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April 14, 2026

Consolidated Financial Results for the Six Months Ended February 28, 2026 (Under Japanese GAAP)

Company name: TRANSACTION CO., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 7818
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 Scheduled date to file semi-annual securities report: April 14, 2026
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts, institutional investors, and the press)

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

1. Consolidated financial results for the six months ended February 28, 2026 (from September 1, 2025 to February 28, 2026)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2026	14,845	9.9	3,166	16.2	3,249	11.3	2,117	7.7
February 28, 2025	13,509	5.9	2,724	1.4	2,918	2.1	1,966	3.9

Note: Comprehensive income For the six months ended February 28, 2026: ¥2,360 million [18.7%]
 For the six months ended February 28, 2025: ¥1,988 million [3.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
February 28, 2026	37.47	–
February 28, 2025	34.10	–

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, basic earnings per share have been calculated assuming that this stock split had been in effect at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 28, 2026	24,390	20,482	84.0
August 31, 2025	23,798	19,663	82.6

Reference: Equity
 As of February 28, 2026: ¥20,482 million
 As of August 31, 2025: ¥19,663 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended August 31, 2025	Yen –	Yen 0.00	Yen –	Yen 57.00	Yen 57.00
Fiscal year ending August 31, 2026	–	0.00			
Fiscal year ending August 31, 2026 (Forecast)			–	31.00	31.00

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: Yes

2. The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. For the fiscal year ended August 2025, the actual dividend amounts before the stock split are presented. For the fiscal year ending August 2026 (forecast), the amounts are presented on a post-stock-split basis.

3. Consolidated earnings forecasts for the fiscal year ending August 31, 2026 (from September 1, 2025 to August 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 August 31, 2026	30,000	9.3	6,300	10.4	6,450	7.3	4,288	5.1	75.86

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

For details, please refer to the “Notice Concerning Revisions to Full-Year Financial Results Forecast and Dividend Forecast (Dividend Increase)” announced today.

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of special accounting treatments for the preparation of semi-annual consolidated financial statements: None
- (3) 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
- (4) Number of issued shares (common shares)

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

As of February 28, 2026	57,550,800 shares
As of August 31, 2025	57,550,800 shares

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

As of February 28, 2026	1,007,612 shares
As of August 31, 2025	1,072,112 shares

- (iii) Average number of shares outstanding during the period

Six months ended February 28, 2026	56,502,920 shares
Six months ended February 28, 2025	57,678,688 shares

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, the number of issued shares (common shares) has been presented as if this stock split had been in effect at the beginning of the previous consolidated fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

1. The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Actual results may differ materially due to various factors. For the assumptions underlying the earnings forecasts and notes on the use of such forecasts, please refer to “1. Qualitative Information on Semi-annual Financial Results (4) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 6 of the Semi-annual Financial Results (attached file).
2. The Company plans to hold an online financial results presentation for institutional investors and securities analysts on April 17, 2026. The financial results presentation materials to be used at the meeting will be posted on the Company’s website on the same day.
3. Supplementary materials for financial results are disclosed on TDnet on the same day and posted on the Company’s website.

[Attached Material]

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of operating results

During the first six months of the consolidated financial period ended February 28, 2026, the Japanese economy continued a gradual recovery trend, supported by improvements in the employment and income environment and an increase in inbound demand, while the outlook remained uncertain due to factors such as unstable international situations, the progression of yen depreciation, continued price rises, and the impact of fluctuations in financial capital markets.

In this environment, the TRANSACTION Group (the “Group”) began promoting four key strategies in the current fiscal year, which marks the first year of the Fifth Medium-term Management Plan (a five-year plan from the fiscal year ending August 31, 2026, to the fiscal year ending August 31, 2030), announced on October 15, 2025: “expansion of e-commerce business / entertainment (IP) business,” “strengthening of Eco-products / climate change countermeasures and disaster-prevention products / travel-related finished goods / pet wear and related finished goods,” “acquisition of trend demand in sales promotion,” and “strengthening of our own plants,” and worked on introducing new products, developing client companies, and strengthening relationships by capturing changes in the social environment and consumption trends in a timely and appropriate manner to achieve the plan for the first year.

