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May 15, 2026

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


Company name: SUNCORPORATION
Listing: Tokyo Stock Exchange
Securities code: 6736
URL: https://www.sun-denshi.co.jp
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Scheduled date of annual general meeting of shareholders: June 24, 2026
Scheduled date to commence dividend payments: June 25, 2026
Scheduled date to file annual securities report: June 25, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

## 1. Consolidated financial results for the fiscal year ended March 31, 2026 (from 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 | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2026 | 9,907 | (8.6) | (15) | - | 5,133 | 623.1 | 9,663 | (43.9) |
| March 31, 2025 | 10,837 | 7.9 | 1 | (99.6) | 709 | - | 17,228 | - |

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 8,653 million [ (29.7)%]
For the fiscal year ended March 31, 2025: ¥ 12,310 million [ 248.6%]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2026 | 441.53 | 441.05 | 20.2 | 9.6 | (0.2) |
| March 31, 2025 | 774.02 | 772.65 | 40.7 | 1.4 | - |

### (2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2026 | 53,652 | 48,181 | 89.7 | 2,236.91 |
| March 31, 2025 | 53,127 | 47,608 | 89.5 | 2,135.24 |

Reference: Equity
As of March 31, 2026: ¥ 48,133 million
As of March 31, 2025: ¥ 47,545 million

### (3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2026 | 1,521 | 6,676 | (8,087) | 2,093 |
| March 31, 2025 | (1,668) | 2,952 | (829) | 1,986 |

**2. Cash dividends**

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2025 | - | 50.00 | - | 50.00 | 100.00 | 2,226 | 12.9 | 5.3 |
| Fiscal year ended March 31, 2026 | - | 0.00 | - | 50.00 | 50.00 | 1,078 | 11.3 | 2.3 |
| Fiscal year ending March 31, 2027 (Forecast) | - | - | - | - | - | | - | |

Note: Breakdown of the year-end dividend for the fiscal year ended March 31, 2026 is undecided at this time.

**3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)**

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Full year | 19,222 | 94.0 | 2,131 | - | 8,300 | 61.7 | 7,600 | (21.4) |

*** Notes**

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

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|---|---|
| As of March 31, 2026 | 24,007,728 shares |
| As of March 31, 2025 | 24,007,728 shares |

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

| | |
|---|---|
| As of March 31, 2026 | 2,489,816 shares |
| As of March 31, 2025 | 1,740,467 shares |

(iii) Average number of shares outstanding during the period

| | |
|---|---|
| Fiscal Year ended March 31, 2026 | 21,887,473 shares |
| Fiscal Year ended March 31, 2025 | 22,258,611 shares |

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

**1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from 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 | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2026 | 8,305 | (13.2) | 181 | (15.3) | 361 | (14.8) | 75 | - |
| March 31, 2025 | 9,572 | 13.5 | 214 | (40.0) | 424 | (2.2) | (835) | - |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| March 31, 2026 | 3.43 | 3.43 |
| March 31, 2025 | (37.54) | - |

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

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2026 | 21,733 | 17,068 | 78.3 | 791.00 |
| March 31, 2025 | 30,150 | 25,266 | 83.6 | 1,131.91 |

Reference: Equity

As of March 31, 2026: ¥ 17,020 million

As of March 31, 2025: ¥ 25,204 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual results may differ significantly due to various factors. Please refer to “1. Operating Results (4) Future Outlook” on page 4 of the attached materials for matters related to earnings forecasts.

# 1. Overview of Operating Results, etc.

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

During the consolidated fiscal year under review, the Japanese economy recovered moderately as the employment and income environment improved and various government policies took effect. However, the outlook remains uncertain due to rising energy prices against the backdrop of tightening situations in the Middle East.

Under these circumstances, the Group has upheld its management policies of "Focusing on the information technology and entertainment fields," "Striving to enhance corporate value," and "Taking proactive actions with entrepreneurial spirit". As its mid- to long-term management strategy, the Group has implemented various measures to: (i) create new customer value in information technology (security and M2M/IoT) fields; (ii) create new IP in entertainment (game machines and games) fields; and (iii) promote business development and expansion in global markets.

The operating results for the consolidated fiscal year under review are as follows:

**Consolidated Operating Results**

| | Fiscal year ended March 31, 2025 (Millions of yen) | Fiscal year ended March 31, 2026 (Millions of yen) | Year-on-year change in amount (Millions of yen) | Year-on-year change in percent (%) |
|---|---|---|---|---|
| Net sales | 10,837 | 9,907 | (930) | (8.5) |
| Gross profit | 2,835 | 2,763 | (71) | (2.5) |
| Operating profit (loss) | 1 | (15) | (16) | — |
| Ordinary profit | 709 | 5,133 | 4,423 | 623.1 |
| Profit attributable to owners of parent | 17,228 | 9,663 | (7,564) | (43.9) |

