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## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2025 (Japanese GAAP)

January 14, 2025

Company name  MetaReal Corp. Listing Market TSE

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

Representative (Title) Representative Director and CEO (Name) Junichi Goishi

Contact (Title) Director, General Manager of Group Administration Division (Name) Taketo Arakawa TEL 03-6685-9570

Scheduled date of commencement of dividend payment -

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 Third Quarter of the Fiscal Year Ending February 28, 2025 (March 1 to November 30, 2024)

(1) Consolidated Results of Operation (Cumulative) (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	%
Q3 FY2/25	3,111	△2.1	307	△47.9	290	△53.2	424	15.4
Q3 FY2/24	3,178	△2.3	590	59.9	620	56.1	367	135.9

(Note) Comprehensive income Q3 FY2/25 423Millions of yen (15.1%) Q3 FY2/24 367Millions of yen (135.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q3 FY2/25	39.23	39.03
Q3 FY2/24	34.34	33.84

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Q3 FY2/25	4,925	2,083	42.3
FY2/24	4,458	1,681	36.8

(Reference) Shareholders' equity Q3 FY2/25 2,083 Millions of yen FY2/24 1,640 Millions of yen

### 2. Dividend payment

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2/24	-	0.00	-	0.00	0.00
FY2/25	-	0.00	-	-	-
FY2/25 (Forecast)	-	-	-	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Consolidated Business Forecasts for the Fiscal Year Ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

Full year	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
	4,300	2.9	310	△58.5	290	△63.9	469	△12.2	43.08

- (Note) 1. Revisions to the most recently announced business forecasts: Yes  
 2. For details on revisions to the consolidated business forecasts, please refer to the [Notice Regarding Revisions to the Consolidated Business Forecasts] announced on January 14, 2025.  
 3. [Ordinary income], [Net income attributable to owners of the parent] and [Net income per share] in the consolidated business forecasts for the fiscal year ending February 28, 2025 are specific figures disclosed because the accuracy of the forecasts has increased due to a decrease in uncertainty due to the progression of the fiscal year-end.

◆ Consolidated Business Forecasts by Segment

(Percentages indicate year-on-year changes.)

Full year	Net sales		Operating income	
	Millions of yen	%	Millions of yen	%
AI business	3,200	4.7	710	△24.1
HT business	900	△19.5	100	△31.3
Metaverse business	200	-	△200	-
Other corporate expenses	-	-	△300	-

- (Note) Metareal AI related sales projects, which are future growth strategies include consigned development-type projects, performance-based quasi-delegation, and licensing as usage rights. These recording of sales varies greatly depending on the delivery of products, the timing of acceptance inspections, and the timing of licensing (and various conditions in licensing), and there is a difference in the timing of recording sales each quarter. Our annual business forecasts are based on the difference between quarterly figures for each fiscal year, and there is a possibility that there will be changes in the timing of bookings before and after the difference in the timing of acceptance inspections.

※ Notes

(1) Significant changes in scope of consolidation during the quarter: None

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes

(Note) For details, please refer to [2.Quarterly Consolidated Financial Statements, (3) Notes on Quarterly Consolidated Financial Statements (Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements)] on page 7 of the Appendix.

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

① Changes in accounting policies due to revision of accounting standards: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatements: None

(4) 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 (cumulative)

Q3 FY2/25	10,888,060 shares	FY2/24	10,768,460 shares
Q3 FY2/25	490 shares	FY2/24	490 shares
Q3 FY2/25	10,826,246 shares	Q3 FY2/24	10,714,930 shares

※Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

※ 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, (3) Consolidated Business Forecasts] on page 3 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.

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## 1. Results of Operations and Financial Position

### (1) Overview of Results of Operation for the Third Quarter

During the third quarter of the consolidated fiscal year under review (March 1 to November 30, 2024), despite a decrease in orders received and operating income in the AI business, net sales hit record highs. In the HT business, income compared to the same period of the previous fiscal year decreased, but the amount of loss arising in the Metaverse business decreased.

