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Consolidated Financial Results for the Fiscal Year Ended February 28, 2026 (Japanese GAAP)

April 14, 2026

Company name  MetaReal Corp. Listing Market TSE

Stock Code 6182 URL <https://www.metareal.jp>

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Scheduled date of annual general shareholders meeting May 28, 2026 Scheduled date of commencement of dividend payment -

Scheduled date of filing of annual securities report May 27, 2026

Preparation of supplementary materials for financial results: Yes

Holding of financial results briefing: Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2026 (March 1, 2025 to February 28, 2026)

(1) Consolidated Results of Operation

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2/26	4,487	9.9	214	82.4	182	61.9	48	△83.9
FY2/25	4,084	△2.2	117	△84.3	112	△86.0	299	△44.0

(Note) Comprehensive income FY2/26 51Millions of yen (△82.6%) FY2/25 296Millions of yen (△44.6%)

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net assets
	Yen	Yen	%	%	%
FY2/26	4.43	4.43	2.4	3.8	4.8
FY2/25	27.59	27.48	16.6	2.4	2.9

(Reference) Income on equity method investments FY2/26 △0Millions of yen FY2/25 △2Millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
FY2/26	4,676	2,007	42.9	184.43
FY2/25	4,919	1,956	39.8	179.68

(Reference) Shareholders' equity FY2/26 2,007 Millions of yen FY2/25 1,956 Millions of yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2/26	332	△156	△175	2,904
FY2/25	61	△132	△102	2,903

2. Dividend payment

	Annual dividend per share					Total amount of dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2/25	-	0.00	-	0.00	0.00	-	-	-
FY2/26	-	0.00	-	0.00	0.00	-	-	-
FY2/27 (Forecast)	-	0.00	-	0.00	0.00	-	-	-

3. Consolidated Business Forecasts for the Fiscal Year Ending February 28, 2027 (March 1, 2026 to February 28, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,600	2.5	330	54.2	290	58.8	160	231.9	14.70

◆ Consolidated Business Forecasts by Segment

(Percentages indicate year-on-year changes.)

	Net sales		Operating income	
	Millions of yen	%	Millions of yen	%
Full year				
AI business	2,910	3.1	338	23.8
HT business	712	0.5	115	△7.6
Metaverse business	98	△13.0	△32	-
AI/MV Marketing business	880	4.4	△11	-
Other corporate expenses	-	-	△80	-

※ Notes

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

Newly consolidated: - Excluded: 2 companies (Company Name) Xtra Co., Ltd. and RPA Consulting LLC

(Note) For details, see Appendix page 13 [3. Please refer to (5) Notes on Consolidated Financial Statements (Notes on Changes in Scope of Consolidation or Scope of Equity Method Application)].

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

① Changes in accounting policies due to revisions of accounting standards, etc.: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatements: None

(Note) For details, see Appendix page 13 [3. Please refer to (5) Notes on Consolidated Financial Statements (Notes on Changes in Accounting Policies)].

(3) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

② Treasury shares at the end of the year

③ Average number of shares outstanding during the period

FY2/26	10,888,060shares	FY2/25	10,888,060shares
FY2/26	490shares	FY2/25	490shares
FY2/26	10,887,570shares	FY2/25	10,841,367shares

(Reference) Summary of Non-consolidated Results of Operation

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2026 (March 1, 2025 to February 28, 2026)

(1) Non-Consolidated Results of Operation

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2/26	809	△45.4	169	△81.4	225	△70.3	301	△71.9
FY2/25	1,482	123.1	911	241.0	760	666.1	1,072	572.5

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY2/26	27.65		27.65	
FY2/25	98.93		98.56	

<Reason for the difference in non-consolidated results from the previous fiscal year>

During the fiscal year under review, there was a difference between the actual value for the previous fiscal year and the actual value for the current fiscal year, due mainly to a decrease in dividends received from consolidated subsidiaries and a gain on sales of investment securities recorded in the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio		Net asset per share	
	Millions of yen		Millions of yen		%		Yen	
FY2/26	3,411		1,831		53.7		168.24	
FY2/25	3,155		1,527		48.4		140.27	

(Reference) Shareholders' equity FY2/26 1,831Millions of yen FY2/25 1,527Millions of yen

※ This consolidated financial report is not subject to audit by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business forecasts

(Cautionary Statement with Respect to Forward-Looking Statements)

Forecasts of future performance and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company makes no promises concerning their achievement. Actual results may differ significantly from the forecasts due to various factors. Please refer to [1. Overview of Results of Operation, (4) Consolidated Business Forecasts] on page 4 of the Appendix for the assumptions underlying the forecasts and cautions concerning the use thereof.

(Method of Obtaining Financial Results Briefing Materials)

Supplementary materials for financial results were disclosed on the TDnet on the same date.

We also plan to hold a briefing for institutional investors, analysts and long-term individual shareholders on Wednesday, April 15, 2026.

Information on this briefing session is provided on our website.