■ E-commerce business

For one of the four growth strategies in the Fifth Medium-term Management Plan, we aim to evolve the e-commerce business towards building an e-commerce platform that handles not only our own products but also other companies’ products by opening up our e-commerce sites for other companies.* In the current fiscal year, we focused on expanding the e-commerce business and made preparations for opening up “MARKLESS STYLE,” the main B2B site. We also worked on planning and development preparations towards launching five new specialty sites by the end of the current fiscal year. Regarding sales in the current six-month consolidated financial period, in “MARKLESS Connect,” in addition to strengthening efforts towards expanding sales of the products handled by the Group on client companies’ e-commerce sites, such as strengthening marketing support, we focused on transitioning to transactions through “MARKLESS STYLE,” and as a result, sales continued to perform well and increased year on year. For “HANSOKU-STYLE,” the main D2C** site; “Original Goods Press,” a site specializing in goods for sale and OEM products catering to the entertainment and “Oshikatsu” (various activities to support favorite idols, actors, anime characters, etc.) market; and “ORIGINAL GOODS.com,” which produces goods for sale and commemorative items for companies and shops, we enriched content such as special feature pages and columns, expanded search keywords, and worked on acquiring new members through web advertising. Consequently, “Original Goods Press” and “ORIGINAL GOODS.com” in particular saw significant year-on-year sales growth, contributing to an increase in the sales composition ratio and profit margin for the e-commerce business.

As a result, the shift in sales from “targeting wholesalers” by sales channel to “e-commerce” contributed to an increase in e-commerce sales of 783 million yen, or 21.1% year on year, and the sales composition ratio expanded 2.8 percentage points year on year to 30.3%.

* For the wholesale/distributor e-commerce site “MARKLESS STYLE,” we plan, develop, and manufacture products suitable for printing and processing by our company, print photos and illustrations in vivid colors down to the details at our own domestic plants, and provide them to client companies. The opening up of the e-commerce website to other companies allows other manufacturers to list products, which expands the categories and price ranges of listed products. This not only improves convenience for client companies as sales destinations but also creates a mechanism that contributes to sales improvement for other manufacturers listing and for “MARKLESS STYLE.” It represents a growth strategy to enhance our competitiveness in the market by strengthening our own products, collaborating with other manufacturers, and thereby meeting the needs of our client companies.

** An abbreviation for “Direct to Consumer,” a business model in which a manufacturer plans and manufactures its own commodities and sells them directly to end customers without intermediaries such as wholesalers and stores.

Eco-products

For the original brand “MARKLESS STYLE,” as part of the responsibility for planning, manufacturing, and selling products, we strengthened the development of products using sustainable materials that enhance added value, such as materials certified by the FAIRTRADE Mark and the Eco Mark, organic cotton, biomass plastics, and recycled/upcycled materials, and worked on expanding environmentally friendly product categories. In addition, we promoted the provision of environmentally friendly, value-added products by supplying reusable, non-disposable items. Mainstay products such as eco bags, bottles, and tumblers continued to perform well, as did pouches/drawstring bags. Among climate change countermeasure products, for which we have strengthened product development and increased our product lineup in recent years, warm-related goods for the winter season such as USB eco hand warmers and blankets performed well. Furthermore, to secure sales in the third quarter and thereafter, we focused on the planning, development, and manufacturing of mainstay apparel products, sun umbrellas, and other items and received positive feedback at trade shows from client companies regarding the quality, pricing, and other aspects of our products. In anticipation of increased demand during the summer season, we are now increasing inventory of these products and securing raw materials. These Eco-products and climate change countermeasure products use materials suitable for printing and processing, which enables the full-color printing of photos and illustrations with sharp detail, allowing us to differentiate ourselves from competitors through both product quality and high print quality. Moreover, the “Handit Simple Thermo Bottle” won the Good Design Award 2025, and also won the Bronze Award in the Sales (Products excluding Coffee) category at the Fairtrade Japan Award 2025. Consequently, “MARKLESS STYLE” sales increased year on year. The ethical brand “MOTTERU” was also selected as a target product for the “Let’s choose! 3R Campaign 2025” sponsored by the Ministry of the Environment in the current fiscal year, leading to its increased recognition as an ethical brand.