**Main factors for increase/decrease:**

- **Net sales:** Net sales decreased by 930 million yen to 9,907 million yen compared to the previous fiscal year. This was primarily due to a decline in the shipment volume of components for gaming machines in the Entertainment-related business. In the IT-related business, factors included the completion of a cycle of demand for migration to LTE (4G) following the 3G shutdown by telecommunications carriers, and delays in developing and deploying new products centered on 5G and edge AI, which are positioned as next growth drivers.
- **Operating profit (loss):** Gross profit decreased by 71 million yen to 2,763 million yen. While selling, general and administrative expenses decreased by 55 million yen, the Group recorded an operating loss of 15 million yen (compared to an operating profit of 1 million yen in the previous year).
- **Ordinary profit:** Ordinary profit increased by 4,423 million yen to 5,133 million yen. This was mainly due to the recording of 4,969 million yen in share of profit of entities accounted for using equity method from Cellebrite DI Ltd..
- **Profit attributable to owners of parent:** Profit attributable to owners of parent decreased by 7,565 million yen to 9,663 million yen. This was primarily because the gain on change in equity related to Cellebrite decreased by 12,832 million yen compared to the previous year, resulting in 4,727 million yen for the current period.

<Overview of individual segments>

At the end of the previous consolidated fiscal year, the Group newly established the "**Wellness Business**" as a reportable segment following its entry into the digital health field.

[Global Data Intelligence business]

| | Fiscal year ended March 31, 2025 (Millions of yen) | Fiscal year ended March 31, 2026 (Millions of yen) | Year-on-year change in amount (Millions of yen) | Year-on-year change in percent (%) |
|---|---|---|---|---|
| Net sales | 1,195 | 1,293 | 97 | 8.2 |
| Gross profit | 304 | 284 | (20) | (6.7) |
| Segment profit | 164 | 140 | (24) | (14.6) |

**Main factors for increase/decrease:** Net sales increased year-on-year due to forensic and intelligence solutions, as well as the "Research, Development, and Demonstration Project for Multi-Integrated Fake/False Information Detection Technology" commissioned by the Ministry of Internal Affairs and Communications. However, segment profit decreased due to unfavorable conditions for some orders.

[Entertainment-related business]

| | Fiscal year ended March 31, 2025 (Millions of yen) | Fiscal year ended March 31, 2026 (Millions of yen) | Year-on-year change in amount (Millions of yen) | Year-on-year change in percent (%) |
|---|---|---|---|---|
| Net sales | 5,862 | 5,477 | (384) | (6.6) |
| Gross profit | 1,462 | 1,377 | (85) | (5.8) |
| Segment profit | 657 | 648 | (9) | (1.4) |

**Main factors for increase/decrease:**

- **Gaming machine-related business:** Net sales decreased year-on-year primarily due to a decline in the shipment volume of gaming machine components. However, segment profit increased due to a reduction in selling, general and administrative expenses.
- **Game content business:** Both net sales and segment profit decreased year-on-year, mainly due to a decrease in the number of new titles released compared to the previous fiscal year.

[IT-related business]

| | Fiscal year ended March 31, 2025 (Millions of yen) | Fiscal year ended March 31, 2026 (Millions of yen) | Year-on-year change in amount (Millions of yen) | Year-on-year change in percent (%) |
|---|---|---|---|---|
| Net sales | 3,801 | 3,158 | (642) | (16.9) |
| Gross profit | 1,046 | 1,086 | 40 | 3.9 |
| Segment profit | 255 | 332 | 76 | 29.8 |

**Main factors for increase/decrease:** The EKTech Group (a consolidated subsidiary) saw steady sales growth in Malaysia. However, net sales in Japan decreased due to the completion of demand for migration from 3G to LTE (4G), as carriers phase out 3G services by March 2026, as well as delays in developing new products centered on 5G and Edge AI. Increased costs for security measures in industrial networks also impacted sales, but segment profit increased due to lower selling, general and administrative expenses.

[Wellness business]

| | Fiscal year ended March 31, 2026 (Millions of yen) |
|---|---|
| Net sales | — |
| Gross profit | — |
| Segment profit (loss) | (30) |

**Status of activities:** The Group is currently in the preparation stage for the domestic launch of products from MyWaves Technologies Limited, a leader in the field of improving sleep quality through sleep-tech, through Sun Digital Health Co., Ltd. (a consolidated subsidiary).

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

**① Status of Assets, Liabilities, and Net Assets**

| | As of March 31, 2025 (Millions of yen) | As of March 31, 2026 (Millions of yen) | Year-on-year change in amount (Millions of yen) | Year-on-year change in percent (%) |
|---|---|---|---|---|
| Current assets | 16,733 | 8,610 | (8,122) | (48.5) |
| Non-current assets | 36,394 | 45,041 | 8,647 | 23.7 |
| Total assets | 53,127 | 53,652 | 525 | 0.9 |
| Current liabilities | 5,240 | 5,276 | 35 | 0.6 |
| Non-current liabilities | 278 | 195 | (83) | (30.0) |
| Total liabilities | 5,519 | 5,471 | (47) | (0.8) |
| Total net assets | 47,608 | 48,181 | 572 | 1.2 |

**Main factors for increase/decrease:**

- **Assets:** Current assets decreased primarily due to a decline of 7,100 million yen in money held in trust. Non-current assets increased mainly due to an increase of 8,794 million yen in shares of subsidiaries and associates.
- **Liabilities:** Current liabilities increased primarily due to an increase of 124 million yen in short-term borrowings and 50 million yen in contract liabilities. Non-current liabilities decreased mainly due to a decline of 78 million yen in long-term borrowings.
- **Net assets:** Main factors for decrease included a 7,182 million yen increase in treasury shares and an 889 million yen decrease in the foreign currency translation adjustment account. These were offset by an increase of 8,550 million yen in retained earnings.

