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July 14, 2025

Consolidated Financial Results for the Fiscal Year Ended May 31, 2025 (Based on Japanese GAAP)

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Listing: Tokyo Stock Exchange
Securities code: 6047
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Scheduled date of annual general meeting of shareholders: August 28, 2025
Scheduled date to commence dividend payments: August 29, 2025
Scheduled date to file annual securities report: August 27, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

(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	%
May 31, 2025	6,098	(17.0)	575	712.9	325	—	78	—
May 31, 2024	7,344	(8.8)	70	—	(829)	—	(1,186)	—

Note: Comprehensive income For the fiscal year ended May 31, 2025: ¥ (416)million (-%)
For the fiscal year ended May 31, 2024: ¥ (849)million (-%)

	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
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2025	3.29	3.29	0.8	2.6	9.4
May 31, 2024	(49.33)	—	(11.5)	(7.0)	1.0

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ending May 31, 2025: ¥ (261)million
For the fiscal Year Ended May 31, 2024: ¥ (933)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
May 31, 2025	13,222	11,283	84.4	464.60
May 31, 2024	11,339	9,970	87.2	412.80

Reference: Equity
As of May 31, 2025: ¥11,161million
As of May 31, 2024: ¥9,890million

(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
May 31, 2025	(26)	(1,142)	55	3,991
May 31, 2024	(206)	271	(103)	5,090

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 May 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending May 31, 2025	—	0.00	—	18.30	18.30	441	556.2	4.2
Fiscal year ending May 31, 2026 (Forecast)	—	0.00	—	18.30	18.30		101.4	

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2026 (from June 1, 2025 to May 31, 2026)

(Percentages indicate year-on-year changes.)

	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 May 31, 2026	7,890	29.4	780	35.5	770	136.6	430	444.3	18.04

*** Notes**

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

Newly included: 2 (Company names: S8 Plus Inc., G Holdings Co., Ltd.), Excluded: - (Company names: -)

(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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) For details, refer to "3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to the Consolidated Financial Statements (Notes on changes in accounting policies)" on page 13 of the attached material.

(3) Number of issued shares (common shares)

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

As of May 31, 2025	24,237,774shares
As of May 31, 2024	24,237,774shares

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

As of May 31, 2025	212,920shares
As of May 31, 2024	278,119shares

(iii) Average number of shares outstanding during the period

Fiscal year ended May 31, 2025	24,005,027shares
Fiscal Year ended May 31, 2024	24,047,377shares

(Note) The number of treasury shares includes the Company's shares held by the stock-granting ESOP trust account (86,067 shares for the fiscal year ended May 31, 2024 and 73,667 shares for the fiscal year ended May 31, 2025).

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(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	%
May 31, 2025	3,672	(17.9)	131	—	201	—	341	—
May 31, 2024	4,474	(20.6)	(486)	—	(528)	—	(549)	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 31, 2025	14.23	14.23
May 31, 2024	(22.86)	—

(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
May 31, 2025	10,819	10,061	92.4	416.02
May 31, 2024	10,282	9,486	91.5	392.63

Reference: Equity

As of May 31, 2025: ¥9,994million yen

As of May 31, 2024: ¥9,407million yen

2. Non-consolidated earnings forecasts for the fiscal year ending May 31, 2026 (from June 1, 2025 to May 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending May 31, 2026	3,475	(5.4)	1,750	769.5	1,740	409.3	72.99

* 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

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to Gunosy Inc. and on certain assumptions deemed to be reasonable. However, Gunosy Inc. makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. For the conditions on which earnings forecasts are predicated and precautions for the use of earnings forecasts, please refer to '1. Overview of Business Results, etc. (4) Future Outlook' on page 5 of the attached material.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

Regarding the business environment surrounding the Group, smartphones have continued to become increasingly common, with the percentage of smartphone users in Japan rising by 1.6 percentage points compared to the previous year, reaching 80.5% in 2024 (Source: Ministry of Internal Affairs and Communications). Japan's advertising expenditures in 2024 were also up to 7,673.0 billion yen, growing 104.9% year on year, marking a record high for the third consecutive year. In particular, internet advertising expenditures grew to 3,651.7 billion yen (up 109.6% year on year), driven by the expansion of demand for video advertising due to the spread of vertical video ads on social media and connected TVs. In addition, advertising expenditures for the four major mass media also exceeded the previous year's level for the first time in three years, and promotional media advertising expenditures also increased. While the market as a whole is on an expansionary trend, display advertising in reservation-based advertising (one of the products we handle), continued to decline from the previous year, falling to 99.3% of the previous year's level (Source: Dentsu Inc.).