As a result, sales of Eco-products increased by 489 million yen, or 8.7% year on year.

Lifestyle products

Recently, with significant changes in individual lifestyles, the “Oshikatsu” (various activities to support favorite idols, actors, anime characters, etc.) market has achieved rapid expansion. By quickly capturing this trend, in addition to industries such as game and animation where demand continues to be high and further expansion is seen, we gained an understanding of trends in merchandise using IP and sales promotions, and strengthened planning proposals and sales activities. In industries such as game and animation, demand for items in product sales through e-commerce and at event venues for in-person events continues to grow, and in music, 2.5D, and sporting events as well, demand for merchandise continues to increase. We strengthened sales by differentiating ourselves from competitors with the high quality of products and printing that the Group is strong in. In sales promotions, we captured customer demand, accumulated small- to medium-sized projects, and secured multiple large-scale campaign projects. In travel-related finished goods, sales increased year on year, driven by the continued strong performance of collaborative products featuring popular characters. In the area of pet wear and related finished goods, in addition to pet wear, dog gear, and other items for the fall and winter, we focused on the preparation for the launch of our first-ever dog treat product, “Kanjukuoh Banana Bolo,” as well as new product development and expansion of our sales channels. In designs related to Lifestyle products, we won the Gold Award in the international package design awards “Pentawards 2025.”

As part of strengthening the entertainment (IP) business, one of the growth strategies in the Fifth Medium-term Management Plan, in September 2025, we entered into a capital tie-up with K2 Pictures Inc. (“K2P”), represented by Muneyuki Kii who has planned and produced films under TOEI COMPANY, LTD., and made an investment accompanied by business alliance in the film production fund operated by K2P. This film production fund has participations from renowned film directors, not only from Japan but also from the world’s film industry, as well as Japan’s top animation studios. Furthermore, as part of our efforts to expand product categories in the entertainment (IP) field, Thousand Inc. and its subsidiary, AliceGlint Co., Ltd., will become consolidated subsidiaries, as outlined in the “Notice Concerning Acquisition of Shares of Thousand Inc. to Make It a Consolidated

Subsidiary, and Transfer of Specified Subsidiary” released on March 16, 2026. Thousand Inc. and AliceGlint Co., Ltd. are primarily engaged in OEM manufacturing and base model creation related to character figures, products that we have not handled on our own in the past.

As a result, sales of Lifestyle products increased by 921 million yen, or 13.4% year on year.

Wellness products

Sales decreased by 26 million yen, or 3.1% year on year, due to sales of pouches/drawstring bags, mirrors, masks, and other sanitary products.

On the production side, the Company worked to secure multiple production bases so that it can flexibly switch between production sites in response to fluctuations in the exchange rate and raw material prices, and optimize distribution channels in order to ensure a stable supply and strengthen price competitiveness amid a persistently challenging external environment. We also strengthened production management systems at overseas bases and factory inspections of overseas suppliers, worked on reducing procurement and management costs and improving product quality, and promoted CSR procurement. In addition, anticipating increased demand for seasonal products starting in the third quarter, we increased our product inventory and strengthened procurement of raw materials needed for the peak summer season, striving to secure raw materials necessary for the time being at appropriate prices.

At our own domestic factories, we worked to improve productivity with efficient operations through measures including the appropriate placement of personnel and introduction of a process management system as we made efforts to establish such operational procedures. We also systematically introduced state-of-the-art printing machinery to improve productivity and respond to needs for entertainment and “Oshikatsu” demand.

