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March 12, 2025

Consolidated Financial Results for the Fiscal Year Ended January 31, 2025 (Under Japanese GAAP)



Company name: YUKE'S Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4334
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 Scheduled date of annual general meeting of shareholders: April 25, 2025
 Scheduled date to commence dividend payments: April 28, 2025
 Scheduled date to file annual securities report: April 25, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2025	3,255	(20.3)	87	(51.1)	163	(42.0)	198	—
January 31, 2024	4,087	(5.0)	179	(81.1)	282	(74.1)	(1,349)	—

Note: Comprehensive income For the fiscal year ended January 31, 2025: ¥152 million —%
 For the fiscal year ended January 31, 2024: ¥(1,336) million —%

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
January 31, 2025	23.59	—	8.3	5.1	2.7
January 31, 2024	(160.68)	—	(42.3)	7.1	4.4

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended January 31, 2025: ¥— million

For the fiscal year ended January 31, 2024: ¥— million

(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
January 31, 2025	3,143	2,516	77.7	290.05
January 31, 2024	3,253	2,434	72.8	281.68

Reference: Equity

As of January 31, 2025: ¥2,441 million

As of January 31, 2024: ¥2,367 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
January 31, 2025	791	93	(383)	1,690
January 31, 2024	(29)	(657)	(56)	1,183

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 January 31, 2024	—	0.00	—	10.00	10.00	84	—	2.6
Fiscal year ended January 31, 2025	—	0.00	—	10.00	10.00	84	—	3.5
Fiscal year ending January 31, 2026 (Forecast)	—	0.00	—	13.00	13.00		33.0	

3. Forecast of consolidated earnings for the fiscal year ending January 31, 2026 (from February 1, 2025 to January 31, 2026)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending January 31, 2026 (Forecast)	3,800	16.7	350	298.4	338	106.2	332	67.3	39.44

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: 0 companies (—)

Excluded: 0 companies (—)

(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 January 31, 2025	11,096,000 shares
As of January 31, 2024	11,096,000 shares

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

As of January 31, 2025	2,677,480 shares
As of January 31, 2024	2,692,480 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended January 31, 2025	8,410,159 shares
Fiscal year ended January 31, 2024	8,399,792 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
January 31, 2025	2,600	(23.9)	(13)	—	64	(61.7)	132	—
January 31, 2024	3,415	(6.6)	63	(92.3)	167	(82.6)	(1,437)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
January 31, 2025	15.70	—
January 31, 2024	(171.09)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
January 31, 2025	2,069	1,558	71.7	176.27
January 31, 2024	2,235	1,542	66.0	175.58

Reference: Equity

As of January 31, 2025: ¥1,483 million

As of January 31, 2024: ¥1,475 million

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

* Proper use of earnings forecasts, and other special matters

This summary of financial results includes forward-looking statements such as our forecasts.

These forward-looking statements are based on judgments and assumptions that are based on information currently available to us, and may differ materially from our actual results in the future in light of the uncertainties inherent in judgments and assumptions and the possibility of fluctuations due to future business operations and changes in internal and external conditions.

Please refer to "1. General of operating results, etc. (1) Analysis of Operating results" on page 2 of the accompanying materials for the judgments and assumptions that form the basis for the forecasts.

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1. Overview of Operating Results and Financial Position

(1) Analysis of Operating Results

As for the outlook, the Japanese economy is expected to continue to recover moderately, supported partly by the effects of various policies, amid an improvement in the employment and income situation. Nevertheless, the downturn in overseas economies is a risk of downward pressure on the Japanese economy, including the impact of continued high interest rates in Europe and the United States and the continued stagnation of the real estate market in China. In addition, due attention should be paid to the effects of policy developments in the United States, such as inflation and trade policies, developments in the Middle East, and changes in financial and capital markets.

In our group-related entertainment industries, Nintendo's accumulated domestic sales of Nintendo Switch gaming machines exceeded 33,340,000 units, and the number of gaming machines sold in Japan ranked first in the past. On January 16, 2025, there was an announcement that Nintendo Switch's successor model, Nintendo Switch 2, is scheduled to be launched within the year, and we are seeing a boom.