As a result, our group posted net sales of 3,111,038 thousand yen (down 2.1% year on year), operating income of 307,764 thousand yen (down 47.9% year on year), ordinary income of 290,631 thousand yen (down 53.2% year on year), and profit attributable to owners of parent of 424,691 thousand yen (up 15.4% year on year) for the cumulative third quarter of the current fiscal year.

The performance of each business segment is as follows:

Since the previous fiscal year, we have changed the method of measuring income or loss of business segments in order to more appropriately evaluate the results of operations by reportable segment. Comparisons and analyses for the third quarter of the current fiscal year are based on the new measurement method.

#### ① AI business

As for the AI business, orders received were 2,202,768 thousand yen (down 7.8% year on year). Sales were 2,411,563 thousand yen (up 3.8% year on year), mainly due to the impact of consigned projects. Segment income was 567,692 thousand yen (down 22.6% year on year) due to the impact of upfront spending on the new [Metareal AI] business. As for the [Metareal AI] project, which was developed and provided in the fiscal year ended February 29, 2024 as a short- to medium-term growth measure, we are aiming to contribute to business results at an early stage. To achieve this, we have started various proposals and sales using generative AI, mainly for large-scale customers, which has led to large-scale orders received.

#### ② HT business

As for the HT business, sales were 698,588 thousand yen (down 18.1% year on year), and segment income was 64,373 thousand yen (down 45.8% year on year).

#### ③ Metaverse business

We shifted our short- to medium-term growth measures to the [Metareal AI] project and reduced the amount of investment in the Metaverse business from a long-term perspective of 10±5 years. As a result, sales were 887 thousand yen (down 65.4% year on year), and segment loss was 146,680 thousand yen (segment loss of 184,142 thousand yen in the same period of the previous fiscal year).

### (2) Overview of Financial Position for the Third Quarter

#### (Assets)

Current assets increased by 452,234 thousand yen from the end of the previous consolidated fiscal year to 3,980,376 thousand yen at the end of the third quarter of the consolidated fiscal year under review. This was due mainly to an increase of 312,909 thousand yen in cash and deposits and an increase of 158,554 thousand yen in notes and accounts receivable, accounts receivable and contract assets. Non-current assets increased by 14,859 thousand yen from the end of the previous fiscal year to 944,759 thousand yen. This was mainly due to an increase of 168,972 thousand yen in property, plant and equipment, a decrease of 90,612 thousand yen in investments and other assets, and a decrease of 63,500 thousand yen in intangible assets.

#### (Liabilities)

Current liabilities increased by 76,394 thousand yen from the end of the previous consolidated fiscal year to 2,082,345 thousand yen at the end of the third quarter of the consolidated fiscal year under review. This was due mainly to a decrease of 55,054 thousand yen in advances received, an increase of 46,644 thousand yen in current portion of long-term loans payable, an increase of 36,460 thousand yen in other current liabilities due to an increase in accounts payable-other, and an increase of 30,000 thousand yen in current portion of corporate bonds payable. Non-current liabilities decreased by 11,151 thousand yen from the end of the previous fiscal year to 759,467 thousand yen. This was mainly due to a decrease of 13,020 thousand yen in other non-current liabilities due to a decrease in lease obligations under non-current liabilities, an increase of 8,869 thousand yen in long-term debt, and a decrease of 7,000 thousand yen in bonds.

#### (Net assets)

Net assets increased by 401,851 thousand yen from the end of the previous consolidated fiscal year to 2,083,322 thousand yen at the end of the third quarter of the consolidated fiscal year under review. This was due mainly to an increase of 424,691 thousand yen in retained earnings as a result of recording profit attributable to owners of the parent.