As a result, for the current six-month consolidated financial period, net sales increased to 14,845 million yen (up by 1,336 million yen, or 9.9% year on year), and operating profit increased to 3,166 million yen (up by 442 million yen, or 16.2% year on year) owing to securing gross profit by increase in net sales. Ordinary profit increased to 3,249 million yen (up by 330 million yen, or 11.3% year on year). Profit attributable to owners of parent also increased to 2,117 million yen (up by 150 million yen, or 7.7% year on year).

Actual sales by sales channel and product classification for the six months ended February 28, 2026 were as follows.

<Actual sales by sales channel>

(Millions of yen)

Sales channel	Net sales		Change	
	Six months ended February 28, 2025	Six months ended February 28, 2026	Change (Amount)	Change (%)
Targeting end-user companies	6,283	6,973	690	11.0
Targeting wholesalers	3,517	3,380	(137)	(3.9)
E-commerce	3,708	4,492	783	21.1
Total	13,509	14,845	1,336	9.9

<Actual sales by product classification>

(Millions of yen)

Product classification	Net sales		Change	
	Six months ended February 28, 2025	Six months ended February 28, 2026	Change (Amount)	Change (%)
Eco-products	5,602	6,092	489	8.7
Lifestyle products	6,861	7,782	921	13.4
Wellness products	844	818	(26)	(3.1)
Design and other	200	151	(48)	(24.3)
Total	13,509	14,845	1,336	9.9

Note: Design and other refers to those not falling under miscellaneous goods, including commissioned graphic, products and WEB design operations, as well as printing operations.

(2) Explanation of financial position

Status of assets, liabilities, and net assets

Current assets

Current assets at the end of the first half of the current consolidated financial period amounted to 16,004 million yen, an increase of 273 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in finished goods by 468 million yen, an increase in securities by 379 million yen, and a decrease in cash and deposits by 667 million yen.

Non-current assets

Non-current assets at the end of the first half of the current consolidated financial period amounted to 8,385 million yen, an increase of 318 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in investments and other assets by 225 million yen and an increase in intangible assets by 125 million yen.

Current liabilities

Current liabilities at the end of the first half of the current consolidated financial period amounted to 3,127 million yen, a decrease of 347 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in other by 246 million yen and a decrease in accounts payable - trade by 60 million yen.

Non-current liabilities

Non-current liabilities at the end of the first half of the current consolidated financial period amounted to 779 million yen, an increase of 119 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings by 44 million yen and an increase in retirement benefit liability by 12 million yen.

Net assets

Net assets at the end of the first half of the current consolidated financial period amounted to 20,482 million yen, an increase of 819 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in retained earnings by 507 million yen, an increase in valuation difference on available-for-sale securities by 121 million yen, and an increase in deferred gains or losses on hedges by 85 million yen.

(3) Analysis of cash flows

Cash and cash equivalents at the end of the first half of the current consolidated financial period amounted to 6,065 million yen, a decrease of 545 million yen compared to the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities for the six months ended February 28, 2026 amounted to 1,406 million yen (compared with 1,986 million yen provided by operating activities in the same period of the previous fiscal year). This was due mainly to an increase in cash due to profit before income taxes of 3,221 million yen and decrease in cash due to income taxes paid of 1,097 million yen, an increase in inventories of 464 million yen, and interest and dividend income of 114 million yen.

Cash flows from investing activities

Net cash used in investing activities for the six months ended February 28, 2026 amounted to 481 million yen (compared with 231 million yen used in investing activities in the same period of the previous fiscal year). This was due mainly to a decrease in cash due to purchase of investment securities of 123 million yen and purchase of intangible assets of 141 million yen.

Cash flows from financing activities

Net cash used in financing activities for the six months ended February 28, 2026 amounted to 1,503 million yen (compared with 1,292 million yen used in financing activities in the same period of the previous fiscal year). This was due mainly to a decrease in cash due to dividends paid of 1,608 million yen and repayments of long-term borrowings of 157 million yen and an increase in cash due to proceeds from long-term borrowings of 200 million yen.

