(Securities Code 7616 TSE PRIME)
May 8, 2026

To whom it may concern,


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# Notice on Recognition of Other Operating Expenses (Impairment Losses) and Differences Between Full-Year Consolidated Earnings Forecast and Actual Results

We hereby announce that we have recorded other operating expenses (impairment losses) for the fourth quarter of the consolidated fiscal year ended March 2026, as detailed below. We also announce that there is a difference between the full-year consolidated earnings forecast announced on May 9, 2025, and the actual results announced today.

Record

1. Recognition of other operating expenses (impairment losses)

In the fourth quarter of the consolidated fiscal year ended March 2026, the Company recorded impairment losses of 3,029 million yen, primarily attributable to KAPPA-CREATE CO., LTD. and ATOM CORPORATION, which reported weak performance; this brings the cumulative total for the current consolidated fiscal year to 3,232 million yen.

2. Difference between earnings forecast and actual results

(1) Difference between consolidated earnings forecast and actual results for the fiscal year ended March 2026 (From April 1, 2025 to March 31, 2026)

| | Revenue | Business profit | Profit | Profit attributable to owners of parent | Basic earnings per share |
|---|---|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen | Yen |
| Previous forecast (A) | 288,427 | 11,301 | 3,266 | 2,129 | 16.13 |
| Actual results (B) | 300,090 | 12,527 | 1,713 | 2,233 | 15.73 |
| Amount of change (B-A) | 11,663 | 1,226 | (1,553) | 103 | - |
| Ratio of change (%) | 4.0 | 10.8 | (47.6) | 4.9 | - |
| (Reference) Actual results in previous fiscal year (FY 2025/March) | 269,156 | 9,305 | 2,255 | 1,249 | 7.45 |

*Business profit = [Revenue - Cost of sales - Selling, general and administrative expenses]

(2) Reasons for difference

Regarding our consolidated financial results for the current fiscal year, while revenue through pre-tax profit reached record highs, profit for the period fell short of expectations due to the recognition of the impairment losses mentioned above and a significant increase in income tax expense resulting from the write-off of deferred tax assets and other factors.

End

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