Under these circumstances, the Group has been operating its business under a management policy that focuses on both strengthening existing businesses and investing in growth areas.

In the existing media business, the Company is focusing on improving the profitability of its core service, Gunosy, and strengthening its collaboration with KDDI Corporation, centered on 'au Service Today.'

Gunosy is designed to be a news media for the new era that will serve as an infrastructure for society. Initiatives are implemented to enable the optimal delivery of “must-know information” with high social value and “want-to-know information” with high personal value. The number of users during the current fiscal year remained firm throughout the period, although there were seasonal fluctuations. In addition, as a result of continuing strict management of operating costs, Gunosy Inc. on a non-consolidated basis achieved a full-year operating profit. At its consolidated subsidiary, Game8 Inc. (hereinafter, 'Game8'), in Japan, performance remained strong due to increased demand for solutions toward the end of the fiscal year and the contribution of new titles in the marketing domain. The overseas business also secured high profitability, supported by the weak yen.

Regarding the new Store and Commerce Business (hereinafter, the SC business), we have made progress in introducing it to multiple titles and have begun full-scale business development.

In addition, our investee, GaragePreneurs Internet Pvt. Ltd. (hereinafter, 'GaragePreneurs'), has completed the merger process with North East Small Finance Bank Ltd. and is now operating as slice Small Finance Bank Ltd. (hereinafter, 'slice'). After the merger, the amount of deposits has continued to grow at an annualized rate of approximately 2.5 times, which has also led to improved profitability through lower borrowing costs. Furthermore, it launched a credit card service at the end of June 2025, and AUM growth is expected in the future.

Regarding revenues, in the current fiscal year, net sales related to Gunosy Ads amounted to 3,536 million yen. In addition, Game8 Inc. on a non-consolidated basis recorded net sales of 2,426 million yen.

Regarding expenses, for Gunosy, as a result of partially limiting advertising investment in response to changes in market conditions, advertising expenses of 608 million yen (down 29.6% year on year) were recorded. In addition, media costs decreased due to the termination of the ad network business in June 2024.

Additionally, we recorded an investment loss of 261 million yen under the equity method for GaragePreneurs, which was an equity-method affiliate during the interim consolidated accounting period. We also recorded a gain on sale of investment securities of 87 million yen as extraordinary income and a loss on valuation of investment securities of 139 million yen as extraordinary loss.

As a result, for the current fiscal year, net sales were 6,098 million yen (down 17.0% year on year), ordinary profit was 325 million yen (compared to an ordinary loss of 829 million yen in the previous year), and profit attributable to owners of parent was 78 million yen (compared to a loss attributable to owners of parent of 1,186 million yen in the previous year).

The cumulative domestic downloads for Gunosy, NewsLight (formerly NewsPass), and au Service Today reached 76.39 million at the end of the current fiscal year, an increase of 5.67 million downloads from the end of the previous fiscal year.

Descriptions related to segment information are omitted because the Group has only one major segment, the Media business.

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

(Assets)

Assets at the end of the current fiscal year increased by 1,883 million yen from the end of the previous fiscal year to 13,222 million yen. This is mainly attributable to a decrease in cash and deposits (a decrease of 505 million yen from the end of the previous fiscal year), an increase in other current assets (an increase of 439 million yen from the end of the previous fiscal year), and an increase in investment securities (an increase of 873 million yen from the end of the previous fiscal year).

(Liabilities)

Liabilities at the end of the current fiscal year increased by 569 million yen from the end of the previous fiscal year to 1,938 million yen. This is mainly attributable to an increase in advances received (an increase of 325 million yen from the end of the previous fiscal year) and an increase in long-term borrowings (an increase of 225 million yen from the end of the previous fiscal year).

(Net assets)

Net assets at the end of the current fiscal year increased by 1,313 million yen from the end of the previous fiscal year to 11,283 million yen. This is mainly attributable to an increase in retained earnings (an increase of 1,695 million yen from the end of the previous fiscal year), an increase in valuation difference on available-for-sale securities (an increase of 246 million yen from the end of the previous fiscal year), and a decrease in foreign currency translation adjustment (a decrease of 660 million yen from the end of the previous fiscal year).