(4) Explanation of consolidated earnings forecasts and other forward-looking statements

There are serious concerns that the economic outlook will deteriorate due to factors such as the weakening of the yen, rising crude oil prices, logistics disruptions, and increased geopolitical risks resulting from the escalating tensions in the Middle East following the large-scale joint U.S.-Israeli military strikes against Iran that began on February 28. In response, our Group has implemented measures such as entering into a certain proportion of forward exchange contracts, securing raw materials, and increasing inventory levels—including semi-finished goods. By minimizing the pass-through of these costs to sales prices, we currently expect the impact on second-half earnings to be limited.

Regarding our full-year financial results forecast and year-end dividend forecast for the fiscal year ending August 31, 2026, based on this assessment of our second-half performance, we have revised our full-year financial results forecast as outlined in the “Notice Concerning Revisions to Full-Year Financial Results Forecast and Dividend Forecast (Dividend Increase)” announced today. We have made this revision on the assumption that the second-half forecast announced on October 15, 2025, will remain unchanged in light of the second quarter (first-half) results, taking into account one-time expenses—selling, general and administrative expenses, primarily consisting of M&A-related costs that have been finalized as of today—as well as extraordinary income and losses. Along with the revision of our full-year financial results forecast, we have revised our year-end dividend forecast in accordance with our dividend policy of maintaining a payout ratio of 40% or higher.

For further details, please refer to the “Notice Concerning Revisions to Full-Year Financial Results Forecast and Dividend Forecast (Dividend Increase)” released today.

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of August 31, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	6,558,981	5,891,219
Notes and accounts receivable - trade, and contract assets	3,333,702	3,365,762
Securities	52,032	431,065
Finished goods	5,079,853	5,548,367
Other	707,462	768,578
Allowance for doubtful accounts	(117)	(39)
Total current assets	15,731,915	16,004,955
Non-current assets		
Property, plant and equipment	1,767,846	1,735,830
Intangible assets		
Other	221,350	346,914
Total intangible assets	221,350	346,914
Investments and other assets		
Investment securities	4,652,600	4,728,505
Other	1,424,458	1,573,846
Total investments and other assets	6,077,059	6,302,352
Total non-current assets	8,066,255	8,385,096
Total assets	23,798,171	24,390,052

(Thousands of yen)

	As of August 31, 2025	As of February 28, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	1,111,409	1,051,119
Current portion of long-term borrowings	262,106	260,344
Income taxes payable	1,092,858	1,093,542
Provision for bonuses	227,488	187,013
Provision for shareholder benefit program	8,311	9,117
Other	773,228	526,743
Total current liabilities	3,475,403	3,127,879
Non-current liabilities		
Long-term borrowings	172,500	217,172
Retirement benefit liability	353,694	366,660
Asset retirement obligations	45,765	45,833
Other	87,452	149,634
Total non-current liabilities	659,413	779,299
Total liabilities	4,134,816	3,907,179
Net assets		
Shareholders' equity		
Share capital	93,222	93,222
Capital surplus	2,148,628	2,154,950
Retained earnings	17,842,687	18,350,481
Treasury shares	(1,033,497)	(971,320)
Total shareholders' equity	19,051,041	19,627,333
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	396,041	517,593
Deferred gains or losses on hedges	62,539	147,957
Foreign currency translation adjustment	146,255	183,999
Remeasurements of defined benefit plans	7,477	5,989
Total accumulated other comprehensive income	612,314	855,539
Total net assets	19,663,355	20,482,872
Total liabilities and net assets	23,798,171	24,390,052

(2) Semi-annual Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Semi-annual Consolidated Statement of Income (Cumulative)