Against this backdrop, on May 23, 2024, we launched Square Earth is under attack again! EARTH DEFENSE FORCE: WORLD BROTHERS 2 EARTH DEFENSE FORCE: WORLD BROTHERS (marketer: D3PUBLISHER INC.) in our consignment software. In addition, it was announced that DOUBLE DRAGON REVIVE (marketer: Arc System Works Co., Ltd.), which is in charge of development, will be released on October 23, 2025. At GAME CREATORS CONFERENCE'2024 large-scale study group for game developers held on April 5, 2024, our development staffs attended Tales of ARISE – Beyond the Dawn session. At the Tokyo Game Show 2024 held at Makuhari Messe in September 2024, we exhibited at the business meeting area and held business negotiations with many domestic and overseas companies.

In XR business field, we participated in CG production of all 12 live performances of ENSEMBLE STARS! DREAM LIVE-8th Tour "Praesepe #Cancer"-provided by Happy Elements K.K held at INTEX OSAKA in April and at Makuhari Messe in May 2024. In addition, "ENSEMBLE STARS!! DREAM LIVE-9th Tour "Trapezium #Orion" was held at Makuhari Messe in November 2024 and at INTEX OSAKA in December. In all 12 live performances, we were in charge of creating the CG for the songs and MCs, and contributed to this event. On June 29, 2024, we participated in CG production of "PolaPoriPosuPo 1st CG STAR LIVE for Form is emptiness, Emptiness is form" (sponsored by Bandai Namco Amusement Inc.), which was a debut of PolaPoriPosuPo. In addition, Leon, from ARP, one of our AR Dance Vocal Group projects, performed in this live show as an opening guest appearance. At Project SEKAI 4th Anniversary Thanks Festival held at Yokohama BUNTAI on September 27 and 28, 2024 (sponsored by SEGA CORPORATION and Colorful Palette Inc.), we were responsible for real-time CG production for virtual singers using our proprietary technical ALiS ZERO®. We also participated in the production and distribution of real-time live at "CONNECT LIVE 4th ANNIVERSARY Brilliant Stage" held on October 6, 2024.

In the pachinko and pachislot field, development is proceeding steadily as the Group continues to contract with video development projects for multiple titles.

In addition, several other projects are being developed in the mobile content field.

As a result of the above, net sales for the consolidated fiscal year under review were 3,255,738 thousand yen, down 20.3% from the same period of the previous fiscal year.

Net income attributable to owners of the parent was 87,858 thousand yen (down 51.1% year on year) due to a review of contracts due to client circumstances in the game software field, delays in delivery times in some projects in the pachinko and pachislot business, ordinary income was 163,891 thousand yen (down 42.0% year on year) due to foreign exchange gains of 18,054 thousand yen and insurance refunds of 54,554 thousand yen, and a gain of 95,233 thousand yen on the sale of investments in securities and a gain of 37,871 thousand yen on the reversal of stock acquisition rights. As a result, net income attributable to owners of the parent was 198,412 thousand yen. Net loss attributable to owners of parent was 1,349,644 thousand yen.

Since our Group is a single segment of the Digital Contents Business, the disclosure of business results by segment is omitted.

With regard to the outlook for the next fiscal year, development of multiple projects is progressing in the games, pachinko and pachislot, and mobile fields.

Through the above activities, we forecast consolidated net sales of 380 million yen, operating income of 350 million yen, ordinary income of 338 million yen, and net income attributable to owners of the parent of 332 million yen for the fiscal year ending January 2026.

(2) Analysis of Financial Status

① Assets, liabilities and net assets

Total assets at the end of the fiscal year under review decreased 110,274 thousand yen from the end of the previous fiscal year to 3,143,342 thousand yen. The main factors were an increase of 506,344 thousand yen in cash and deposits, a decrease of 335,188 thousand yen in accounts receivable and contract assets, and a decrease of 202,017 thousand yen in long-term prepaid expenses.

Liabilities decreased by 192,719 thousand yen from the end of the previous fiscal year to 626,589 thousand yen. The main factors were a decrease of 300,000 thousand yen in short-term loans payable and an increase of 24,935 thousand yen in accounts payable-other.

Net assets increased 82,444 thousand yen from the end of the previous fiscal year to 2,516,753 thousand yen. Major factors included 198,412 thousand yen in profit attributable to owners of parent and 84,035 thousand yen in dividends from retained earnings.