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as "capital") at the end of the current fiscal year decreased by 1,099 million yen from the end of the previous fiscal year to 3,991 million yen. The details for each type of cash flow for the current fiscal year is as follows.

(Cash flows from operating activities)

Capital used by operating activities during the current fiscal year amounted to 26 million yen (compared with 206 million yen used during the previous fiscal year). This is mainly attributable to recording profit before income taxes of 287 million yen, an increase in prepaid expenses of 229 million yen, share of loss of entities accounted for using equity method of 261 million yen, and income taxes paid of 462 million yen.

(Cash flows from investing activities)

Capital used by investing activities during the current fiscal year amounted to 1,142 million yen (compared with 271 million yen provided during the previous fiscal year). This is mainly attributable to payments into time deposits of 1,744 million yen, proceeds from withdrawal of time deposits of 1,160 million yen, and purchase of shares of subsidiaries resulting in change in scope of consolidation of 673 million yen.

(Cash flows from financing activities)

Capital provided by financing activities during the current fiscal year amounted to 55 million yen (compared with 103 million yen used during the previous fiscal year). This is mainly attributable to proceeds from issuance of shares to non-controlling interests of 60 million yen.

(Reference) Changes in indicators related to cash flows

	Fiscal Year Ended May 31, 2021	Fiscal Year Ended May 31, 2022	Fiscal Year Ended May 31, 2023	Fiscal Year Ended May 31, 2024	Fiscal Year Ended May 31, 2025
Equity ratio (%)	85.0	87.3	87.5	87.2	84.4
Equity ratio based on fair value (%)	169.2	151.4	119.6	152.8	113.4
Interest-bearing debt to cash flows ratio (Years)	—	—	—	—	—
Interest coverage ratio (Times)	3,487.3	—	—	—	—

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on fair value: Total market value of shares / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debts / Cash flows

Interest coverage ratio: Cash flows / Interest paid

- (Notes)
1. The indicators were calculated using consolidated financial figures
 2. The total market value of shares was calculated based on the number of shares outstanding, excluding treasury shares.
 3. In the description above, “Cash flows” represent cash flows from operating activities.
 4. Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid.
Interest paid is the interest expenses paid shown on the Consolidated Statements of Cash Flows.
The interest coverage ratio (times) for the fiscal years ended May 31, 2022, 2024 and 2025, was not calculated as
 5. the cash flows from operating activities were negative. Furthermore, as there was no interest paid for the fiscal year ended May 31, 2023, it has not been provided.

(4) Future Outlook

In the fiscal year ended May 31, 2025, Gunosy Inc. achieved stable growth in existing businesses and results from investees by promoting business based on its medium-term management strategy. This has established a management foundation that will enhance capital efficiency over the medium to long term, and the Group is now moving to the next stage of growth. Based on this business environment and progress, from the fiscal year ending May 31, 2026, Gunosy Inc. will review its portfolio classification based on business domains and reorganize it into a new segment structure based on cash generation and growth potential. This will visualize the progress of its medium to long-term growth strategy and enable more effective resource allocation.

The new segments are classified into the following three categories, and the outlook for each segment is as follows.

1. Media business

This includes Gunosy Inc.'s media business and the game walkthrough media business of its consolidated subsidiary, Game8. In particular, driven by the growth of Game8's domestic and overseas media, the Company expects to generate stable and predictable free cash flow (FCF). As a result, the Company forecasts net sales of 5,995 million yen and operating profit of 1,449 million yen.

2. G Holdings Business

This segment is comprised of earnings-contributing M&A, and in the fiscal year ending May 2026, it includes G Holdings Co., Ltd. (hereinafter, GH), which was acquired through M&A during the current fiscal year. GH has produced numerous hit titles by leveraging external IP and outsourced development, and with its business model that demonstrates high capital efficiency, GH is expected to make a stable contribution to the Group's operating profit, including goodwill. As a result, Gunosy Inc. forecasts net sales of 1,766 million yen and operating profit of 69 million yen.