**② Status of Cash Flows**

| | As of March 31, 2025 (Millions of yen) | As of March 31, 2026 (Millions of yen) | Year-on-year change in amount (Millions of yen) |
|---|---|---|---|
| Cash flows from operating activities | (1,668) | 1,521 | 3,189 |
| Cash flows from investing activities | 2,952 | 6,676 | 3,724 |
| Cash flows from financing activities | (829) | (8,087) | (7,258) |

**Main factors for increase/decrease:**

- **Operating activities:** Net cash provided by operating activities was 1,521 million yen compared to 1,668 million yen used in the previous fiscal year. Major increasing factors included profit before income taxes of 9,935 million yen and a 403 million yen increase in trade receivables. Major decreasing factors were share of profit of entities accounted for using equity method (4,969 million yen) and gain on change in equity (4,727 million yen).
- **Investing activities:** Net cash provided by investing activities was 6,676 million yen compared to 2,952 million yen provided in the previous fiscal year. The primary factor for the increase was 24,900 million yen in proceeds from the withdrawal of money held in trust. The primary factor for the decrease was 17,800 million yen for the acquisition of money held in trust.
- **Financing activities:** Net cash used in financing activities was 8,087 million yen, compared with 829 million yen used in the previous fiscal year. The primary factors for the decrease were 7,360 million yen for the purchase of treasury shares and 1,113 million yen for dividends paid. The primary factors for the increase were 360 million yen in proceeds from the disposal of treasury shares accompanying the introduction of a restricted stock compensation plan, and a net increase in short-term borrowings of 124 million yen.

### (3) Future Outlook

The outlook for the next fiscal year reflects the Company view that the Japanese economy will, under the improving employment and income environments, recover moderately due to the effects of various policies. On the other hand, the outlook is expected to remain uncertain due to the concerns about rising prices, fluctuations in financial and capital markets, and downside risks to the economy from the impact of U.S. trade policies.

With our management policy upholding "Focusing on the information technology and entertainment fields," "Striving to enhance corporate value," and "Taking proactive actions with entrepreneurial spirit," the Group drives the following three pillar activities as a mid- to long-term management strategy.

(1) Creating new customer value in the field related to information technology (security and M2M/IoT)
(2) Creating new IP in the field related to entertainment (game machines and games)
(3) Developing and expanding business in global markets

For the fiscal year ending March 31, 2027, the final year of the medium-term management plan, the Company has set targets of 19.2 billion yen in net sales and 2.1 billion yen in operating profit.

In consideration of the current situation mentioned above, consolidated earnings forecast for the fiscal year ending March 31, 2026 are as follows: net sales of ¥16,247 million, operating profit of ¥1,385 million, ordinary profit of ¥6,058 million, and profit of ¥4,204 million.

Regarding the next fiscal year, the Group expects the Japanese economy to recover moderately as employment and income environments improve and various policy effects take hold. However, the outlook remains uncertain with downside risks to the economy from rising prices, financial market volatility, U.S. trade policies, and high energy prices against the backdrop of tightening situations in the Middle East.

For the fiscal year ending March 31, 2027—the final year of the medium-term management plan—the Group has set targets of 19.2 billion yen in net sales and 2.1 billion yen in operating profit.

Based on these factors, the consolidated earnings forecast for the fiscal year ending March 31, 2027, is as follows: net sales of 19,222 million yen, operating profit of 2,131 million yen, ordinary profit of 8,300 million yen, and profit attributable to owners of parent of 7,600 million yen.

## 2. Basic Policy on Selection of Accounting Standards

The Group will continue to apply Japanese GAAP for the time being.

The Group intends to consider the future application of designated international accounting standards, taking into account the situation in Japan and overseas.