② Cash Flow

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review increased by 506,344 thousand yen from the end of the previous fiscal year to 1,690,278 thousand yen.

The status of each cash flow for the current consolidated fiscal year and its factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 791,459 thousand yen, compared with net cash used of 29,411 thousand yen in the same period of the previous fiscal year.

This was mainly due to income before income taxes and minority interests of 296,996 thousand yen, a decrease in notes and accounts receivable-trade of 335,188 thousand yen, insurance proceeds of 257,075 thousand yen, and a gain on sales of investment securities of 95,233 thousand yen.

(Cash flows from investing activities)

Net cash provided by investing activities was 93,772 thousand yen, compared with net cash used of 657,262 thousand yen in the same period of the previous fiscal year.

This was due to proceeds from sales of investment securities of 115,147 thousand yen and purchase of property, plant and equipment of 13,609 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities was 383,527 thousand yen, compared with 56,475 thousand yen used in the same period of the previous fiscal year.

This was due to a decrease in short-term loans payable of 300,000 thousand yen and cash dividends paid of 83,527 thousand yen.

(3) Basic Policy on Profit Distribution and Dividends for the Current Fiscal Year under Review

We regard the return of profits to shareholders as 1 of our most important management issues. Our basic policy is to return profits to shareholders in accordance with business performance while maintaining stable dividends, while taking into account future business development and internal reserves that take into account the characteristics of our business.

The dividend will be determined based on a consolidated dividend payout ratio of 30%, and the minimum annual dividend will be 10 yen per share unless there is a significant downturn in business performance due to a sudden change in the business environment.

We will pay a year-end dividend of 10 yen per share of our common stock.

2. Basic Approach to Selection of Accounting Standards

Our Group intends to consider the application of International Financial Reporting Standards, taking into account various domestic and overseas circumstances.

3. Consolidated Financial Statements and Supplementary Notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of January 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	1,183,933	1,690,278
Trade receivables and contract asset	1,115,386	780,197
Securities	-	198,554
Merchandise	0	-
Work in process	11,172	56,850
Prepaid expenses	34,031	30,885
Other	49,303	43,060
Allowance for doubtful accounts	(235)	(268)
Total current assets	2,393,592	2,799,559
Non-current assets		
Property, plant and equipment		
Buildings and structures	122,457	122,457
Accumulated depreciation	(98,739)	(101,625)
Buildings and structures, net	23,718	20,832
Land	2,514	2,514
Other	488,788	507,409
Accumulated depreciation	(480,331)	(487,212)
Other, net	8,457	20,197
Total property, plant and equipment	34,690	43,544
Intangible assets		
Software	459	5,530
Other	1,242	1,242
Total intangible assets	1,701	6,772
Investments and other assets		
Investment securities	404,815	119,709
Long-term prepaid expenses	202,179	161
Distressed receivables	102,052	102,052
Deferred tax assets	113,743	68,685
Other	102,893	104,908
Allowance for doubtful accounts	(102,052)	(102,052)
Total investments and other assets	823,632	293,465
Total non-current assets	860,024	343,783
Total assets	3,253,617	3,143,342

(Thousands of yen)

	As of January 31, 2024	As of January 31, 2025
Liabilities		
Current liabilities		
Short-term borrowings	300,000	-
Accounts payable - other	239,961	264,896
Income taxes payable	9,557	10,837
Contract liabilities	77	23,606
Provision for bonuses	92,639	97,076
Provision for loss on orders received	2,700	210
Other	50,037	100,227
Total current liabilities	694,972	496,854
Non-current liabilities		
Long-term accounts payable - other	200	200
Retirement benefit liability	123,886	129,284
Other	250	250
Total non-current liabilities	124,336	129,734
Total liabilities	819,308	626,589
Net assets		
Shareholders' equity		
Share capital	412,902	412,902
Capital surplus	510,822	511,590
Retained earnings	2,437,623	2,552,001
Treasury shares	(1,060,229)	(1,054,323)
Total shareholders' equity	2,301,118	2,422,170
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,949	19,634
Total accumulated other comprehensive income	65,949	19,634
Share acquisition rights	67,239	74,947
Total net assets	2,434,308	2,516,753
Total liabilities and net assets	3,253,617	3,143,342