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1. Results of Operations and Financial Position

(1) Overview of Results of Operation for the Fiscal Year under Review

During the fiscal year under review, net sales and operating income in the AI business decreased compared to the same period of the previous fiscal year, but operating income in the HT business increased and the amount of loss incurred in the Metaverse business and AI/MV Marketing business decreased.

As a result, our group posted net sales of 4,487,157 thousand yen (up 9.9% year on year), operating income of 214,000 thousand yen (up 82.4% year on year), ordinary income of 182,639 thousand yen (up 61.9% year on year), and profit attributable to owners of parent of 48,201 thousand yen (down 83.9% year on year) for the current fiscal year.

The performance of each business segment is as follows: Previously, our group had three reportable segments: [AI business], [HT business] and [Metaverse business]. However, in order to actively promote M&A as part of our medium-to long-term growth strategy from the current fiscal year, we have changed the reportable segment classification to four segments from the current fiscal year: [AI business], [HT business], [Metaverse business] and [AI/MV Marketing business]. In addition, the following comparisons with the previous fiscal year have been analyzed by reclassifying figures for the previous fiscal year into the new segment classification.

① AI business

In the AI business, orders received fell 12.6% year on year to 2,648,363 thousand yen, and net sales declined 8.6% to 2,822,603 thousand yen due to fewer orders carried over from the previous fiscal year. Segment income dropped 44.7% to 273,061 thousand yen, because of advertising to win new projects and raise brand awareness, as well as investments to rebuild the management structure. Going forward, we will select and concentrate on the four domains with high growth potential: [Translation AI that requires no human post-editing (Agentic Translation AI)], [Pharmaceutical-Specific Vertically Integrated Agent AI], [Construction-Specific Vertically Integrated Agent AI] and [Business Creation Fully Automatic AI]. We will implement forward-looking investments that leverage customer value creation, including aggressive investment in the mainstay T-400, and proposal activities for promoting company use of generative AI, to further improve quality of services and profitability, and promote measures to achieve medium-to long-term recovery in performance.

② HT business

As for the HT business, sales were 708,712 thousand yen (down 19.8% year on year) and segment income was 124,508 thousand yen (up 40.3% year on year) due to the liquidation of Xtra Co., Ltd.

③ Metaverse business

As for the Metaverse business, sales were 112,652 thousand yen (compared to 9,245 thousand yen in the previous fiscal year), and segment loss was 44,770 thousand yen (loss of 185,493 thousand yen in the previous fiscal year), as a result of including the Company's VR business in STUDIO55 Co., Ltd. group, shifting short- to medium-term growth measures to the [Metareal AI] project, and reducing investment in the Metaverse business from a long-term perspective of 10 ± 5 years.

④ AI/MV Marketing business

As for AI/MV Marketing business, sales were 843,187 thousand yen (up 704.5% year on year), and segment loss was 12,958 thousand yen (segment loss of 31,298 thousand yen in the previous fiscal year) due to the inclusion of non-VR businesses in AI/MV Marketing business by Group-in of STUDIO55 Co., Ltd.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets decreased by 52,899 thousand yen from the end of the previous fiscal year to 3,592,764 thousand yen at the end of the current fiscal year. This was due mainly to a decrease of 104,083 thousand yen in other current assets and a decrease of 44,179 thousand yen in inventories, mainly reflecting a decrease in taxes receivable, despite an increase of 98,520 thousand yen in notes, accounts receivable and contract assets. Non-current assets decreased by 190,630 thousand yen from the end of the previous consolidated fiscal year to 1,083,364 thousand yen. This was due mainly to a decrease of 84,904 thousand yen in property, plant and equipment and a decrease of 53,515 thousand yen in intangible assets.

(Liabilities)

Current liabilities decreased by 431,099 thousand yen from the end of the previous fiscal year to 1,689,780 thousand yen at the end of the current fiscal year. This was due to decreases of 232,610 thousand yen in short-term loans payable, 107,612 thousand yen in advances received, and 44,000 thousand yen in current portion of corporate bonds payable. Non-current liabilities increased by 135,894 thousand yen from the end of the previous fiscal year to 978,378 thousand yen. This was due to an increase of 285,894 thousand yen in long-term debt and a decrease of 150,000 thousand yen in bonds payable.

(Net assets)

Net assets at the end of the fiscal year under review increased by 51,673 thousand yen from the end of the previous fiscal year to 2,007,969 thousand yen. This was due mainly to an increase of 48,201 thousand yen in retained earnings as a result of recording profit attributable to owners of the parent.

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

Net cash provided by operating activities was 332,563 thousand yen, net cash used in investing activities was 156,835 thousand yen, and net cash used in financing activities was 175,084 thousand yen. As a result, cash and cash equivalents (hereinafter [funds]) at the end of the fiscal year under review increased by 644 thousand yen from the end of the previous fiscal year to 2,904,477 thousand yen.

The status of each type of cash flow and related factors in the fiscal year under review are reviewed below.