# 3. Consolidated Financial Statements and Primary Notes

## (1) Consolidated Balance Sheet

(Thousands of yen)

| | As of March 31, 2025 | As of March 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,148,549 | 2,242,194 |
| Money held in trust | 7,800,000 | 700,000 |
| Notes and accounts receivable - trade | 1,740,838 | 1,359,185 |
| Accounts receivable | 231,875 | 38,767 |
| Finished goods | 598,734 | 475,221 |
| Work in process | 346,286 | 331,019 |
| Raw materials | 3,182,265 | 2,390,039 |
| Other | 684,994 | 1,074,536 |
| Allowance for doubtful accounts | (199) | (99) |
| Total current assets | 16,733,345 | 8,610,866 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 187,310 | 177,693 |
| Land | 949,043 | 949,043 |
| Other, net | 268,667 | 246,897 |
| Total property, plant and equipment | 1,405,020 | 1,373,634 |
| Intangible assets | | |
| Goodwill | 478,136 | 459,278 |
| Other | 205,463 | 168,227 |
| Total intangible assets | 683,600 | 627,506 |
| Investments and other assets | | |
| Investment securities | 10,774,890 | 11,031,651 |
| Deferred tax assets | 571,500 | 324,871 |
| Shares of subsidiaries and associates | 22,243,678 | 31,037,897 |
| Other | 715,423 | 646,211 |
| Total investments and other assets | 34,305,492 | 43,040,632 |
| Total non-current assets | 36,394,113 | 45,041,773 |
| Total assets | 53,127,459 | 53,652,639 |

(Thousands of yen)

| | As of March 31, 2025 | As of March 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 880,950 | 1,018,310 |
| Short-term borrowings | 2,291,548 | 2,416,500 |
| Current portion of long-term borrowings | 36,504 | 36,504 |
| Accrued expenses | 295,859 | 264,263 |
| Income taxes payable | 2,893 | 66,411 |
| Advances received | 62,358 | 55,598 |
| Contract liabilities | 1,135,648 | 1,185,870 |
| Provision for bonuses | 98,048 | 94,499 |
| Other | 436,622 | 138,335 |
| Total current liabilities | 5,240,433 | 5,276,294 |
| Non-current liabilities | | |
| Long-term borrowings | 217,442 | 138,658 |
| Deferred tax liabilities | 8,219 | 8,430 |
| Deferred tax liabilities for land revaluation | 10,212 | 10,212 |
| Retirement benefit liability | 11,714 | 6,714 |
| Other | 31,157 | 31,116 |
| Total non-current liabilities | 278,746 | 195,131 |
| Total liabilities | 5,519,180 | 5,471,425 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,097,606 | 2,097,606 |
| Capital surplus | 3,340,696 | 3,570,504 |
| Retained earnings | 41,767,144 | 50,317,706 |
| Treasury shares | (3,584,241) | (10,766,291) |
| Total shareholders' equity | 43,621,205 | 45,219,526 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 62,932 | (124,957) |
| Deferred gains or losses on hedges | (12,613) | 54,550 |
| Revaluation reserve for land | (434,495) | (434,495) |
| Foreign currency translation adjustment | 4,308,958 | 3,419,102 |
| Total accumulated other comprehensive income | 3,924,782 | 2,914,200 |
| Share award rights | 24,673 | 15,142 |
| Share acquisition rights | 37,617 | 32,344 |
| Total net assets | 47,608,278 | 48,181,214 |
| Total liabilities and net assets | 53,127,459 | 53,652,639 |

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

### Consolidated Statement of Income

(Thousands of yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Net sales | 10,837,189 | 9,907,137 |
| Cost of sales | 8,002,104 | 7,143,951 |
| Gross profit | 2,835,084 | 2,763,186 |
| Selling, general and administrative expenses | 2,833,752 | 2,778,535 |
| Operating profit (loss) | 1,332 | (15,349) |
| Non-operating income | | |
| Interest and dividend income | 275,962 | 245,999 |
| Share of profit of entities accounted for using equity method | 504,975 | 4,969,027 |
| Other | 13,085 | 19,645 |
| Total non-operating income | 794,022 | 5,234,672 |
| Non-operating expenses | | |
| Interest expenses | 23,730 | 33,338 |
| Foreign exchange losses | 24,822 | - |
| Commission for purchase of treasury shares | - | 34,995 |
| Commission expenses | 35,855 | 17,839 |
| Other | 1,101 | 133 |
| Total non-operating expenses | 85,510 | 86,307 |
| Ordinary profit | 709,844 | 5,133,016 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 3,841 | - |
| Gain on sale of investment securities | - | 2,238 |
| Gain on change in equity | 17,560,330 | 4,727,593 |
| Gain on reversal of share acquisition rights | 20,822 | 27 |
| Gain on state subsidy | - | 74,540 |
| Other | 709 | - |
| Total extraordinary income | 17,585,704 | 4,804,399 |
| Extraordinary losses | | |
| Impairment losses | 347,775 | - |
| Loss on abandonment of inventories | - | 1,610 |
| Other | 110 | 81 |
| Total extraordinary losses | 347,886 | 1,691 |
| Profit before income taxes | 17,947,662 | 9,935,724 |
| Income taxes - current | 1,696,304 | 59,925 |
| Income taxes - deferred | (977,246) | 211,874 |
| Total income taxes | 719,058 | 271,799 |
| Profit | 17,228,604 | 9,663,924 |
| Profit attributable to owners of parent | 17,228,604 | 9,663,924 |