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

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Net sales	4,087,093	3,255,738
Cost of sales	2,907,642	2,430,210
Gross profit	1,179,450	825,528
Selling, general and administrative expenses	999,961	737,669
Operating profit	179,488	87,858
Non-operating income		
Interest income	10,241	7,028
Dividend income	2,118	2,861
Insurance return	-	54,554
Foreign exchange gains	88,123	18,054
Other	10,246	4,042
Total non-operating income	110,729	86,541
Non-operating expenses		
Interest expenses	425	297
Commission for purchase of treasury shares	499	-
Loss on extinguishment share-based compensation expenses	3,900	-
Commitment fees	2,683	8,381
Loss on investments in silent partnerships	-	1,312
Other	-	515
Total non-operating expenses	7,507	10,507
Ordinary profit	282,710	163,891
Extraordinary income		
Gain on sale of investment securities	-	95,233
Gain on reversal of share acquisition rights	4,600	37,871
Total extraordinary income	4,600	133,104
Extraordinary losses		
Impairment losses	1,655,267	-
Total extraordinary losses	1,655,267	-
Profit (loss) before income taxes	(1,367,957)	296,996
Income taxes - current	58,582	33,104
Income taxes - deferred	(76,895)	65,479
Total income taxes	(18,313)	98,583
Profit (loss)	(1,349,644)	198,412
Profit (loss) attributable to owners of parent	(1,349,644)	198,412

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Profit (loss)	(1,349,644)	198,412
Other comprehensive income		
Valuation difference on available-for-sale securities	13,176	(46,314)
Total other comprehensive income	13,176	(46,314)
Comprehensive income	(1,336,467)	152,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,336,467)	152,097

(3) Consolidated statement of changes in equity

Fiscal year ended January 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	412,902	466,215	4,040,181	(957,988)	3,961,310
Changes during period					
Dividends of surplus			(252,913)		(252,913)
Profit (loss) attributable to owners of parent			(1,349,644)		(1,349,644)
Purchase of treasury shares				(126,110)	(126,110)
Disposal of treasury shares		44,606		23,868	68,475
Net changes in items other than shareholders' equity					
Total changes during period	-	44,606	(1,602,557)	(102,241)	(1,660,192)
Balance at end of period	412,902	510,822	2,437,623	(1,060,229)	2,301,118

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	52,773	52,773	32,615	4,046,699
Changes during period				
Dividends of surplus				(252,913)
Profit (loss) attributable to owners of parent				(1,349,644)
Purchase of treasury shares				(126,110)
Disposal of treasury shares				68,475
Net changes in items other than shareholders' equity	13,176	13,176	34,624	47,800
Total changes during period	13,176	13,176	34,624	(1,612,391)
Balance at end of period	65,949	65,949	67,239	2,434,308

Fiscal year ended January 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	412,902	510,822	2,437,623	(1,060,229)	2,301,118
Changes during period					
Dividends of surplus			(84,035)		(84,035)
Profit (loss) attributable to owners of parent			198,412		198,412
Disposal of treasury shares		768		5,906	6,675
Net changes in items other than shareholders' equity					
Total changes during period	-	768	114,377	5,906	121,052
Balance at end of period	412,902	511,590	2,552,001	(1,054,323)	2,422,170

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	65,949	65,949	67,239	2,434,308
Changes during period				
Dividends of surplus				(84,035)
Profit (loss) attributable to owners of parent				198,412
Disposal of treasury shares				6,675
Net changes in items other than shareholders' equity	(46,314)	(46,314)	7,707	(38,607)
Total changes during period	(46,314)	(46,314)	7,707	82,444
Balance at end of period	19,634	19,634	74,947	2,516,753