(Cash flows from operating activities)

Net cash provided by operating activities was 332,563 thousand yen (compared to 61,468 thousand yen provided in the same period of the previous fiscal year). Cash inflow was mainly attributable to income before income taxes of 143,659 thousand yen, depreciation and amortization of 229,735 thousand yen, and income taxes refund of 54,291 thousand yen. Cash outflow was mainly attributable to a decrease in advances received of 107,612 thousand yen, a increase in notes, accounts receivable and contract assets of 99,329 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 156,835 thousand yen (compared to 132,981 thousand yen used in the same period of the previous fiscal year). Cash inflow was mainly attributable to proceeds from loans receivable of 21,151 thousand yen, and cash outflow was mainly attributable to purchase of intangible assets of 164,551 thousand yen and loan disbursements of 26,600 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities was 175,084 thousand yen (compared to 102,934 thousand yen used in the same period of the previous fiscal year). Cash inflow was mainly attributable to proceeds from long-term debt of 700,000 thousand yen and cash outflow was mainly attributable to repayments of long-term debt of 435,454 thousand yen, net increase or decrease in short-term debt of 232,610 thousand yen, and redemption of bonds of 194,000 thousand yen.

(4) Consolidated Business Forecasts

Our three key management themes for accelerating growth of the Group are:

① Focus on four strategic areas with high growth potential

We will resolve issues such as speed and artificial numbers in customers' business processes by selecting and concentrating on the four strategic domains with high growth potential: [Translation-specific Agentic AI (Autonomous AI/Translation AI that requires no human post-editing)] [Pharmaceutical-specific Agentic AI] [Construction-specific Agentic AI] and [Business-creation Agentic AI].

[Translation-specific Agentic AI (Autonomous AI/Translation AI that requires no human post-editing)] In addition to the mission [Free our country from the spell of linguistic handicap] that has been set since its founding, on December 4, 2025, we announced a new vision [Create Translation AI that requires no human post-editing], and we are progressively developing new functions to realize this vision. By eliminating manual restatements in translation operations and achieving full automation through AI, we aim to realize the next stage to innovate the productivity of industrial translation as the culmination of translation innovation, which we have been challenging for 20 years.

[Pharmaceutical-specific Agentic AI] is developing the Rakuyaku AI business. Our mission is to contribute to eliminating inefficiencies in document preparation in the pharmaceutical industry using AI and accelerating the pace of new drug approval [Early Launch of New Drugs], and to create significant value for society and the market. This business is not intended to compete with the general-purpose AI market, but rather as a specialized AI targeting only the preparation of pharmaceutical documents. Our policy is to concentrate management resources in areas that require expertise to achieve growth as a high-value-added business.

[Construction-specific Agentic AI] aims to contribute to earnings for the Group as a whole by generating sales growth through synergies that combine our group's cutting-edge AI technologies with the specialized skills and customer base of STUDIO55 Inc. in the VR/CG/BIM field of architectural design, centered on STUDIO55 Inc., and strengthening high-value-added fields such as BIM plugin development and DX support development, optimizing SG&A expenses, and improving profitability by strengthening cooperation with overseas bases.

[Business-creation Agentic AI] is accelerating development and verification using our group's cutting-edge AI technology to realize AI that fully automates all processes of business creation. This business will aim to contribute to the growth of our group in the medium-to long-term by eliminating [Human Capacity], which had been a bottleneck in business growth, and implementing measures such as automation of the planning and development of new services, automation of sales and sales processes, automatic multiplication of customer contacts, strengthening of new customer acquisition and growth loops, and super-high-speed multilingual global expansion.

② Long-term growth strategy in the Metaverse business

The Metaverse business is addressing the task of the [Metaverser] concept and its method [Metaverse×AI] as a long-term growth strategy. The plan is designed to achieve results in 10±5 years or longer. Particularly at present, centered on STUDIO55 Inc., we will aim for growth in the VR/CG/BIM field of architectural design by creating synergies that combine our group's cutting-edge AI technology with the specialized skills and customer base of STUDIO55 Inc.

③ Promote M&A strategy to strengthen specialized fields

Through M&A, we will group client bases in fields of specialization and companies with technical know-how in order to grow by integrating our cutting-edge AI/MV technologies. [AI/MV Marketing] Segment is targeting growth by promoting M&A activities in the following five domains: manuals and manual companies, pharmaceutical document companies, architectural documents and design companies, advertising agency companies, and financial document companies, and generating synergies with the four strategic domains in which our group has a high growth potential.

2. Basic Approach to Selection of Accounting Standards

In light of the comparability of consolidated financial statements between periods and between companies, our group intends to continue to prepare consolidated financial statements under Japanese GAAP.