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Net sales	13,509,222	14,845,946
Cost of sales	8,280,376	8,951,351
Gross profit	5,228,845	5,894,595
Selling, general and administrative expenses		
Salaries and allowances	740,911	834,815
Provision for bonuses	167,683	155,367
Retirement benefit expenses	16,292	22,589
Provision of allowance for doubtful accounts	1	19
Provision for shareholder benefit program	5,444	9,117
Other	1,573,823	1,705,718
Total selling, general and administrative expenses	2,504,156	2,727,627
Operating profit	2,724,689	3,166,967
Non-operating income		
Interest income	3,297	6,157
Interest on securities	96,414	105,358
Dividend income	2,400	2,560
Foreign exchange gains	92,513	—
Other	922	1,117
Total non-operating income	195,548	115,194
Non-operating expenses		
Interest expenses	1,265	1,543
Foreign exchange losses	—	22,776
Loss on investments in silent partnerships	—	8,035
Other	261	589
Total non-operating expenses	1,526	32,944
Ordinary profit	2,918,710	3,249,216
Extraordinary income		
Gain on receipt of donated non-current assets	26,997	—
Gain on sale of investment securities	45,391	—
Insurance claim income	—	4,565
Total extraordinary income	72,388	4,565
Extraordinary losses		
Loss on retirement of non-current assets	354	2,126
Loss on abandonment of inventories	—	30,509
Total extraordinary losses	354	32,636
Profit before income taxes	2,990,744	3,221,146
Income taxes - current	988,554	1,098,912
Income taxes - deferred	35,553	4,798
Total income taxes	1,024,107	1,103,710
Profit	1,966,636	2,117,435
Profit attributable to owners of parent	1,966,636	2,117,435

Semi-annual Consolidated Statement of Comprehensive Income (Cumulative)

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Profit	1,966,636	2,117,435
Other comprehensive income		
Valuation difference on available-for-sale securities	(33,273)	121,551
Deferred gains or losses on hedges	93,358	85,417
Foreign currency translation adjustment	(34,136)	37,743
Remeasurements of defined benefit plans, net of tax	(4,164)	(1,488)
Total other comprehensive income	21,783	243,225
Comprehensive income	1,988,420	2,360,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,988,420	2,360,661
Comprehensive income attributable to non-controlling interests	—	—

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Cash flows from operating activities		
Profit before income taxes	2,990,744	3,221,146
Depreciation	108,996	114,602
Increase (decrease) in allowance for doubtful accounts	1	(77)
Increase (decrease) in provision for bonuses	(6,892)	(42,081)
Increase (decrease) in retirement benefit liability	(2,881)	11,477
Increase (decrease) in provision for shareholder benefit program	(1,506)	806
Foreign exchange losses (gains)	(105,467)	—
Interest and dividend income	(102,111)	(114,076)
Interest expenses	1,265	1,543
Loss (gain) on sale of investment securities	(45,391)	—
Loss (gain) on investments in silent partnerships	—	8,035
Insurance claim income	—	(4,565)
Loss (gain) on sale and retirement of non-current assets	354	2,126
Loss on abandonment of inventories	—	30,509
Gain on receipt of donated non-current assets	(26,997)	—
Decrease (increase) in accounts receivable - trade, and contract assets	277,801	(19,649)
Decrease (increase) in inventories	115,268	(464,816)
Increase (decrease) in trade payables	59,565	(67,550)
Decrease (increase) in advance payments to suppliers	(58,604)	77,179
Other, net	(236,823)	(324,386)
Subtotal	2,967,320	2,430,222
Interest and dividends received	61,983	74,799
Interest paid	(1,422)	(1,356)
Income taxes refund	—	730
Income taxes paid	(1,041,748)	(1,097,915)
Net cash provided by (used in) operating activities	1,986,133	1,406,480
Cash flows from investing activities		
Purchase of property, plant and equipment	(70,563)	(67,155)
Purchase of intangible assets	(33,686)	(141,024)
Purchase of investment securities	(210,380)	(123,572)
Proceeds from sale and redemption of short-term and long-term investment securities	152,020	—
Payments of leasehold and guarantee deposits	(19,816)	—
Purchase of insurance funds	(48,999)	(48,999)
Other, net	—	(101,033)
Net cash provided by (used in) investing activities	(231,425)	(481,784)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	200,000
Repayments of long-term borrowings	(167,766)	(157,090)
Proceeds from disposal of treasury shares	—	62,176
Dividends paid	(1,124,812)	(1,608,306)
Net cash provided by (used in) financing activities	(1,292,578)	(1,503,219)
Effect of exchange rate change on cash and cash equivalents	19,738	32,916
Net increase (decrease) in cash and cash equivalents	481,867	(545,606)
Cash and cash equivalents at beginning of period	5,846,780	6,611,013
Cash and cash equivalents at end of period	6,328,647	6,065,407