3. New Businesses

This is a group of businesses aimed at achieving high growth over the medium to long term, and includes Game8's SC business and Gunosy Inc.'s IR Hub business. For the SC business, new services include 'S8 Shops' and 'Game8 Store' launched in January 2025, where the Company aims to capture the growth opportunities newly created by the market liberalization of over 2 trillion yen, and has significant growth potential depending on the number of titles introduced and the content handled in the future. At present, the Company has incorporated conservative projections, taking volatility into account, but expects to improve profitability and expand the scale of the business through further service expansion and improvements in user convenience. For the IR Hub business, the Company will focus on expanding the service through customer acquisition. As a result, Gunosy Inc. forecasts net sales of 131 million yen and an operating loss of 154 million yen.

As a result of these initiatives, for the consolidated financial results for the fiscal year ending May 2026, Gunosy Inc. forecasts net sales of 7,890 million yen (an increase of 29.4% from the current fiscal year), operating profit of 780 million yen (an increase of 35.5%), ordinary profit of 770 million yen (an increase of 136.6%), and profit attributable to owners of parent to be 430 million yen (an increase of 444.3%).

Regarding slice, a strategic investee of the Company, it is proceeding with the phased rollout of a product suite, built upon its digital-first banking platform in the Indian market, and premised on diversifying non-interest income and maintaining profitability. The Company will continue to strive to enhance its value from an asset management perspective.

For details, please refer to the 'Financial Results Briefing for the Fiscal Year Ended May 2025' scheduled for disclosure on July 14, 2025.

2. Basic Stance Concerning Choice of Accounting Standards

The Gunosy Group prepares its consolidated financial statements using Japanese GAAP. Carefully observing the trend of introducing International Financial Reporting Standards (IFRS) in the future, the Group will make efforts to establish a system to appropriately adapt to trends.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	5,874	5,369
Accounts receivable - trade	676	926
Other	499	939
Total current assets	7,050	7,235
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7	7
Other, net	2	6
Total property, plant and equipment	10	13
Intangible assets		
Goodwill	—	720
Other	0	47
Total intangible assets	0	767
Investments and other assets		
Investment securities	4,175	5,049
Deferred tax assets	62	94
Other	40	62
Total investments and other assets	4,277	5,206
Total non-current assets	4,288	5,987
Total assets	11,339	13,222

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	249	337
Accounts payable - other	288	307
Income taxes payable	334	85
Current portion of long-term borrowings	—	41
Advances received	287	612
Provision for share awards	9	16
Other	135	172
Total current liabilities	1,306	1,573
Non-current liabilities		
Long-term borrowings	—	225
Provision for share awards	8	1
Deferred tax liabilities	54	137
Total non-current liabilities	62	364
Total liabilities	1,368	1,938
Net assets		
Shareholders' equity		
Share capital	4,099	4,099
Capital surplus	4,099	4,099
Retained earnings	1,223	2,919
Treasury shares	(288)	(220)
Total shareholders' equity	9,134	10,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	58	305
Deferred gains or losses on hedges	37	(40)
Foreign currency translation adjustment	660	—
Total accumulated other comprehensive income	756	265
Share acquisition rights	79	66
Non-controlling interests	—	55
Total net assets	9,970	11,283
Total liabilities and net assets	11,339	13,222

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

(Millions of yen)

	Previous fiscal year (from June 1, 2023 to May 31, 2024)	Current fiscal year (from June 1, 2024 to May 31, 2025)
Net sales	7,344	6,098
Cost of sales	4,375	3,203
Gross profit	2,969	2,895
Selling, general and administrative expenses	2,898	2,319
Operating profit	70	575
Non-operating income		
Interest income	34	66
Foreign exchange gains	38	—
Other	5	2
Total non-operating income	78	68
Non-operating expenses		
Interest expenses	0	—
Commission expenses	9	5
Foreign exchange losses	—	31
Loss on investments in investment partnerships	34	20
Share of loss of entities accounted for using equity method	933	261
Other	0	0
Total non-operating expenses	978	319
Ordinary profit (loss)	(829)	325
Extraordinary income		
Gain on sale of investment securities	4	87
Gain on sale of shares of subsidiaries and associates	386	—
Gain on reversal of share acquisition rights	0	14
Total extraordinary income	391	101
Extraordinary losses		
Impairment losses	22	—
Loss on valuation of investment securities	380	139
Total extraordinary losses	403	139
Profit (loss) before income taxes	(840)	287
Income taxes - current	355	230
Income taxes - deferred	(10)	(17)
Total income taxes	345	212
Profit (loss)	(1,186)	74
Loss attributable to non-controlling interests	—	(4)
Profit (loss) attributable to owners of parent	(1,186)	78