Consolidated Statement of Comprehensive Income

(Thousands of yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Profit | 17,228,604 | 9,663,924 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (9,236,660) | (186,956) |
| Revaluation reserve for land | (291) | - |
| Foreign currency translation adjustment | 140,074 | 78,775 |
| Share of other comprehensive income of entities accounted for using equity method | 4,178,371 | (902,401) |
| Total other comprehensive income | (4,918,505) | (1,010,582) |
| Comprehensive income | 12,310,098 | 8,653,342 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 12,310,098 | 8,653,342 |

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,097,606 | 3,316,731 | 26,543,187 | (3,643,498) | 28,314,026 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,002,734) | | (2,002,734) |
| Profit attributable to owners of parent | | | 17,228,604 | | 17,228,604 |
| Change of scope of consolidation and equity method | | | (1,912) | | (1,912) |
| Purchase of treasury shares | | | | (169) | (169) |
| Disposal of treasury shares | | 23,965 | | 59,426 | 83,391 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | 23,965 | 15,223,957 | 59,257 | 15,307,179 |
| Balance at end of period | 2,097,606 | 3,340,696 | 41,767,144 | (3,584,241) | 43,621,205 |

| | Accumulated other comprehensive income | | | | | Share award rights | Share acquisition rights | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 9,269,293 | - | (434,203) | 8,197 | 8,843,288 | 24,012 | 78,064 | 37,259,391 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | (2,002,734) |
| Profit attributable to owners of parent | | | | | | | | 17,228,604 |
| Change of scope of consolidation and equity method | | | | | | | | (1,912) |
| Purchase of treasury shares | | | | | | | | (169) |
| Disposal of treasury shares | | | | | | | | 83,391 |
| Net changes in items other than shareholders' equity | (9,206,361) | (12,613) | (291) | 4,300,761 | (4,918,505) | 661 | (40,447) | (4,958,292) |
| Total changes during period | (9,206,361) | (12,613) | (291) | 4,300,761 | (4,918,505) | 661 | (40,447) | 10,348,887 |
| Balance at end of period | 62,932 | (12,613) | (434,495) | 4,308,958 | 3,924,782 | 24,673 | 37,617 | 47,608,278 |

For the fiscal year ended March 31, 2026

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders ' equity |
| Balance at beginning of period | 2,097,606 | 3,340,696 | 41,767,144 | (3,584,241) | 43,621,205 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,113,363) | | (1,113,363) |
| Profit attributable to owners of parent | | | 9,663,924 | | 9,663,924 |
| Purchase of treasury shares | | | | (7,360,127) | (7,360,127) |
| Disposal of treasury shares | | 229,808 | | 178,077 | 407,886 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | 229,808 | 8,550,561 | (7,182,049) | 1,598,320 |
| Balance at end of period | 2,097,606 | 3,570,504 | 50,317,706 | (10,766,291 ) | 45,219,526 |

| | Accumulated other comprehensive income | | | | | Share award rights | Share acquisition rights | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Total accumulated other comprehensi ve income | | | |
| Balance at beginning of period | 62,932 | (12,613) | (434,495) | 4,308,958 | 3,924,782 | 24,673 | 37,617 | 47,608,278 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | (1,113,363) |
| Profit attributable to owners of parent | | | | | | | | 9,663,924 |
| Purchase of treasury shares | | | | | | | | (7,360,127) |
| Disposal of treasury shares | | | | | | | | 407,886 |
| Net changes in items other than shareholders' equity | (187,889) | 67,163 | - | (889,855) | (1,010,582) | (9,530) | (5,273) | (1,025,385) |
| Total changes during period | (187,889) | 67,163 | - | (889,855) | (1,010,582) | (9,530) | (5,273) | 572,935 |
| Balance at end of period | (124,957) | 54,550 | (434,495) | 3,419,102 | 2,914,200 | 15,142 | 32,344 | 48,181,214 |

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 17,947,662 | 9,935,724 |
| Depreciation | 258,300 | 242,613 |
| Amortization of goodwill | 67,157 | 65,611 |
| Share-based payment expenses | 30,937 | - |
| Increase (decrease) in allowance for doubtful accounts | (300) | (100) |
| Increase (decrease) in provision for bonuses | (50,467) | (3,548) |
| Increase (decrease) in retirement benefit liability | 973 | (4,999) |
| Interest and dividend income | (275,962) | (245,999) |
| Interest expenses | 23,730 | 33,338 |
| Foreign exchange losses (gains) | 1,664 | 228 |
| Impairment losses | 347,775 | - |
| Gain on reversal of share acquisition rights | (20,822) | (27) |
| Share of loss (profit) of entities accounted for using equity method | (504,975) | (4,969,027) |
| Loss (gain) on change in equity | (17,560,330) | (4,727,593) |
| Decrease (increase) in trade receivables | 92,173 | 403,915 |
| Decrease (increase) in inventories | 777,511 | 931,903 |
| Increase (decrease) in trade payables | (1,115,449) | 131,766 |
| Decrease (increase) in prepaid expenses | 19,389 | (320,865) |
| Decrease (increase) in accounts receivable - other | 60,616 | 4,009 |
| Decrease (increase) in long-term prepaid expenses | (247,186) | 85,458 |
| Increase (decrease) in contract liabilities | 243,763 | 50,222 |
| Increase (decrease) in accrued expenses | 53,698 | (31,259) |
| Increase (decrease) in deposits received | 52,388 | (49,598) |
| Increase (decrease) in accrued consumption taxes | 295,861 | (227,807) |
| Other, net | 35,619 | (11,557) |
| Subtotal | 533,726 | 1,292,407 |
| Interest and dividends received | 76,239 | 124,214 |
| Interest paid | (23,730) | (33,338) |
| Income taxes paid | (2,257,801) | (70,386) |
| Income taxes refund | 3,318 | 208,764 |
| Net cash provided by (used in) operating activities | (1,668,247) | 1,521,662 |