(4) Notes to Semi-annual Consolidated Financial Statements

Notes regarding assumption of a going concern

None.

Notes on significant changes in the amount of shareholders' equity

None.

Notes to semi-annual consolidated balance sheet

Overdraft contracts

The Company has entered into overdraft contracts with its four major banks to finance working capital efficiently.

The unused lines of credit, etc. at the end of the current six-month consolidated financial period are as follows.

	(Thousands of yen)	
	As of August 31, 2025	As of February 28, 2026
Credit line of overdrafts	1,300,000	1,300,000
Borrowing balance of those contracts	-	-
Difference	1,300,000	1,300,000

Segment information

[Segment information]

Six months ended February 28, 2025

Information is omitted as the business of the Company and its consolidated subsidiaries is comprised of a single reportable segment engaged in the miscellaneous goods business and its accompanying operations.

Six months ended February 28, 2026

Information is omitted as the business of the Company and its consolidated subsidiaries is comprised of a single reportable segment engaged in the miscellaneous goods business and its accompanying operations.

Subsequent events

Disposal of treasury shares as restricted stock compensation

At the Board of Directors meeting held on December 4, 2025, the Company resolved to dispose of its treasury shares as follows.

Employees of the Company and the Company's subsidiaries

1. Outline of the Disposal

(1) Disposal Date	May 1, 2026
(2) Class and Number of Shares to be Disposed of	223,300 common shares of the Company
(3) Disposal Price	¥1,062 per share
(4) Total Disposal Amount	¥237,144,600
(5) Allottees, Number of Allottees, and Number of Shares to be Disposed of	Employees of the Company and its subsidiaries in general manager positions or above: 21 persons, 18,400 shares Employees of the Company and its subsidiaries in manager positions or below: 435 persons, 204,900 shares
(6) Other	An extraordinary report has been filed pursuant to the Financial Instruments and Exchange Act with respect to the Disposal of Treasury Shares.

2. Purpose and Reason for the Disposal

At a meeting of the Board of Directors held on October 23, 2025, the Company resolved to introduce a restricted stock compensation plan for employees of the Company and its subsidiaries in general manager positions or above, and for employees of the Company and its subsidiaries in manager positions or below, with the aim of providing incentives to achieve the targets of the medium-term management plan and further reinforcing value sharing with its shareholders.

Business combination through share acquisition

The Company, based on a Board of Directors resolution adopted on March 16, 2026, acquired all issued shares (the "Share Acquisition") of Thousand Inc. ("Thousand"), effective March 31, 2026, making Thousand and its wholly owned subsidiary AliceGlint Co., Ltd. ("AliceGlint") consolidated subsidiaries. Furthermore, because the share capital of AliceGlint is 10/100ths or more of the share capital of the Company, AliceGlint falls under the classification of a specified subsidiary of the Company.

1. Reasons for acquisition of shares

The Group designated "Evolution of the entertainment (IP) business" as one of the growth strategies in the 5th Medium-term Management Plan that it announced on October 15, 2025. Our aim is to strengthen the development of entertainment (IP) related products and achieve a full-scale entry into the SPA business (in-house sales through stores and e-commerce sites). Within Lifestyle Products, consolidated subsidiary TRANS Co., Ltd. in particular has focused on the planning, development, and sale of items through e-commerce and at in-person events in the game, anime, 2.5D, sports, music, and other industries, in order to meet rising demand from the entertainment industry. For the past few years it has concentrated on the "Oshikatsu" area, operating the Oshikatsu Business Research Laboratory (tentative title), which works to disseminate information in the "Oshikatsu" area by planning and developing Oshikatsu goods and lecturing at seminars, to respond to clients' desire for items to encourage support activities by fans. With the growth in demand for a diverse range of high-quality products in this area, differentiation from competitors has become an issue, and consolidated

subsidiary KRAFTWERK Co., Ltd. is moving forward with the adoption of highly accurate printing equipment and technology.