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Profit (loss)	(1,186)	74
Other comprehensive income		
Valuation difference on available-for-sale securities	41	246
Deferred gains or losses on hedges	(53)	(77)
Foreign currency translation adjustment	—	(835)
Share of other comprehensive income of entities accounted for using equity method	348	175
Total other comprehensive income	336	(490)
Comprehensive income	(849)	(416)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(849)	(411)
Comprehensive income attributable to non-controlling interests	—	(4)

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended May 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	4,099	4,099	2,478	(307)	10,369	16	90	311	419	68	10,857
Changes during period											
Loss attributable to owners of parent			(1,186)		(1,186)						(1,186)
Purchase of treasury shares				(99)	(99)						(99)
Disposal of treasury shares			(68)	119	51						51
Net changes in items other than shareholders' equity						41	(53)	348	336	10	347
Total changes during period	—	—	(1,254)	19	(1,235)	41	(53)	348	336	10	(887)
Balance at end of period	4,099	4,099	1,223	(288)	9,134	58	37	660	756	79	9,970

For the fiscal year ended May 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,099	4,099	1,223	(288)	9,134
Changes during period					
Profit attributable to owners of parent			78		78
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(5)	67	61
Changes in scope of application of equity method			1,621		1,621
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,695	67	1,762
Balance at end of period	4,099	4,099	2,919	(220)	10,896

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	58	37	660	756	79	—	9,970
Changes during period							
Profit attributable to owners of parent							78
Purchase of treasury shares							(0)
Disposal of treasury shares							61
Changes in scope of application of equity method							1,621
Net changes in items other than shareholders' equity	246	(77)	(660)	(490)	(12)	55	(448)
Total changes during period	246	(77)	(660)	(490)	(12)	55	1,313
Balance at end of period	305	(40)	—	265	66	55	11,283

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended May 31, 2024)	Fiscal year ended May 31, 2025)
Cash flows from operating activities		
Profit (loss) before income taxes	(840)	287
Depreciation	4	3
Impairment losses	22	—
Amortization of goodwill	17	—
Foreign exchange losses (gains)	(178)	21
Interest income	(34)	(66)
Interest expenses	0	—
Loss (gain) on sale of investment securities	(4)	(87)
Loss (gain) on valuation of investment securities	380	139
Loss (gain) on sale of shares of subsidiaries and associates	(386)	—
Share of loss (profit) of entities accounted for using equity method	933	261
Decrease (increase) in trade receivables	(75)	66
Increase (decrease) in trade payables	(55)	(83)
Increase (decrease) in accounts payable - other	(13)	13
Decrease (increase) in prepaid expenses	81	(229)
Increase (decrease) in advances received	(79)	(29)
Increase (decrease) in provision for share awards	14	13
Other, net	23	66
Subtotal	(189)	377
Interest and dividends received	33	58
Interest paid	(0)	—
Income taxes paid	(50)	(462)
Net cash provided by (used in) operating activities	(206)	(26)
Cash flows from investing activities		
Payments into time deposits	(741)	(1,744)
Proceeds from withdrawal of time deposits	882	1,160
Purchase of investment securities	(194)	(185)
Proceeds from sale of investment securities	4	291
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(673)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	323	—
Proceeds from refund of leasehold and guarantee deposits	—	6
Other, net	(3)	3
Net cash provided by (used in) investing activities	271	(1,142)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,000	—
Repayments of short-term borrowings	(2,000)	—
Purchase of treasury shares	(99)	(0)
Proceeds from disposal of treasury shares	6	1
Commission fee paid	(10)	(6)
Proceeds from share issuance to non-controlling interests	—	60
Net cash provided by (used in) financing activities	(103)	55
Effect of exchange rate change on cash and cash equivalents	29	13
Net increase (decrease) in cash and cash equivalents	(9)	(1,099)
Cash and cash equivalents at beginning of period	5,100	5,090
Cash and cash equivalents at end of period	5,090	3,991

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes on changes in accounting policies)

(Application of 'Accounting Standard for Income Taxes, etc.')