### (3) Consolidated Business Forecasts

Our three management themes for the future are:

#### ① Renovation of management team and management integration of MetaReal-Rozetta

Recognizing that the fundamental reason for the slump in business results this fiscal year is [the failure of the delegation stage in Rozetta management], as an urgent measure, we will integrate MetaReal-Rozetta's management, including the return of its founder Goishi. In addition, we will reform the management team on the part of the head office, considering the weakness of the headquarters' functions as an issue. We will welcome talented management teams and staff from outside the Company, including reinforcing executive officers such as the CFO (Finance) and CSO (Strategy), as well as marketing, M&A, IR, sales, business execution, and logistics support, to build a talented team at the headquarters. Group management will be directly involved in the management of Rozetta. At the same time, we will establish a split system consisting of multiple superior business managers (COOs), and once again take on the challenge of achieving the stage of delegation of authority.

In addition, the organizational capabilities that are Rozetta's strength in the high-growth age had disappeared, and we will once again clarify the values of our business strategies, actions, communication, and personnel system, and enforce them thoroughly by all employees.

#### ② Expansion of the business base for AI translation targeting specialized industry documents to the generative AI business

By utilizing specialized document data such as [T-400] that has been highly valued by customers as an AI translation for [specialized document of industry specific type] and a customer base of more than 6000 companies, we will expand the area from the narrow area of translation to the entire process of document preparation, while narrowing our focus to [specialized document specialization]. Through consigned development, joint development, and SaaS products, we will resolve issues such as the speed and artificial number of issues related to the preparation of specialized documents held by customers.

As a result of the trial-and-error experience of various AI solution products and services last year, as in the case of AI translation, we were able to be certain that we would be successful in concentrating and selecting [specialized documents for specific industries] in this business (areas where demand is certain and we have a competitive edge). As a result, our management policy for this fiscal year is to switch from maximizing profits to accelerating growth, make decisive upfront investments to expand sales of the AI business, and aim for sales of 9 billion yen (consolidated sales of 10 billion yen) in three years (fiscal year ending February 28, 2027).

As for the priority in the field, we will focus on [Rakuyaku] of AI products and solutions for the pharmaceutical industry as the most promising field at present.

#### ③ Commenced provision of consigned development solutions utilizing AI technology that automatically generates digital twins in the Metaverse business

As a long-term growth strategy aiming to achieve results in 10 ±5 years, the Metaverse business is addressing the task of the [Metaverser] concept and its method [Metaverse × AI]. In particular, from this fiscal year we are focusing on starting to provide consigned development solutions using AI-technology that automatically generates digital twins. Previous methods of digital twin-building included [3D Laser Scan] and [Combination of Plane Capture Images]. However, there were issues such as trouble and cost in the former and limitations in viewpoints and perspectives in the latter. Accordingly, through the next-generation 3D spatial configuration technique [Gaussian Splatting], we provide consigned AI-development solutions that automatically generate photo digital twins from videos taken on a smartphone without the need for special equipment or tasks. Use cases are assumed for industries centered on the construction, real estate, and manufacturing industries.