(Thousands of yen)

| | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | 53,776 | 14,471 |
| Proceeds from cancellation of money held in trust | 36,500,000 | 24,900,000 |
| Investments in money held in trust | (30,100,000) | (17,800,000) |
| Purchase of investment securities | (3,109,670) | (290,169) |
| Proceeds from sale and redemption of investment securities | - | 279 |
| Purchase of property, plant and equipment | (248,445) | (86,249) |
| Purchase of intangible assets | (92,645) | (61,762) |
| Other, net | (50,605) | - |
| Net cash provided by (used in) investing activities | 2,952,409 | 6,676,570 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,195,183 | 124,951 |
| Repayments of long-term borrowings | (47,312) | (83,803) |
| Proceeds from exercise of employee share options | 48,384 | 12,313 |
| Purchase of treasury shares | (169) | (7,360,127) |
| Proceeds from disposal of treasury shares | - | 360,600 |
| Dividends paid | (2,002,734) | (1,113,363) |
| Other, net | (22,776) | (28,304) |
| Net cash provided by (used in) financing activities | (829,425) | (8,087,733) |
| Effect of exchange rate change on cash and cash equivalents | 11,126 | (3,034) |
| Net increase (decrease) in cash and cash equivalents | 465,863 | 107,465 |
| Cash and cash equivalents at beginning of period | 1,519,890 | 1,986,385 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 630 | - |
| Cash and cash equivalents at end of period | 1,986,385 | 2,093,850 |

(5) Notes on Consolidated Financial Statements

(Notes regarding assumption of going concern)

Not applicable

(Additional information)

(Transactions to deliver the Company's own shares to employees, etc. through a trust)

1. Board Benefit Trust (BBT) Pursuant to the resolution of the 54th Ordinary General Meeting of Shareholders held on June 24, 2025, the Company has introduced a stock compensation search "Board Benefit Trust (BBT)" (hereinafter referred to as the "System") and commenced the trust in August 2025. The purpose of the System is to further clarify the linkage between the compensation of the Company's directors (excluding directors who are Audit and Supervisory Committee members) and executive officers ("Directors, etc.") and the Company's stock value. By having Directors, etc. share with shareholders not only the benefits of stock price increases but also the risks of stock price decreases, the System aims to raise their awareness of contributing to the improvement of medium- to long-term business performance and the increase of corporate value.

- (1) Overview of the Transaction
  The System is a stock compensation scheme under which the Company's shares are acquired through a trust (hereinafter referred to as the "Trust") established with money contributed by the Company as the source of funds. In accordance with the Officer Stock Benefit Rules established by the Company, the Company's shares and an amount of money equivalent to the market value of the Company's shares (hereinafter referred to as the "Company's Shares, etc.") are granted to Directors, etc. through the Trust. As a rule, Directors, etc. receive the Company's Shares, etc. at a fixed time each year.

- (2) Company's shares remaining in the Trust
  The Company's shares remaining in the Trust are recorded as treasury shares under net assets at their book value in the Trust (excluding incidental expenses). The book value and the number of these treasury shares at the end of the current consolidated fiscal year were 180,300 thousand yen and 30,000 shares, respectively.

2. Employee Stock Ownership Plan (J-ESOP) Based on a resolution of the Board of Directors meeting held on August 8, 2025, the Company has introduced a "Stock Benefit Trust (J-ESOP)" (hereinafter referred to as the "System") to deliver the Company's shares to employees.

- (1) Overview of the Transaction
  The System is a mechanism to grant the Company's shares to employees who meet certain requirements based on the "Stock Benefit Rules" established by the Company. The Company awards points to employees based on its performance and other factors in accordance with the Stock Benefit Rules. Upon delivery of the Company's Shares, etc., each point granted to employees is converted into one share of the Company's common stock. However, if a stock split, gratuitous allotment of shares, or consolidation of shares is conducted, the number of points granted or the conversion ratio will be reasonably adjusted according to the ratio of such actions. When an employee meets the beneficiary requirements specified in the Stock Benefit Rules, the employee will receive the Company's shares corresponding to the number of points from the J-ESOP Trust by performing the prescribed beneficiary identification procedures. However, if the requirements specified in the Stock Benefit Rules are met, a certain percentage of the benefit will be provided in cash equivalent to the market value of the Company's shares instead of the shares themselves. The introduction of this System is expected to increase employees' interest in the stock price and performance improvements, contributing to a more motivated approach to their duties.