Applied the 'Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes' (ASBJ Statement No. 27, October 28, 2022; hereinafter the '2022 Revised Accounting Standard') and relevant guidance from the beginning of the current fiscal year.

Regarding the revision related to the classification of income taxes (taxation on other comprehensive income), the Company has followed the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”). This has no impact on the consolidated financial statements.

Furthermore, regarding the revision related to the review of the treatment in the consolidated financial statements for the deferred tax gains or losses arising from the sale of shares of subsidiaries among consolidated companies, the 2022 Revised Implementation Guidance has been applied from the beginning of the current fiscal year. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been restated accordingly. This change has no impact on the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

[Segment information]

Segment information is omitted because the Group has no significant segments other than the Media business.

[Related information]

For the fiscal year ended May 31, 2024

1. Information by product and service

Omitted because net sales to outside customers in the single product/service category account for more than 90% of net sales on the Consolidated Statements of Income.

2. Information by geographical area

(1) Net sales

Omitted because net sales to outside customers in Japan account for more than 90% of net sales on the Consolidated Statements of Income..

(2) Property, plant and equipment

There is no relevant information because there are no property, plant and equipment owned outside Japan..

3. Information by major customer

Customer name	Net sales (Million yen)	Related segment
KDDI Corporation	898	Media business

For the fiscal year ended May 31, 2025

1. Information by product and service

Omitted because net sales to outside customers in the single product/service category account for more than 90% of net sales on the Consolidated Statements of Income.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	United States	Others	Total
5,244	853	2	6,098

(2) Property, plant and equipment

There is no relevant information because there are no property, plant and equipment owned outside Japan.

3. Information by major customer

Customer name	Net sales (Million yen)	Related segment
KDDI CORPORATION	1,049	Media business
Mediavine, Inc.	854	Media business
Google LLC	673	Media business

[Information about impairment losses on non-current assets by reportable segment]

For the fiscal year ended May 31, 2024

Segment information is omitted because the Group has only one major segment, the Media business. Furthermore, impairment losses were 22 million yen in the current fiscal year.

For the fiscal year ended May 31, 2025

There is no relevant information.

[Information about amortization amount and unamortized balance of goodwill by reportable segment]

For the fiscal year ended May 31, 2024

Segment information is omitted because the Group has only one major segment, the Media business.

For the fiscal year ended May 31, 2025

Segment information is omitted because the Group has only one major segment, the Media business.

[Information about gain on bargain purchase by reportable segment]

There is no relevant information.

(Per share information)

(Yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Net assets per share	412.80	464.60
Basic earnings (loss) per share	(49.33)	3.29
Diluted earnings per share	—	3.29

Note: 1. Diluted earnings per share for the previous fiscal year is not stated because a net loss per share was recorded, although potential shares exist.

2. In the calculation of net assets per share, the Company's shares that are recorded as treasury shares under the shareholders' equity and held by the stock-granting ESOP trust account are included in treasury shares that are excluded from the total number of issued shares at the end of the period. In the calculation of basic earnings (loss) per share and diluted earnings per share, they are included in treasury shares that are excluded when calculating the average number of shares during the period.

3. In the calculation of net assets per share, the number of the treasury shares excluded from the total number of outstanding shares at the end of the period is 86,067 shares for the previous fiscal year and 73,667 shares for the current fiscal year. In the calculation of basic earnings (loss) per share and diluted earnings (loss) per share, the number of the treasury shares excluded from the average number of shares during the period is 91,530 shares for the previous fiscal year and 78,839 shares for the current fiscal year.