However, our policy is to appropriately consider the application of the International Financial Reporting Standards (IFRS) as necessary in light of various circumstances and business description in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (February 28, 2025)	Current fiscal year (February 28, 2026)
Assets		
Current assets		
Cash and deposits	2,903,833	2,904,477
Notes, accounts receivable and contract assets	429,783	528,303
Inventories	73,519	29,340
Other	247,057	142,974
Allowance for doubtful accounts	△8,529	△12,330
Total current assets	3,645,664	3,592,764
Non-current assets		
Property, plant and equipment		
Building and structure	22,027	22,027
Tools, furniture and fixtures	696,119	387,112
Leased assets	86,968	86,968
Other	3,634	3,303
Accumulated depreciation	△596,046	△371,612
Total property, plant and equipment	212,704	127,799
Intangible assets		
Goodwill	408,422	376,596
Software	307,176	208,900
Software in progress	40,419	117,387
Leased assets	2,902	-
Other	438	2,956
Total intangible assets	759,357	705,842
Investments and other assets		
Investment securities	53,030	57,887
Shares of subsidiaries and associates	19,916	19,313
Long-term loan	20,246	25,179
Deferred tax asset	210,951	163,269
Other	25,482	20,025
Allowance for doubtful accounts	△27,694	△35,953
Total investments and other assets	301,932	249,721
Total non-current assets	1,273,994	1,083,364
Total assets	4,919,659	4,676,128
Liabilities		
Current liabilities		
Notes and accounts payable-trade	107,109	98,543
Short-term borrowings	232,610	-
Current portion of long-term loans payable	402,114	380,765
Current portion of corporate bonds	194,000	150,000
Accounts payable-other	190,318	166,596
Lease obligations	13,020	-
Income taxes payable	24,352	40,651
Provision for bonuses	45,795	31,565
Advances received	783,716	676,103
Provision for loss on orders received	-	250
Other	127,841	145,304
Total current liabilities	2,120,879	1,689,780
Non-current liabilities		
Corporate bonds	300,000	150,000
Long-term debt	542,484	828,378
Total non-current liabilities	842,484	978,378
Total liabilities	2,963,364	2,668,159

(Thousands of yen)

	Previous fiscal year (February 28, 2025)	Current fiscal year (February 28, 2026)
Net assets		
Shareholders' equity		
Common stock	802,289	802,289
Capital surplus	1,776,235	1,776,235
Retained earnings	△619,662	△571,460
Treasury stock	△986	△986
Total shareholders' equity	1,957,876	2,006,078
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△1,581	1,889
Total accumulated other comprehensive income	△1,581	1,889
Share subscription rights	-	1
Total net assets	1,956,295	2,007,969
Total liabilities and net assets	4,919,659	4,676,128

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

(Thousands of yen)

	Previous fiscal year (From March 1, 2024 to February 28, 2025)	Current fiscal year (From March 1, 2025 to February 28, 2026)
Net sales	4,084,762	4,487,157
Cost of sales	1,382,446	1,747,660
Gross profit	2,702,316	2,739,496
Selling, general and administrative expenses		
Remuneration for directors	269,714	247,186
Salaries, allowances and bonuses	766,410	767,080
Research and development expenses	248,355	109,340
Advertising expenses	228,623	256,725
Outsourcing expenses	301,830	261,040
Provision for doubtful receivables	△6,059	5,326
Provision for bonuses	2,253	-
Retirement benefit expenses	7,497	7,459
Other	766,371	871,335
Total selling, general and administrative expenses	2,584,996	2,525,496
Operating income	117,319	214,000
Non-operating income		
Interest income	1,757	6,591
Gain on forgiveness of dividends payable	203	-
Reversal of allowance for doubtful accounts	209	328
Gain on liquidation of debt accounts	18,987	-
Other	1,520	1,271
Total non-operating income	22,678	8,191
Non-operating expenses		
Interest expenses	12,708	26,504
Commissions paid	4,412	633
Share of loss of investments accounted for using equity method	2,025	603
Bond issuance expenses	3,463	-
Provision for doubtful receivables	1,192	7,448
Foreign exchange loss	1,066	3,662
Other	2,285	701
Total non-operating expenses	27,154	39,552
Ordinary income	112,844	182,639
Special income		
Income on sales of non-current assets	2,466	3,578
Gain on sale of investment securities	304,275	-
Gain on reversal of share subscription rights	41,146	-
Total special income	347,888	3,578
Special loss		
Loss on sales and retirement of noncurrent assets	930	0
Impairment loss	10,297	39,770
Loss on liquidation of subsidiaries and associates	21,972	-
Office transfer expenses	-	2,788
Total special loss	33,200	42,559
Income before income taxes	427,532	143,659
Income taxes – current	59,338	49,162
Income taxes - deferred	69,125	46,295
Total income taxes	128,463	95,457
Net income	299,068	48,201
Net income attributable to owners of parent	299,068	48,201

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Previous fiscal year (From March 1, 2024 to February 28, 2025)	Current fiscal year (From March 1, 2025 to February 28, 2026)
Net income	299,068	48,201
Other comprehensive income		
Valuation difference on available-for-sale securities	△2,592	3,470
Total other comprehensive income	△2,592	3,470
Comprehensive income	296,476	51,672
Comprehensive income (loss) attributable to:		
Owners of the parent company	296,476	51,672
Non-controlling interests	-	-

