consolidated financial statements. Reportable segment income is based on Operating profit. Inter-segment net sales or transfers are based on prevailing market prices.

3. Information regarding the amounts of sales, income/loss, assets, liabilities, and other items for reportable segment

I. Fiscal year ended March 31, 2025(April 1, 2024 to March 31, 2025)

(Millions of yen)

	Segment				Others (note 1)	Total	Adjustments (note 2)	Consolidated total (note 3)
	Games and Comics	Entertainment and Lifestyle	AI/DX Solutions	Subtotal				
Net Sales								
Revenue from contracts with customers	22,374	1,177	—	23,552	100	23,652	—	23,652
Other revenue	—	—	—	—	—	—	—	—
To external customers	22,374	1,177	—	23,552	100	23,652	—	23,652
Inter-segment sales and transfers	47	0	—	48	25	73	△73	—
Total	22,422	1,178	—	23,600	125	23,725	△73	23,652
Segment profit (loss)	4,132	463	—	4,595	△284	4,310	△395	3,915
Other items								
Depreciation	110	0		111	1	113	7	121

Notes 1. The “Other” category is a business segment not included in reportable segments which includes content investment and other businesses.

2. The adjustment to segment profit (loss) of -¥395 million includes elimination of inter-segment transactions of ¥40 million and corporate expenses not allocated to reportable segments of -¥435 million. Principal corporate expenses are general management expenses not belonging to reportable segments.

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

4. Segment assets have not been shown, as they are not used as the basis for deciding the allocation of management resources and evaluating performance.

II. Fiscal year ended March 31, 2026(April 1, 2025 to March 31, 2026)

(Millions of yen)

	Segment				Others (note 1)	Total	Adjustments (note 2)	Consolidated total (note 3)
	Games and Comics	Entertainment and Lifestyle	AI/DX Solutions	Subtotal				
Net Sales								
Revenue from contracts with customers	22,134	2,560	1,143	25,837	18	25,856	—	25,856
Other revenue	—	—	—	—	—	—	—	—
To external customers	22,134	2,560	1,143	25,837	18	25,856	—	25,856
Inter-segment sales and transfers	71	20	11	104	21	125	△125	—
Total	22,205	2,581	1,154	25,942	39	25,981	△125	25,856
Segment profit (loss)	7,972	474	△241	8,205	△64	8,140	△696	7,444
Other items								
Depreciation	173	24	3	201	0	202	8	211

Notes 1. The “Other” category is a business segment not included in reportable segments which includes content investment and other businesses.

2. The adjustment to segment profit (loss) of -¥696 million includes elimination of inter-segment transactions of ¥71 million and corporate expenses not allocated to reportable segments of -¥767 million. Principal corporate expenses are general management expenses not belonging to reportable segments.

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

4. Segment assets have not been shown, as they are not used as the basis for deciding the allocation of management resources and evaluating performance.

4. Information on Impairment Loss on Fixed Assets or Goodwill by Reportable Segment

(Significant Changes in Goodwill)

From the current consolidated fiscal year, as a result of the acquisition of shares of Natee, Inc. and PAPABUBBLE JAPAN HD, Inc. and their inclusion in the scope of consolidation, goodwill increased by ¥2,864 million in the "Entertainment and Lifestyle" segment and by JPY 916 million in the "AI/DX Solutions" segment.

(Business Combinations)

1. Overview of the Business Combination
   (1) Name and Nature of Business of the Acquirees
   Name of Acquired Company: PAPABUBBLE JAPAN HD, Inc.(PJHD) and its subsidiary, PAPABUBBLE JAPAN, Inc.(PJ) (hereafter collectively referred to as "PAPABUBBLE JAPAN")
   Nature of Business: Manufacturing and sales of confectionery products
   (2) Primary Reason for the Business Combination
   The Group acquired shares of PJHD to accelerate the creation of new lifestyle experiences that fuse digital and physical aspects. This is achieved by integrating the Group's accumulated IP production capabilities and business expertise in the digital domain with PAPABUBBLE JAPAN's real-world customer touchpoints, artisan manufacturing capabilities, and experiential entertainment knowledge.
   (3) Date of Business Combination
   Acquisition Date of Shares: August 27, 2025
   Deemed Acquisition Date: September 30, 2025
   (4) Legal Method of Business Combination
   Acquisition of shares for cash consideration
   (5) Name of the Entity after Combination
   PJHD was merged with PJ, a wholly owned subsidiary of PJHD, as the surviving entity, effective November 1, 2025, and PJHD has been dissolved. On the same date, PJ, the surviving entity, changed its corporate name to PAPABUBBLE Inc.
   (6) Acquired Voting Rights Percentage
   89.9%
   (7) Primary Basis for Determining the Acquirer
   The Company’s cash acquisition of shares

2. Period for Which the Operating Results of the Acquired Company are Included in the Consolidated Statement of Income
   From September 1, 2025 to February 28, 2026

3. Acquisition Cost of the Acquired Company and Type of Consideration
   Acquisition consideration in cash: ¥2,320 million
   Acquisition cost(Shares of PJHD): ¥2,320 million

4. Details and Amount of Major Acquisition-Related Costs
   Advisory fees and other expenses: ¥23 million

5. Amount, Cause, Amortization Method, and Amortization Period of Goodwill Recognized
   (1) Amount of Goodwill Recognized
   ¥3,015 million
   The amounts above include goodwill attributable to PJ, a wholly owned subsidiary of PJHD.
   (2) Cause for Recognition
   The goodwill was recognized based on the expected future excess earnings capacity resulting from future business development.
   (3) Amortization Method and Amortization Period
   Straight-line amortization over a period of 10 years.