4. The basis for calculating basic earnings (loss) per share and diluted earnings per share is as follows:

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Basic earnings per share		
Profit (loss) attributable to owners of parent (Million yen)	(1,186)	78
Amount not attributable to common shareholders (Million yen)	—	—
Profit (loss) attributable to owners of parent (Million yen)	(1,186)	78
Average number of common shares outstanding during the period (Shares)	24,047,377	24,005,027
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Million yen)	—	—
Increase in number of common shares (Shares)	—	613
(Of which, share acquisition rights) (Shares)	—	(613)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect		7th share acquisition rights 20,000 units (20,000 common shares) Issued on July 29, 2016
	7th share acquisition rights 30,000 units (30,000 common shares) Issued on July 29, 2016	9th share acquisition rights 1,600 units (1,600 common shares) Issued on July 29, 2019
	9th share acquisition rights 1,600 units (1,600 common shares) Issued on July 29, 2019	10th share acquisition rights 4,400 units (4,400 common shares) Issued on September 14, 2020
	10th share acquisition rights 8,700 units (8,700 common shares) Issued on September 14, 2020	11th share acquisition rights 54,300 units (54,300 common shares) Issued on June 2, 2021
	11th share acquisition rights 74,900 units (74,900 common shares) Issued on June 2, 2021	12th share acquisition rights 5,000 units (5,000 common shares) Issued on September 30, 2021
	12th share acquisition rights 8,000 units (8,000 common shares) Issued on September 30, 2021	13th share acquisition rights 11,000 units (11,000 common shares) Issued on May 2, 2022
	13th share acquisition rights 20,000 units (20,000 common shares) Issued on May 2, 2022	14th share acquisition rights 15,800 units (15,800 common shares) Issued on June 29, 2022
	14th share acquisition rights 24,700 units (24,700 common shares) Issued on June 29, 2022	15th share acquisition rights 20,900 units (20,900 common shares) Issued on July 3, 2023
	15th share acquisition rights 24,000 units (24,000 common shares) Issued on July 3, 2023	16th share acquisition rights 20,500 units (20,500 common shares) Issued on July 5, 2024

5. The basis for calculating net assets per share is as follows:

	As of May 31, 2024	As of May 31, 2025
Total net assets (Million yen)	9,970	11,283
Amount deducted from total net assets (Million yen)	79	121
(Share acquisition rights) (Million yen)	(79)	(66)
(Non-controlling interests) (Million yen)	—	(55)
Year-end net assets related to common shares (Million yen)	9,890	11,161
Number of common shares at year-end used to calculate net assets per share (Shares)	23,959,655	24,024,854

(Significant subsequent events)

(Change in segment classification)

The Group had previously only identified the 'Media Business' since other segments were not considered significant enough to be disclosed individually.

However, given that existing businesses have achieved stable profitability and M&A activities have progressed, the Company has decided to change its segment classification from the first quarter of the fiscal year ending May 31, 2026.

The new classification is based on cash generation capacity and growth potential, with the aim of more accurately reflecting the actual state of its business activities.

Specifically, the reportable segments will be classified into the following three categories:

① “Media Business”: This segment comprises a group of businesses that generate stable cash flow and serve as the foundation of the Group, including 'Gunosy' and 'au Service Today' operated by Gunosy Inc. (hereinafter, “the Company”), as well as domestic and international media operated by Game8 Inc. (hereinafter, “Game8”).

② “G Holdings business”: This segment comprises businesses operated by G Holdings Co., Ltd. that aim to maximize the value of intellectual property (IP) through activities such as publishing social games that utilize existing IP, including anime and manga.

③ “New Businesses”: This segment is comprised of a group of businesses with significant medium to long-term growth potential, including Game8's SC business and the “IR Hub” operated by the Company.

In addition to the businesses described above, the Company also engages in investment activities, led by slice Small Finance Bank Ltd. These investment activities represent a high-growth option for the Company in the medium to long-term and may have a significant impact on future business results. However, they are not currently recognized as a reportable segment because their revenue recognition is non-continuous and they do not meet the criteria for an independent business segment as defined by accounting standards. The assets and profit/losses related to these investment activities will be presented as adjustments.

Information on net sales, profit or loss, assets, and other items for each reportable segment for the current fiscal year, based on the revised segment classification, is as follows.

For the fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Millions of yen)

	Media Business	G Holdings Business	New Business	Total	Adjustments (Note 1)	Amount on consolidated financial statements (Note 2)
Net sales						
Net sales to external customers	6,051	—	46	6,098	0	6,098
Segment profit or loss	1,424	—	(223)	1,200	(624)	575
Segment assets	2,027	1,813	240	4,080	9,141	13,222

(Note) 1. Adjustments are as follows.

(1) The adjustment of (624) million yen for segment profit or loss mainly reflects corporate expenses not allocated to any reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

(2) The adjustment of 9,141 million yen for segment assets mainly reflects surplus funds (cash and deposits) and long-term investment funds (investment securities) not attributable to any reportable segment.

2. Segment profit or loss is consistent with operating profit on the consolidated statement of income.