(3) Consolidated Statements of Changes in Shareholders' Equity
 Previous fiscal year (From March 1, 2024 to February 28, 2025)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	792,541	1,766,488	△918,731	△986	1,639,312
Change during the year					
Issuance of shares (exercise of share subscription rights)	9,747	9,747			19,494
Net income attributable to owners of parent			299,068		299,068
Change in treasury shares of parent arising from transactions with non-controlling interests		△0			△0
Net change in items other than shareholders' equity					
Total changes of items during the year	9,747	9,747	299,068	-	318,563
Ending balance	802,289	1,776,235	△619,662	△986	1,957,876

	Accumulated other comprehensive income		Share subscription rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Opening balance	1,011	1,011	41,146	1,681,470
Change during the year				
Issuance of shares (exercise of share subscription rights)				19,494
Net income attributable to owners of parent				299,068
Change in treasury shares of parent arising from transactions with non-controlling interests				△0
Net change in items other than shareholders' equity	△2,592	△2,592	△41,146	△43,739
Total changes of items during the year	△2,592	△2,592	△41,146	274,824
Ending balance	△1,581	△1,581	-	1,956,295

Current fiscal year (From March 1, 2025 to February 28, 2026)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	802,289	1,776,235	△619,662	△986	1,957,876
Change during the year					
Issuance of shares (exercise of share subscription rights)					-
Net income attributable to owners of parent			48,201		48,201
Change in treasury shares of parent arising from transactions with non-controlling interests					-
Net change in items other than shareholders' equity					
Total changes of items during the year	-	-	48,201	-	48,201
Ending balance	802,289	1,776,235	△571,460	△986	2,006,078

	Accumulated other comprehensive income		Share subscription rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Opening balance	△1,581	△1,581	-	1,956,295
Change during the year				
Issuance of shares (exercise of share subscription rights)				-
Net income attributable to owners of parent				48,201
Change in treasury shares of parent arising from transactions with non-controlling interests				-
Net change in items other than shareholders' equity	3,470	3,470	1	3,472
Total changes of items during the year	3,470	3,470	1	51,673
Ending balance	1,889	1,889	1	2,007,969

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (From March 1, 2024 to February 28, 2025)	Current fiscal year (From March 1, 2025 to February 28, 2026)
Cash flows from operating activities		
Income before income taxes	427,532	143,659
Depreciation	264,292	229,735
Amortization of goodwill	5,304	31,825
Impairment loss	10,297	39,770
Increase or decrease in allowance for doubtful accounts (Δ indicates decrease)	Δ 16,802	12,060
Increase or decrease in accrued bonuses (Δ indicates decrease)	163	Δ 14,230
Increase or decrease in provision for loss on orders received (Δ indicates decrease)	-	250
Interest and dividend income	Δ 1,757	Δ 6,591
Interest expenses	12,708	26,504
Loss or gain on equity method investments (Δ indicates gain)	2,025	603
Loss on sales and retirement of noncurrent assets (Δ indicates gain)	Δ 1,535	Δ 3,578
Loss or gain on sales of investment securities (Δ indicates gain)	Δ 304,275	-
Gain on reversal of share subscription rights	Δ 41,146	-
Bond issuance expenses	3,463	-
Increase or decrease in advances received (Δ indicates decrease)	Δ 36,998	Δ 107,612
Increase or decrease in notes and accounts receivable and contract assets (Δ indicates increase)	Δ 36,629	Δ 99,329
Increase or decrease in inventories (Δ indicates increase)	Δ 8,252	44,179
Increase or decrease in trade payables (Δ indicates decrease)	Δ 66,781	Δ 8,566
Increase or decrease in accounts payable-other (Δ indicates decrease)	61,975	Δ 23,745
Increase or decrease in accrued consumption taxes	Δ 98,058	43,169
Other	Δ 568	6,648
Sub-total	174,955	314,749
Interest and dividends received	1,757	6,591
Interest paid	Δ 14,240	Δ 25,218
Income taxes paid	Δ 186,598	Δ 17,850
Income taxes refund	85,594	54,291
Cash flows from operating activities	61,468	332,563
Cash flows from investing activities		
Payments for property, plant and equipment	Δ 210,510	Δ 2,501
Proceeds from sale of property, plant and equipment	2,454	7,720
Payments for intangible assets	Δ 134,100	Δ 164,551
Proceeds from sale of intangible assets	400	-
Proceeds from sales of investment securities	390,346	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	Δ 180,798	-
Payment for loans receivable	Δ 1,648	Δ 26,600
Proceeds from loans receivable	875	21,151
Collection of lease and guarantee deposits	-	7,946
Cash flows from investing activities	Δ 132,981	Δ 156,835

(Thousands of yen)