On the other hand, Thousand is engaged primarily in the business of base model creation and OEM manufacture of all kinds of figures, from high-end products to those used as prizes, using dedicated specialists for the creation of base models, and covering everything from design proposals to production management and sales. Thousand has been involved in numerous character figures for popular games and anime works, and has been highly rated by fans for producing satisfying products with a high degree of finish. AliceGlint, which is a subsidiary of Thousand, has been developing its own brand through the creation of products that have become highly sought-after by fans who love figures, to the extent that it has even achieved recognition overseas.

Because Thousand's vision is extraordinarily compatible with the Group in terms of promoting the evolution of the entertainment (IP) business, the Share Acquisition is expected to be highly successful in generating outcomes in various areas, including joint development of new products, strengthening of sourcing and procurement, and mutual use of sales routes, which we believe will contribute to increases in the corporate value of the Group.

In addition, the current presidents of Thousand and AliceGlint will remain in their posts after the Share Acquisition, with the aim being to maintain continuity of operations while the businesses are integrated into the Group.

2. Overview of share acquisition counterparty

(1) Name	Individual shareholders (We have decided to keep this confidential after consultation with the other party.)
(2) Relationship between the Company and the individual	There is no capital, personnel, or business relationship between the Company and the individual. There are no other points of note.

3. Overview of subsidiary to be transferred (Thousand Inc.)

(1) Name	Thousand Inc.
(2) Location	4 Iwatocho, Shinjuku-ku, Tokyo
(3) Job title and name of representative	Hiroaki Masuda, President
(4) Description of business	OEM manufacturer involved in the creation of base models for high-quality figures, as well as their development and production
(5) Share capital	3 million yen
(6) Date of establishment	January 14, 2014
(7) Major shareholders and ownership ratios	Individual shareholders: 300 shares (100.0%)

Note: The change includes one subsidiary of the company.

4. Date of share acquisition March 31, 2026

5. Number of acquired shares, acquisition price, and status of holdings before and after acquisition

(1) Number of shares held before the change	- shares (Number of voting rights: -) (Percentage of voting rights: -%)						
(2) Number of shares to be acquired	300 shares (Number of voting rights: 300 units)						
(3) Acquisition costs	<table> <tr> <td>Common shares of Thousand Inc.</td> <td>920 million yen (Note)</td> </tr> <tr> <td>Advisory fees, etc. (estimate)</td> <td>82 million yen</td> </tr> <tr> <td>Total (estimate)</td> <td>1,002 million yen</td> </tr> </table>	Common shares of Thousand Inc.	920 million yen (Note)	Advisory fees, etc. (estimate)	82 million yen	Total (estimate)	1,002 million yen
Common shares of Thousand Inc.	920 million yen (Note)						
Advisory fees, etc. (estimate)	82 million yen						
Total (estimate)	1,002 million yen						
(4) Number of shares held after the change	300 shares (Number of voting rights: 300 units) (Ratio of voting rights held: 100.0%)						

Note 1: The acquisition price has been determined through mutual discussion after due diligence by an independent entity and after taking into account share price calculations and other matters.

Note 2: In addition to the acquisition price, this agreement incorporates clauses involving payments of conditional consideration to the share acquisition counterparty that are dependent on the degree of business performance achieved (“earn-out consideration”). Earn-out consideration is additional consideration paid to the share acquisition counterparty, whereby additional payments are made depending on the degree of business performance achieved by Thousand and AliceGlint. In addition to mitigating the risk of the Share Acquisition for the Company, it will have an incentivizing effect on the share acquisition counterparty.