- (2) Company's shares remaining in the Trust
  The Company's shares remaining in the Trust are recorded as treasury shares under net assets at their book value in the Trust (excluding incidental expenses). The book value and the number of these treasury shares at the end of the current consolidated fiscal year were 180,300 thousand yen and 30,000 shares, respectively.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) How to decide reportable segments

Reportable segments of the Group are components within the Group for which separate financial information is available and are regularly used by the Board of Directors to determine the allocation of management resources and to evaluate their business results.

The Group establishes business divisions by product and service in Konan office regarding the Entertainment-related business and the IT-related business, and in Cellebrite regarding the Global Data Intelligence business, each of which formulates its own comprehensive strategies for both domestic and overseas markets with respect to its products and services, and operates its business activities.

Therefore, the Group consists of segments by product and service based on business divisions, which constitute four reportable segments; Global Data Intelligence business, Entertainment-related business, IT-related business, and Wellness business.

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

The Global Data Intelligence business develops, manufactures and sells mobile data transfer equipment and related services designed for criminal investigation agencies, etc. (Digital Intelligence business).

The Entertainment-related business mainly develops, manufactures and sells game machine-related parts such as control boards designed for game machine manufacturers, and develops and sells game content.

The New IT-related business mainly develops, manufactures and sells M2M communication equipment and IoT solutions, and develops and sells business support systems for B2B.

The wellness business aims to enter the solutions business in the digital health field, mainly developing and selling products and services that improve the quality of sleep.

2. Methods of calculating amounts of net sales, profit (loss), assets, and other items for each reportable segment

The accounting methods used for business segments are the same as those described under the Significant Accounting Policies for Preparation of Consolidated Financial Statements.

Reportable segment income figures are based on operating income. The amounts of transactions with other segments are based on actual market prices.

Provisional accounting treatment pertaining to business combination was finalized for the fiscal year under review, and the figures for the previous fiscal year reflect the content of the finalization of the provisional accounting treatment.

3. Information on net sales and profit (loss), assets, and other items for each reportable segment

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

(Thousands of yen)

| | Global Data Intelligence business | Entertainment-related business | IT-related business | Wellness business | Total | Adjusted amount (Note 1) | Amount reported on consolidated financial statements (Note 2) |
|---|---|---|---|---|---|---|---|
| Sales | | | | | | | |
| Goods transferred at a point in time | 114,493 | 5,840,615 | 3,174,663 | - | 9,129,772 | - | 9,129,772 |
| Goods transferred over time | 1,080,928 | - | 626,487 | - | 1,707,416 | - | 1,707,416 |
| Revenue from contracts with customers | 1,195,422 | 5,840,615 | 3,801,151 | - | 10,837,189 | - | 10,837,189 |
| Revenue from external customers | 1,195,422 | 5,840,615 | 3,801,151 | - | 10,837,189 | - | 10,837,189 |
| Transactions with other segments | - | 21,958 | - | - | 21,958 | (21,958) | - |
| Total | 1,195,422 | 5,862,574 | 3,801,151 | - | 10,859,147 | (21,958) | 10,837,189 |
| Segment profit | 164,732 | 657,548 | 255,832 | - | 1,078,113 | (1,076,781) | 1,332 |
| Segment assets | 23,251,758 | 4,909,282 | 3,508,424 | 49,639 | 31,719,095 | 21,408,363 | 53,127,459 |
| Other items | | | | | | | |
| Depreciation | 2,455 | 70,269 | 175,192 | - | 247,917 | 10,382 | 258,300 |
| Amortization of customer-related assets | - | - | 11,562 | - | 11,562 | - | 11,562 |
| Amortization of goodwill | - | - | 67,157 | - | 67,157 | - | 67,157 |
| Share of profit of entities accounted for using equity method | 504,975 | - | - | - | 504,975 | - | 504,975 |
| Investment in entities accounted for using equity method | 22,243,678 | - | - | - | 22,243,678 | - | 22,243,678 |
| Increase in property, plant and equipment and intangible assets | 274 | 55,569 | 238,213 | - | 294,056 | 25,156 | 319,213 |

(Note) 1. The main details of the adjusted amount are as follows.

(1) Adjusted amount for segment profit of ¥(1,076,781) thousand includes elimination of intersegment transactions of ¥351 thousand and company-wide expenses not allocated to each reportable segment of ¥(1,077,133) thousand. The company-wide expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) Adjusted amount for segment assets of ¥21,408,363 thousand mainly represents surplus operating funds (cash) of the parent company, long-term investment funds (securities and investment securities) and the assets relating to its administrative department not allocated to each reportable segment.

(3) Adjusted amount for other items is related to company-wide assets not allocated to each reportable segment, and consists of depreciation and increases in property, plant and equipment and intangible assets.