	Previous fiscal year (From March 1, 2024 to February 28, 2025)	Current fiscal year (From March 1, 2025 to February 28, 2026)
Cash flows from financing activities		
Net increase or decrease in short-term borrowings (Δ indicates decrease)	$\Delta 67,389$	$\Delta 232,610$
Proceeds from issuance of bonds	146,536	-
Redemption of bonds	$\Delta 179,000$	$\Delta 194,000$
Proceeds from long-term debt	450,000	700,000
Repayment of long-term debt	$\Delta 445,247$	$\Delta 435,454$
Repayment of lease obligations	$\Delta 27,328$	$\Delta 13,020$
Proceeds from issuance of common stock upon exercise of share subscription rights	19,494	-
Proceeds from issuance of share subscription rights	-	1
Purchase of investments in subsidiaries that does not result in change in scope of consolidation	$\Delta 0$	-
Cash flows from financing activities	$\Delta 102,934$	$\Delta 175,084$
Effect of exchange rate change on cash and cash equivalents	$\Delta 184$	-
Net increase or decrease in cash and cash equivalents (Δ indicates decrease)	$\Delta 174,631$	644
Cash and cash equivalents at beginning of the year	3,078,464	2,903,833
Cash and cash equivalents at end of the year	2,903,833	2,904,477

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Changes in Scope of Consolidation or Scope of Equity Method Application)

(Changes in Scope of Consolidation)

Xtra Co., Ltd. and RPA Consulting LLC, which were our consolidated subsidiaries, have been removed from the scope of consolidation due to their liquidation.

(Changes in Scope of Equity Method Application)

Not applicable.

(Notes on Changes in Accounting Policies)

(Application of the [Accounting Standard for Corporate Income Taxes, Inhabitant Taxes and Enterprise Taxes, etc.], etc.)

The Company has applied the [Accounting Standard for Corporate Income Taxes, Inhabitant Taxes and Enterprise Taxes, etc.] (ASBJ Statement No. 27, October 28, 2022; hereinafter, the [2022 Revised Accounting Standard]), the [Accounting Standard for Presentation of Comprehensive Income] (ASBJ Statement No. 25, October 28, 2022), and the [Implementation Guidance on Tax Effect Accounting] (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the [2022 Revised Implementation Guidance]) from the beginning of the current consolidated fiscal year.

Revisions to the classification of income taxes (taxation on other comprehensive income) are made in accordance with the transitional handling stipulated in the proviso to Paragraph 20-3 of the Amended Accounting Standard for 2022 and the transitional handling stipulated in the proviso to Paragraph 65-2 of the Amended Implementation Guidance for 2022. This change in accounting policy has had no impact on the consolidated financial statements.

In addition, we have applied the revised guidance in 2022 from the beginning of the fiscal year under review for revisions to the handling of sales gains and losses on sales resulting from the sale of investments in subsidiaries and other securities in intercompany entities that are deferred for tax purposes. This change in accounting policy has had no impact on the consolidated financial statements for the previous fiscal year.

(Notes on the Consolidated Statements of Income)

(1) Revenue from contracts with customers

Revenue from contracts with customers and other revenues are not presented separately. The amount of revenue arising from contracts with customers is as described in the consolidated financial statements [Notes (Segment Information)].

(2) Gain on sales of investment securities

Previous fiscal year (From March 1, 2024 to February 28, 2025)

This was due to the sale of shares of alt Inc. and one share subscription right of a domestic unlisted company (VoiceApp Inc.) out of the investment securities we hold.

Current fiscal year (From March 1, 2025 to February 28, 2026)

Not applicable.

(3) Gain on reversal of share subscription rights

Previous fiscal year (From March 1, 2024 to February 28, 2025)

[Gain on reversal of share subscription rights] recorded in extraordinary income is due to the reversal of share subscription rights due to the forfeiture of stock options.

Current fiscal year (From March 1, 2025 to February 28, 2026)

Not applicable.

(4) Impairment loss

Previous fiscal year (From March 1, 2024 to February 28, 2025)

This information is omitted because it is not material.

Current fiscal year (From March 1, 2025 to February 28, 2026)

1. Amount of impairment loss

The Group recorded impairment loss on the following assets during the period under review.

Location	Application	Type	Amount (thousands of yen)
Bunkyo-ku, Tokyo	Business assets	Tools, furniture and fixtures	70
Chioda-ku, Tokyo	Business assets	Software in progress	30,259
Chioda-ku, Tokyo	Business assets	Software	9,440
Total			39,770

2. Method of grouping assets

Business assets are grouped based on the smallest cash-flow-generating unit to be largely independent of the cash flows of other assets or asset groups.

3. Method of calculating the recoverable amount

The recoverable amount of the asset group in the measurement of impairment loss is measured by value in use. However, the above assets are evaluated by memorandum value because future cash flows are not expected within the estimated period.

4. Background to recording of impairment loss

As a result of reassessment of the profitability of existing development projects and related businesses and consolidation of development and operating resources, book value was written down to the recoverable amount and the resulting decrease was recorded as an impairment loss.

(5) Loss on liquidation of subsidiaries and associates

Previous fiscal year (From March 1, 2024 to February 28, 2025)

Due to the resolution to liquidate Xtra, Inc., our consolidated subsidiary.