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(1,367,957)	296,996
Depreciation	48,906	10,444
Share-based payment expenses	80,270	60,560
Increase (decrease) in retirement benefit liability	6,450	5,397
Increase (decrease) in provision for bonuses	(8,399)	4,437
Increase (decrease) in provision for loss on orders received	2,700	(2,490)
Increase (decrease) in allowance for doubtful accounts	(2,783)	33
Interest and dividend income	(12,359)	(9,889)
Gain on maturity of insurance contract	-	(54,554)
Loss on extinguishment share-based compensation expenses	3,900	-
Interest expenses	425	297
Foreign exchange losses (gains)	(38,918)	(4,639)
Gain on reversal of share acquisition rights	(4,600)	(37,871)
Loss (gain) on sale of investment securities	-	(95,233)
Impairment losses	1,655,267	-
Decrease (increase) in trade receivables	(230,143)	335,188
Decrease (increase) in inventories	52,181	(44,977)
Decrease (increase) in distressed receivables	2,800	-
Increase (decrease) in accounts payable - other	(15,032)	19,924
Increase (decrease) in contract liabilities	-	23,529
Other, net	16,661	26,342
Subtotal	189,369	533,496
Interest and dividends received	10,432	7,966
Interest paid	(444)	(297)
Payments for commitmentline expense	(2,683)	(8,381)
Proceeds from insurance income	-	257,075
Income taxes paid	(226,085)	(36,124)
Income taxes refund	-	37,725
Net cash provided by (used in) operating activities	(29,411)	791,459
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,887)	(13,609)
Purchase of intangible assets	(606,350)	(5,749)
Purchase of investment securities	(40,000)	-
Proceeds from sale of investment securities	-	115,147
Payments of guarantee deposits	(24)	(2,000)
Other, net	-	(15)
Net cash provided by (used in) investing activities	(657,262)	93,772
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	300,000	(300,000)
Proceeds from exercise of employee share options	18,234	-
Purchase of treasury shares	(126,110)	-
Proceeds from issuance of share acquisition rights	3,526	-
Dividends paid	(251,625)	(83,527)
Other payments	(499)	-
Net cash provided by (used in) financing activities	(56,475)	(383,527)
Effect of exchange rate change on cash and cash equivalents	38,918	4,639
Net increase (decrease) in cash and cash equivalents	(704,230)	506,344
Cash and cash equivalents at beginning of period	1,888,164	1,183,933
Cash and cash equivalents at end of period	1,183,933	1,690,278

(5)Notes to Consolidated Financial Statements

(Notes on the Going Concern Assumptions)

Not applicable.

(Important Items Forming the Basis for Preparation of Consolidated Financial Statements)

1. Scope of consolidated reporting

Number of consolidated subsidiaries: 2

Name of consolidate subsidiary

FINE Co., Ltd.

YUKE'S MUSIC Co., Ltd.

2. Application of the equity method

Not applicable.

3. Accounting periods of consolidated subsidiaries

The last day of the fiscal year of consolidated subsidiaries is the same as the consolidated closing date.

4. Matters concerning accounting policies

(1)Valuation of principal assets

①Securities

Held-to-maturity debt securities

Depreciated using the amortized cost method (straight-line method).

Available-for-sale securities

Other than shares, etc. without market price

Stated at fair value (all unrealized gains and losses are included in net assets and the cost of securities sold is determined by the moving-average method).

Stocks, etc. without market price

As determined by the moving average method

②Inventories

Work in process

Stated at cost determined by the specific identification method. (The carrying amount on the balance sheet is written down to reflect the decline in profitability.)

(2)Description methods for major depreciable assets

①Tangible fixed assets

We and our consolidated subsidiaries use the declining-balance method.

Principal ranges of useful lives are as follows

Buildings and structures

8 to 15 years

②Intangible fixed assets

Software (for internal use) is depreciated using the straight-line method over its estimated useful life (5 years).

(3)Accounting for allowances

①Allowance for doubtful accounts

To calculate losses due to bad debt, the expected amount to be collected is accounted for based on the actual bad debt ratio for general credits and by examining specific credits individually to evaluate the possibility of collection.

②Provision for bonuses

In preparation for the payment of bonuses to employees, an allowance is provided based on the estimated amount to be paid.

③Provision for loss on orders received

To provide for future losses on contract orders, the Company records an estimated amount of loss on contract orders at the end of the current fiscal year.

(4) Retirement benefit accounting method

In calculating net defined benefit liability and retirement benefit expenses, our Group uses the simplified method in which retirement benefit obligations are calculated based on the amount that would be required if all employees voluntarily terminated their employment at the end of the fiscal year.