2. Segment profit has been adjusted with operating profit on the consolidated statement of income.

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

(Thousands of yen)

| | Global Data Intelligence business | Entertainment-related business | IT-related business | Wellness business | Total | Adjusted amount (Note 1) | Amount reported on consolidated financial statements (Note 2) |
|---|---|---|---|---|---|---|---|
| Sales | | | | | | | |
| Goods transferred at a point in time | 204,846 | 5,462,859 | 2,257,532 | - | 7,925,238 | - | 9,129,772 |
| Goods transferred over time | 1,088,526 | - | 893,372 | - | 1,981,899 | - | 1,707,416 |
| Revenue from contracts with customers | 1,293,372 | 5,462,859 | 3,150,905 | - | 9,907,137 | - | 10,837,189 |
| Revenue from external customers | 1,293,372 | 5,462,859 | 3,150,905 | - | 9,907,137 | - | 10,837,189 |
| Transactions with other segments | - | 15,119 | 7,586 | - | 22,705 | (21,958) | - |
| Total | 1,293,372 | 5,477,979 | 3,158,491 | - | 9,929,843 | (21,958) | 10,837,189 |
| Segment profit (loss) | 140,732 | 648,161 | 332,186 | (30,447) | 1,090,632 | (1,076,781) | 1,332 |
| Segment assets | 32,387,910 | 4,215,279 | 2,724,111 | 26,165 | 39,353,467 | 21,408,363 | 53,127,459 |
| Other items | | | | | | | |
| Depreciation | 1,215 | 46,177 | 186,619 | - | 234,011 | 8,601 | 242,613 |
| Amortization of customer-related assets | - | - | 11,296 | - | 11,296 | - | 11,296 |
| Amortization of goodwill | - | - | 65,611 | - | 65,611 | - | 65,611 |
| Share of profit of entities accounted for using equity method | 4,969,027 | - | - | - | 4,969,027 | - | 4,969,027 |
| Investment in entities accounted for using equity method | 31,037,897 | - | - | - | 31,037,897 | - | 31,037,897 |
| Increase in property, plant and equipment and intangible assets | 249 | 43,119 | 123,501 | - | 166,869 | 14,565 | 181,435 |

(Note) 1. The main details of the adjusted amount are as follows.

(1) Adjusted amount for segment profit of ¥(1,105,981) thousand includes company-wide expenses not allocated to each reportable segment of ¥(1,105,981) thousand. The company-wide expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) Adjusted amount for segment assets of ¥14,299,171 thousand mainly represents surplus operating funds (cash) of the parent company, long-term investment funds (securities and investment securities) and the assets relating to its administrative department not allocated to each reportable segment.

(3) Adjusted amount for other items is related to company-wide assets not allocated to each reportable segment, and consists of depreciation and increases in property, plant and equipment and intangible assets.

2. Segment profit or loss has been adjusted with operating loss on the consolidated statement of income.

(Per share information)

| Item | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Net assets per share | 2,135.24 yen | 2,236.91 yen |
| Basic earnings (losses) per share | 774.02 yen | 441.53 yen |
| Diluted earnings per share | 772.65 yen | 441.05 yen |

(Note) 1. The basis for calculating net assets per share and basic earnings (losses) per share is as follows.

1. Net assets per share

| Item | As of March 31, 2025 | As of March 31, 2026 |
|---|---|---|
| Total net assets (thousands of yen) | 47,608,278 | 48,181,214 |
| Amount deducted from total net assets (thousands of yen) | 62,290 | 47,487 |
| [Of which share award rights (thousands of yen)] | [24,673] | [15,142] |
| [Of which share acquisition rights (thousands of yen)] | [37,617] | [32,344] |
| Amounts of net assets related to common stock at the end of the fiscal year (thousands of yen) | 47,545,988 | 48,133,727 |
| Number of common shares used to calculate net assets per share at the end of the fiscal year (thousand shares) | 22,267 | 21,517 |

2. Basic earnings (losses) per share and diluted earnings per share

| Item | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2026 |
|---|---|---|
| Basic earnings (losses) per share | - | |
| Profit (loss) attributable to owners of parent (thousands of yen) | 17,228,604 | 9,663,924 |
| Profit not attributable to common shareholders (thousands of yen) | - | - |
| Profit (loss) attributable to owners of parent in relation to common stock (thousands of yen) | 17,228,604 | 9,663,924 |
| Weighted average number of common stock during the fiscal year (thousands of yen) | 22,258 | 21,887 |
| Diluted earnings per share | | |
| Adjustments to profit attributable to owners of parent (thousands of yen) | - | - |
| [Of which adjustments by dilutive shares of consolidated subsidiaries (thousands of yen)] | [ - ] | [ - ] |
| Number of increased common stock (thousand shares) | 39 | 23 |
| [Of which share award rights (thousand shares)] | [26 ] | [10 ] |
| [Of which share acquisition rights (thousand shares)] | [13 ] | [13 ] |
| Details of dilutive shares not included in calculation of fully diluted earnings per share due to non-dilutive effect | - | - |

(Significant subsequent events)

Not applicable