Current fiscal year (From March 1, 2025 to February 28, 2026)

Not applicable.

(Notes on Segment Information)

[Segment Information]

1. Overview of Reportable Segments

The target segments of the Company are components of the Company for which separate financial information is available and which are regularly reviewed by the Board of Directors in order to determine the allocation of management resources and evaluate business performance. Our business includes the AI business and the Metaverse business as core business, and the translation outsourcing business as peripheral business.

(1) AI business

The AI (Artificial Intelligence) business provides industry-specific AI solutions, including AI translation, under the corporate missions of [Free our country from the spell of linguistic handicap] and [Liberate mankind from the bitter work of simple work].

(2) HT business

The HT (Human Translation) business provides outsourced services, such as human translation, interpretation, and language training.

(3) Metaverse business

The Metaverse business provides various services. By integrating cutting-edge technologies such as AI, AR (Augmented Reality: Augmented Reality), VR (Virtual Reality: Virtual Reality), 5G/6G/G7 (High-speed, Multiple Connections), 4K/8K/12K (Super-Resolution), video distribution solutions, robotics, and HA (Human Augmentation: Human Extension), we aim to realize a world in which people around the world can interact, work, and enjoy their lives [with anyone, anytime, anywhere].

(4) AI/MV Marketing business

We will utilize AI/MV to conduct M&A for companies in the field of specialized technology, which is expected to grow, and expand our business while leveraging our customer base and business know-how.

2. Method of calculating net sales, income (loss), assets and other items by reportable segment

The accounting methods used for the reportable segments are based on the accounting policies adopted for the preparation of the consolidated financial statements.

Segment income is based on operating income. Intersegment sales and transfers are based on prevailing market prices.

3. Changes in reportable segments

(Changes in Reportable Segments)

Effective from the fiscal year under review, reportable segments have been changed from the previous three segments of [AI business], [HT business] and [Metaverse business] to the four segments of [AI business], [HT business] [Metaverse business] and [AI/MV Marketing].

Segment information for the previous fiscal year is disclosed based on the classification of the reportable segments for the fiscal year under review.

4. Information on net sales, income (loss), assets and other items by reportable segment and breakdown of income
Previous fiscal year (From March 1, 2024 to February 28, 2025)

(Thousands of yen)

	Reportable Segments					Adjustments (Notes 1, 3, 4)	Amounts on the consolidated financial statements (Note 2)
	AI business (Note 5)	HT business	Metaverse business	AI/MV Marketing business	Total		
By type of goods or services							
Machine translation	2,631,697	16,173	-	-	2,647,871	-	2,647,871
Human translation	54,043	867,908	-	-	921,951	-	921,951
Metaverse	-	-	9,245	-	9,245	-	9,245
Consigned development	400,883	-	-	104,811	505,694	-	505,694
Revenue from contracts with customers	3,086,624	884,081	9,245	104,811	4,084,762	-	4,084,762
Revenue recognition by period							
Goods or services that are transferred at one time	419,332	771,918	8,235	104,811	1,304,297	-	1,304,297
Goods or services that are transferred over a period of time	2,667,291	112,163	1,010	-	2,780,465	-	2,780,465
Revenue from contracts with customers	3,086,624	884,081	9,245	104,811	4,084,762	-	4,084,762
Net sales to unaffiliated customers	3,086,624	884,081	9,245	104,811	4,084,762	-	4,084,762
Intersegment sales or transfer	5,248	46,595	25,449	-	77,293	△77,293	-
Total	3,091,872	930,677	34,695	104,811	4,162,056	△77,293	4,084,762
Segment income or loss (△)	493,905	88,733	△185,493	△31,298	365,847	△248,527	117,319
Segment assets	2,471,139	484,850	123,330	686,657	3,765,978	1,153,681	4,919,659
Other							
Depreciation	263,865	5,207	59	449	269,582	△5,290	264,292
Amortization of goodwill	-	-	618	4,685	5,304	-	5,304
Impairment loss	-	9,080	1,217	-	10,297	-	10,297
Increase in property, plant and equipment, and intangible assets	341,363	1,220	1,217	-	343,802	809	344,611

(Note) 1. The adjustment amount of segment profit or loss (△) of △248,527 thousand yen includes the elimination of inter-segment transactions of 272,450 thousand yen and corporate expenses not attributable to any reportable segment of △520,977 thousand yen. Corporate expenses mainly consist of costs related to the management departments of the parent company's headquarters, which are not attributable to any reportable segment.

2. Segment income or loss (△) is adjusted with operating income in the consolidated statements of income.

3. Adjustments to segment assets of 1,153,681 thousand yen are corporate assets not attributable to reportable segments. They mainly consist of parent-company assets and deferred tax assets.

4. Among the adjustments for other items, the adjustment amount of depreciation expenses of △5,290 thousand yen pertains to the depreciation expenses and unrealized profit and loss adjustments related to the parent company's assets. The adjustment amount of 809 thousand yen for the increase in tangible and intangible fixed assets pertains to the increase related to the parent company's assets.