(5) The standards for recognition of significant revenues and expenses

The following table summarizes the major performance obligations related to order-made software, which is our primary business with respect to revenue arising from contracts with our Group customers, and the normal point at which such performance obligations are satisfied (the normal point at which revenue is recognized):

The performance obligation to transfer the deliverables, such as the development of software for orders received creation, arises from assets that cannot be diverted to other uses by fulfilling the obligations under the contract with the customer. Therefore, the Company determines that the fulfillment obligation is to be met for a certain period of time, and estimates the progress of fulfillment of the fulfillment obligation. The Company recognizes revenue for a certain period of time based on the degree of such fulfillment. This measure of progress is based primarily on the cost basis incurred.

However, for contracts with a very short term, revenue is not recognized over a certain period of time and is recognized when the performance obligations are fully satisfied (upon acceptance by the customer).

(6) Standards for the conversion of important foreign currency-denominated assets and liabilities into yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the end of the fiscal year under review, and translation adjustments are accounted for as profit or loss.

(7) Fund scope in consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, readily available deposits and short-term investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and present insignificant risk of changes in value.

(Notes on Segment Information)

[Segment Information]

Previous fiscal year (February 1, 2023, to January 31, 2024)

Since the business of our group is a single segment of the digital content business, the description is omitted.

Current fiscal year (from February 1, 2024 to January 31, 2025)

Since the business of our group is a single segment of the digital content business, the description is omitted.

[Related Information]

Previous fiscal year (February 1, 2023, to January 31, 2024)

1. Information by product and service

Since the business of our group is a single segment of the digital content business, the description is omitted.

2. Information for each region

(1) Net sales

(Thousands of yen)

Japan	United States	Total
3,183,845	903,247	4,087,093

(NOTE) Sales are classified in countries or regions based on location of customers.

(2) Tangible fixed assets

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information for each major customer

(Thousands of yen)

Name of customer	Net sales	Sales Related segment name
All Elite Wrestling, LLC	682,159	Digital content business

Current fiscal year (from February 1, 2024 to January 31, 2025)

1. Information by product and service

Since the business of our group is a single segment of the digital content business, the description is omitted.

2. Information for each region

(1)Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2)Tangible fixed assets

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information for each major customer

(Thousands of yen)

Name of customer	Net sales	Sales Related segment name
Arc System Works Co., Ltd.	393,267	Digital content business
IREM SOFTWARE ENGINEERING INC.	353,316	Digital content business

(Per Share Information)

End of previous fiscal year (February 1, 2023 To January 31, 2024)	Consolidated fiscal year (February 1, 2024 To January 31, 2025)
Net assets per share 281.68 Yen	Net assets per share 290.05 Yen
Net loss per share (-) (160.68) Yen	Net income per share 23.59 Yen
Diluted net income per share is not presented because it is the amount of net loss per share, although there are dilutive shares.	Net income per share after adjustment for potential shares is not stated, as there are no potential shares that could cause dilution.

(NOTE) The basis for calculating net income per share or loss per share and diluted net income per share is as follows:

	End of previous fiscal year (February 1, 2023 To January 31, 2024)	Consolidated fiscal year (February 1, 2024 To January 31, 2025)
Net income per share or net loss per share (-)		
Profit attributable to owners of parent or loss attributable to owners of parent (-) (thousand yen)	(1,349,644)	198,412
Amount not attributable to common shareholders	-	-
Net income (loss) attributable to owners of parent related to common shares (-) (thousand yen)	(1,349,644)	198,412
Average number of shares of common stock outstanding during the period (shares)	8,399,792	8,410,159
Diluted EPS Net income for computation		
Adjustment to profit attributable to owners of parent (thousand yen)	-	-
Increase in common stock (shares)	-	-
(Stock acquisition rights (shares))	(-)	(-)
Summary of dilutive shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	2020 1st Stock Acquisition Rights (7,400 shares) 2022 1st Stock Acquisition Rights (110 thousand shares) 2023 1st Stock Acquisition Rights (34 thousand shares) 2023 Second Stock Acquisition Rights (300 thousand shares) 2023 Third Stock Acquisition Rights (400 thousand shares)

(NOTE)1. Diluted net income per share for the consolidated fiscal year is per share, although there are potential shares.

This is not presented because it is the amount of net loss.

2. Diluted net income per share for the current fiscal year is dilutive potential shares.

Not stated because there is no existence.

(Significant subsequent Events)

Not applicable.