6. Assets acquired and liabilities assumed at the date of the business combination, and their major components

Current assets:	¥630 million
Non-current assets:	¥2,606 million
Total assets:	¥3,237 million
Current liabilities:	¥395 million
Non-current liabilities:	¥1,714 million
Total liabilities:	¥2,109 million

The above includes amounts related to PJ, a wholly owned subsidiary of PJHD.

7. Estimated impact on the consolidated statement of income for the current fiscal year, and the method of calculation thereof, assuming the business combination had been completed at the beginning of the consolidated fiscal year

This information has been omitted due to its immateriality.

(Per Share Information)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	2,851.11 Yen	3,125.09 Yen
Profit per share	114.22 Yen	391.97 Yen
Diluted profit per share	114.20 Yen	391.95 Yen

Notes 1. The number of shares of the Company held by “Employee Stock Ownership Plan (J-ESOP)” are included as treasury shares and deducted when calculating net assets per share. (32,156 shares as of March 31, 2025; 32,156 shares as of March 31, 2026). The number of shares of the Company held by “Employee Stock Ownership Plan (J-ESOP)” are included in treasury shares and deducted when calculating both earnings per share and diluted earnings per share. (32,156 shares for the year ended March 31, 2025; 32,156 shares for the year ended March 31, 2026).

2. The basis for calculating earnings per share and diluted earnings per share is shown below.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit per share		
Profit attributable to owners of parent (Millions of yen)	1,646	5,652
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit related to common share attributable to owners of parent (Millions of yen)	1,646	5,652
Average number of shares during the period (shares)	14,419,534	14,421,077
Diluted profit per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase (decrease) to share count (shares)	1,548	876
(of which, stock options) (shares)	(1,548)	(876)
Summary of residual securities not included in diluted earnings per share as they have no dilution effect	2 types of stock acquisition rights (214,442 stock options, 216,620 common shares)	2 types of stock acquisition rights (213,612 stock options, 215,790 common shares)

(Significant Subsequent Events)

(Acquisition through Business Combination)

At the meeting of the Board of Directors held on April 24, 2026, the Company resolved to acquire all shares of Groove Holdings, Inc. ("GHD") and make it a subsidiary (the "Transaction"), and executed a share transfer agreement on the same date. The Company completed the acquisition of all shares on April 30, 2026. As GHD holds Groove Direction, Inc. ("GD") as a wholly owned subsidiary, GD has also become a consolidated subsidiary (sub-subsidiary) of the Company as a result of the Transaction.

1. Overview of the Business Combination

(1) Name and business description of the acquired company

Name of acquired company: Groove Holdings, Inc. ("GHD") and its subsidiary, Groove Direction, Inc.

Business description: Planning and production of concert merchandise, fan club merchandise, and related goods

(2) Reasons for the business combination

Based on its mission “to make the world more fun and enrich it through sensitivity and technology,” the Akatsuki Group (the “Group”) strives to maximize the value of existing IP and create new IP with its core Game and Comic businesses while also pursuing diversified business development under its vision of being a “Community of Challengers” that resonates with diverse talent to take on challenges together.

GD has an extensive track record in the planning and manufacturing of merchandise for artists’ live concerts. In addition to strong price competitiveness through direct transactions with overseas producers, GD has an integrated management system built upon strong collaborative partnerships that enable it to offer short delivery times and stringent quality control that exceed industry standards. Additionally, GD has spent many years building deep relationships of trust within the music and entertainment industries, enabling a stable business foundation. In recent years, GD has also been expanding into adjacent fields, including merchandise for anime and VTubers.

By combining the Company's expertise and network in the entertainment domain with GD's high-quality, short-turnaround physical merchandise manufacturing know-how, the Company aims to accelerate the multi-faceted development of IPs across the group, enhance the value of fan experiences, and pursue sustainable enhancement of corporate value for the entire group.

(3) Date of the business combination

April 30, 2026 (share acquisition date)

(4) Legal form of the business combination

Share acquisition in exchange for cash consideration

(5) Name of the combined entity

No change.

(6) Percentage of voting rights acquired

100%

(7) Primary basis for determining the acquiring company

The determination was based on the fact that the Company acquired the shares in exchange for cash consideration.

2. Acquisition cost of the acquired company and breakdown by type of consideration

Acquisition consideration in cash:	¥4,500 million
Acquisition cost:	¥4,500 million

3. Details and amount of major acquisition-related costs

Advisory fees, etc. (estimated): ¥168 million

4. Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

Not yet determined at this time.

5. Assets acquired and liabilities assumed as of the date of the business combination, and their major components
   Not yet determined at this time.