As for the growth platform for the VR/digital twin business, STUDIO55 Inc. will be the focus of our new group company. While in the past cutting-edge technological capabilities related to Gaussian Splatting and generative AI have been our strengths, our weakness was that we do not have a customer base because of the thin knowledge of the construction industry. STUDIO55 Inc. has a high level of expertise and an extensive customer base in the VR, CG, and BIM fields of architectural design, and has established a solid track record and trust in the industry. Through this consolidation, we aim to achieve dramatic growth in the field through the synergy effect of combining our cutting-edge AI technology with the specialized skills and customer base of STUDIO55 Inc.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (February 29, 2024)	Current third quarter (November 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	3,077,184	3,390,094
Notes, accounts receivable and contract assets	210,127	368,681
Inventories	18,100	29,115
Other	229,434	199,773
Allowance for doubtful accounts	△6,705	△7,288
Total current assets	3,528,142	3,980,376
Non-current assets		
Property, plant and equipment	60,997	229,969
Intangible assets		
Software	419,465	352,133
Software in progress	2,837	11,732
Other	10,090	5,028
Total intangible assets	432,393	368,893
Investments and other assets		
Investment securities	142,542	54,894
Other	327,232	304,709
Allowance for doubtful accounts	△33,266	△13,707
Total investments and other assets	436,508	345,896
Total non-current assets	929,899	944,759
Total assets	4,458,042	4,925,136
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	65,323	49,067
Short-term borrowings	100,000	100,000
Current portion of long-term loans payable	400,980	447,624
Current portion of corporate bonds	164,000	194,000
Income taxes payable	88,954	113,563
Provision for bonuses	45,632	55,624
Advances received	814,062	759,007
Other	326,998	363,458
Total current liabilities	2,005,951	2,082,345
Non-current liabilities		
Corporate bonds	359,000	352,000
Long-term debt	398,570	407,439
Other	13,049	28
Total non-current liabilities	770,619	759,467
Total liabilities	2,776,571	2,841,813
<b>Net assets</b>		
Shareholders' equity		
Common stock	792,541	802,289
Capital surplus	1,766,488	1,776,235
Retained earnings	△918,731	△494,039
Treasury stock	△986	△986
Total shareholders' equity	1,639,312	2,083,498
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,011	△176
Total accumulated other comprehensive income	1,011	△176
Share subscription rights	41,146	-
Total net assets	1,681,470	2,083,322
Total liabilities and net assets	4,458,042	4,925,136

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the Nine-month Period)

(Thousands of yen)

	Previous third quarter (From March 1, 2023 to November 30, 2023)	Current third quarter (From March 1, 2024 to November 30, 2024)
Net sales	3,178,585	3,111,038
Cost of sales	1,020,829	969,389
Gross profit	2,157,755	2,141,649
Selling, general and administrative expenses		
Salaries, allowances and bonuses	530,909	553,776
Research and development expenses	103,173	173,441
Provision for bonuses	30,069	8,467
Retirement benefit expenses	5,298	5,590
Other	897,673	1,092,608
Total selling, general and administrative expenses	1,567,123	1,833,884
Operating income	590,631	307,764
Non-operating income		
Interest income	43	285
Foreign exchange gain	624	-
Subsidy income	3,770	-
Gain on forgiveness of dividends payable	-	203
Reversal of allowance for doubtful accounts	50,848	-
Cash-back income	366	249
Other	1,669	450
Total non-operating income	57,323	1,189
Non-operating expenses		
Interest expenses	7,866	7,199
Commissions paid	537	4,226
Share of loss of investments accounted for using equity method	14,549	1,726
Bond issuance expenses	3,088	3,463
Foreign exchange loss	-	1,572
Other	971	133
Total non-operating expenses	27,013	18,321
Ordinary income	620,941	290,631
Special income		
Income on sales of non-current assets	831	2,466
Gain on sale of investment securities	-	304,275
Gain on reversal of share subscription rights	-	41,146
Total special income	831	347,888
Special loss		
Loss on sales and retirement of noncurrent assets	-	930
Impairment loss	2,826	10,297
Loss on liquidation of subsidiaries and associates	-	21,972
Total special loss	2,826	33,200
Income before income taxes	618,947	605,319
Income taxes	251,024	180,627
Net income	367,922	424,691
Net income attributable to owners of parent	367,922	424,691



(Quarterly Consolidated Statement of Comprehensive Income)  
(For the Nine-month Period)

(Thousands of yen)

	Previous third quarter (From March 1, 2023 to November 30, 2023)	Current third quarter (From March 1, 2024 to November 30, 2024)
Net income	367,922	424,691
Other comprehensive income		
Valuation difference on available-for-sale securities	58	△1,187
Total other comprehensive income	58	△1,187
Comprehensive income	367,980	423,503
Comprehensive income (loss) attributable to:		
Owners of parent	367,980	423,503
Non-controlling interests	-	-

## (3) Notes on Quarterly Consolidated Financial Statements

## (Application of Accounting Procedures Specific to Preparation of the Quarterly Consolidated Financial Statements)

Income taxes are calculated by multiplying the income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

However, if the calculation of tax expenses using the estimated effective tax rate yields a highly unreasonable result, then the statutory tax rate is used.