5. Sales related to generative AI are included in [Machine translation] for platform-type sales, and sales related to consigned development are included in [Consigned development].

Current fiscal year (From March 1, 2025 to February 28, 2026)

(Thousands of yen)

	Reportable Segments					Adjustments (Notes 1, 3, 4)	Amounts on the consolidated financial statements (Note 2)
	AI business (Note 5)	HT business	Metaverse business	AI/MV Marketing business	Total		
By type of goods or services							
Machine translation	2,420,625	-	-	-	2,420,625	-	2,420,625
Human translation	41,172	708,712	-	-	749,885	-	749,885
Metaverse	-	-	112,652	-	112,652	-	112,652
Consigned development	360,806	-	-	843,187	1,203,994	-	1,203,994
Revenue from contracts with customers	2,822,603	708,712	112,652	843,187	4,487,157	-	4,487,157
Revenue recognition by period							
Goods or services that are transferred at one time	279,487	606,893	109,725	796,385	1,792,492	-	1,792,492
Goods or services that are transferred over a period of time	2,543,116	101,819	2,926	46,802	2,694,664	-	2,694,664
Revenue from contracts with customers	2,822,603	708,712	112,652	843,187	4,487,157	-	4,487,157
Net sales to unaffiliated customers	2,822,603	708,712	112,652	843,187	4,487,157	-	4,487,157
Intersegment sales or transfer	11,558	27,123	44,283	-	82,965	△82,965	-
Total	2,834,162	735,836	156,935	843,187	4,570,122	△82,965	4,487,157
Segment income or loss (△)	273,061	124,508	△44,770	△12,958	339,842	△125,841	214,000
Segment assets	2,016,954	518,104	116,744	632,104	3,283,906	1,392,221	4,676,128
Other							
Depreciation	224,615	3,072	237	1,797	229,722	12	229,735
Amortization of goodwill	-	-	3,710	28,114	31,825	-	31,825
Impairment loss	39,770	-	-	-	39,770	-	39,770
Increase in property, plant and equipment, and intangible assets	163,953	598	291	2,209	167,052	-	167,052

(Note) 1. The adjustment amount of segment profit or loss (△) of △125,841 thousand yen includes the elimination of inter-segment transactions of 434,192 thousand yen and corporate expenses not attributable to any reportable segment of △560,034 thousand yen. Corporate expenses mainly consist of costs related to the management departments of the parent company's headquarters, which are not attributable to any reportable segment.

2. Segment income or loss (△) is adjusted with operating income in the consolidated statements of income.

3. Adjustments to segment assets of 1,392,221 thousand yen are corporate assets not attributable to reportable segments. They mainly consist of parent-company assets and deferred tax assets.

4. The depreciation adjustment of 12 thousand yen included in adjustments to other items is an adjustment to depreciation and amortization related to parent-company assets and unrealized gains and losses.

5. Sales related to generative AI are included in [Machine translation] for platform-type sales, and sales related to consigned development are included in [Consigned development].

5. Information on impairment loss on noncurrent assets or goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

During the fiscal year under review, we have decided to revamp the development policy for Onyaku for the next version of the [AI business] segment's machine translation. We have recorded an impairment loss of 30,259 thousand yen in software in progress, which is no longer likely to be used in accordance with the requirements of the renewal policy due to this revamping. In addition, after reassessment of the profitability of T-3MT and The Reading and revision of the concentration and selection of product groups, we decided to discontinue services in the following fiscal year. As a result, we have written off the book value of these business assets to the recoverable amount and recorded the reduction amount of 9,511 thousand yen as an impairment loss.

(Notes on Per Share Information)

	Previous fiscal year (From March 1, 2024 to February 28, 2025)	Current fiscal year (From March 1, 2025 to February 28, 2026)
Net assets per share	179.68 yen	184.43 yen
Net income per share	27.59 yen	4.43 yen
Diluted net income per share	27.48 yen	4.43 yen

(Note) The basis for calculating net income per share and diluted net income per share is as follows.

	Previous fiscal year (From March 1, 2024 to February 28, 2025)	Current fiscal year (From March 1, 2025 to February 28, 2026)
Net income per share		
Net income attributable to owners of parent (thousands of yen)	299,068	48,201
Amount not attributable to common shareholders (thousands of yen)	-	-
Net income attributable to owners of parent related to common stock (thousands of yen)	299,068	48,201
Average number of shares of common stock outstanding during the period (shares)	10,841,367	10,887,570
Diluted net income per share		
Adjustment to net income attributable to owners of parent (thousands of yen)	-	-
Increase in number of common shares (shares)	40,698	3,506
(Share subscription rights (shares))	(40,698)	(3,506)
Outline of potential shares that had not been included in the calculation of diluted net income per share because they had no dilutive effect	-	-

(Notes on Significant Subsequent Events)

Not applicable.