## (Notes on Segment Information)

I Previous third quarter (from March 1, 2023 to November 30, 2023)

## 1. Information on net sales and income or loss by reportable segment and breakdown of income

(Thousands of yen)

	Reportable Segments				Adjustment (Note 1)	Amounts on the consolidated financial statements (Note 2)
	AI business (Note 3)	HT business	Metaverse business	Total		
By type of goods or services						
Machine translation	2,110,601	23,585	-	2,134,187	-	2,134,187
Human translation	38,126	829,736	-	867,863	-	867,863
Metaverse	-	-	2,564	2,564	-	2,564
Consigned development	173,970	-	-	173,970	-	173,970
Revenue from contracts with customers	2,322,698	853,322	2,564	3,178,585	-	3,178,585
Revenue recognition by period						
Goods or services that are transferred at one time	237,344	747,584	1,183	986,112	-	986,112
Goods or services that are transferred over a period of time	2,085,354	105,737	1,380	2,192,472	-	2,192,472
Revenue from contracts with customers	2,322,698	853,322	2,564	3,178,585	-	3,178,585
Net sales to unaffiliated customers	2,322,698	853,322	2,564	3,178,585	-	3,178,585
Intersegment sales or transfer	4,346	35,556	9,224	49,127	△49,127	-
Total	2,327,045	888,878	11,788	3,227,712	△49,127	3,178,585
Segment income or loss (△)	733,660	118,867	△184,142	668,384	△77,753	590,631

(Note) 1. Adjustments to segment income or loss (△) of △77,753 thousand yen include an elimination of intersegment transactions of 183,685 thousand yen and a corporate expenses not attributable to reportable segments of △261,438 thousand yen.

Corporate expenses mainly consist of expenses related to the administrative departments of the parent company that are not attributable to reportable segments.

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

3. 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].

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

## (Significant impairment loss on noncurrent assets)

This information is omitted because it is not material.

II Current third quarter (From March 1, 2024 to November 30, 2024)

1. Information on net sales and income or loss by reportable segment and breakdown of income

(Thousands of yen)

	Reportable Segments				Adjustment (Note 1)	Amounts on the consolidated financial statements (Note 2)
	AI business (Note 3)	HT business	Metaverse business	Total		
By type of goods or services						
Machine translation	2,010,256	16,173	-	2,026,430	-	2,026,430
Human translation	47,618	682,414	-	730,032	-	730,032
Metaverse	-	-	887	887	-	887
Consigned development	353,688	-	-	353,688	-	353,688
Revenue from contracts with customers	2,411,563	698,588	887	3,111,038	-	3,111,038
Revenue recognition by period						
Goods or services that are transferred at one time	340,154	608,585	112	948,852	-	948,852
Goods or services that are transferred over a period of time	2,071,408	90,002	775	2,162,186	-	2,162,186
Revenue from contracts with customers	2,411,563	698,588	887	3,111,038	-	3,111,038
Net sales to unaffiliated customers	2,411,563	698,588	887	3,111,038	-	3,111,038
Intersegment sales or transfer	3,947	43,874	16,069	63,891	△63,891	-
Total	2,415,511	742,463	16,956	3,174,930	△63,891	3,111,038
Segment income or loss (△)	567,692	64,373	△146,680	485,385	△177,621	307,764

(Note) 1. Adjustments to segment income or loss (△) of △177,621 thousand yen include an elimination of intersegment transactions of 184,985 thousand yen and a corporate expenses not attributable to reportable segments of △362,606 thousand yen.

Corporate expenses mainly consist of expenses related to the administrative departments of the parent company that are not attributable to reportable segments.

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

3. 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].

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

(Significant impairment loss on noncurrent assets)

This information is omitted because it is not material.

3. Changes in reportable segments

(Changes in Measurement Method for Income or Loss of Business Segments)

In order to more appropriately evaluate the results of operations of each reportable segment, we have decided to revise the cost allocation within the headquarters function in light of the increasing importance of company-wide business management along with changes in the scope of our business in recent years and other factors. Accordingly, the effect of expenses reduction activities undertaken by the administrative division at headquarters was included in adjustments to segment income. However, from the previous fiscal year, we have changed the allocation method in light of the ratio of services provided to each company from the administrative division at headquarters.

Segment information for the third quarter of the previous consolidated fiscal year is prepared based on the new measurement method for reportable segment income or loss.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on the Quarterly Consolidated Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the third quarter of the consolidated fiscal year under review has not been prepared. Depreciation and amortization related to the third quarter of the consolidated fiscal year (including amortization related to intangible assets excluding goodwill) and amortization of goodwill are as follows.

	Previous third quarter (From March 1, 2023 to November 30, 2023)	Current third quarter (From March 1, 2024 to November 30, 2024)
Depreciation	270,542 thousand yen	183,926 thousand yen
Amortization of goodwill	5,032	-

(Significant Subsequent Events)

(Business Combination through Acquisition)

At the meeting of the Board of Directors held on December 26, 2024, we resolved to acquire 55.0% of the outstanding shares of STUDIO55 Inc. and make it a subsidiary. In addition, on the same date, the Company concluded a share transfer agreement and acquired shares.

1. Overview of the Business Combination

(1) Company name and business description of the acquired company

Company name: STUDIO55 Inc.

Description of acquired business: Digital solutions business

BIM support business

DX (Digital Transformation) Business

UX design business

Software sales business

BIM platform business

(2) Major reason for the business combination

We have long promoted the commercialization of [innovative solutions in the field of architectural design and design using Gaussian Splatting technology] as a promising field in the Metaverse business. In addition, while we have strengths in cutting-edge technology related to Gaussian Splatting and generative AI, our weakness was that we do not have a customer base due to our lack of expertise in the construction industry. On the other hand, STUDIO55 Inc. has advanced expertise and an extensive customer base in the field of VR/CG/BIM (Building Information Modeling) for architectural design, and has established a solid track record and reliability in the industry. Through this consolidation, we aim to achieve dramatic growth in the field through the synergy effect of combining our cutting-edge AI technology with the specialized skills and customer base of STUDIO55 Inc.

(3) Effective date of the business combination

December 26, 2024 (deemed acquisition date December 31, 2024)

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Company name following the business combination

No change.

(6) Percentage of voting rights acquired

55.0%

In addition to the total number of shares outstanding, STUDIO55 Inc. issues stock options, the main allottee is employees. This stock option will not be transferred to us through this transaction and is expected to be exercised by each employee or other in the future. However, even if this stock option is exercised, we expect our voting rights to exceed 50% and assume that STUDIO55 Inc. will continue to be a consolidated subsidiary.

(7) Principal basis for determining the acquirer

This was determined based on the fact that we acquired shares in exchange for cash.

2. Breakdown of the acquisition cost

Consideration paid for acquisition	Cash	177,703 thousand yen
Total acquisition cost		177,703 thousand yen

3. Content and amount of major acquisition-related expenses

Remuneration and fees to advisors (approximate amount): 15,385 to 25,385 thousand yen

4. Amount of goodwill recognized, reason thereof, method and period of amortization

This has not been determined at this time.

5. Breakdown of assets acquired and liabilities assumed on the date of the business combination

This has not been determined at this time.