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Company Name	gumi Inc.
Representative	Hiroyuki Kawamoto, Representative Director (Code: 3903; Prime Market of the Tokyo Stock Exchange)
Inquiries	Makoto Motoyoshi, Director (TEL. +81-3-5358-5322)

Notice Concerning the Recording of Provision of Allowance for Doubtful Accounts (SG&A), Non-Operating Income, Extraordinary Losses, and Deferred Income Taxes (Expense)

gumi Inc. ("the Company") hereby announces that, for the fourth quarter of the fiscal year ending April 30, 2025 (February 1, 2025 – April 30, 2025), it will record a provision of allowance for doubtful accounts (selling, general and administrative expenses), non-operating income, extraordinary losses, and deferred income taxes (expense) as outlined below.

1. Details

1.1. Provision of allowance for doubtful accounts (SG&A) — non-consolidated

Because a consolidated subsidiary of the Company has fallen into negative equity due to deteriorating financial conditions, the Company has reviewed the collectability of its claims against that consolidated subsidiary and will record 645 million yen as a provision of allowance for doubtful accounts under selling, general and administrative expenses.

Note: This provision is eliminated in consolidation and therefore has no impact on consolidated results.

1.2. Recording of non-operating income — consolidated and non-consolidated

After marking to market the crypto assets held by the Group, the Company will record 1,175 million yen (consolidated) and 244 million yen (non-consolidated) as crypto-asset valuation gains under non-operating income. As a result, crypto-asset valuation gains for the consolidated cumulative period through the fourth quarter of the fiscal year ended April 2025 (May 1, 2024 – April 30, 2025) total 2,024 million yen, while those for the corresponding non-consolidated cumulative period total 106 million yen.



1.3. Recording of extraordinary losses

1.3.1. Recording of losses on valuation of investment securities — consolidated and non-consolidated

The Company will record an extraordinary loss of 981 million yen in its consolidated accounts and 925 million yen in its non-consolidated accounts. These losses arise from an impairment loss on investments in securities—specifically, shares held by a consolidated subsidiary whose fair value has fallen significantly below their book value.

1.3.2. Recording of provision for loss on business of affiliates — non-consolidated

A consolidated subsidiary of the Company has fallen into negative equity due to deteriorating financial conditions. Consequently, the Company will record a provision for loss on business of affiliated companies of 211 million yen as an extraordinary loss in its non-consolidated accounts to cover the amount of the consolidated subsidiary's negative equity.

Note: This provision is eliminated in consolidation and therefore has no impact on consolidated results.

1.4. Recording of deferred income taxes (expense) — consolidated

The Company will recognize 461 million yen in deferred income taxes (expense), principally because it has recorded a deferred tax liability for taxable temporary differences related to undistributed earnings of an investee of an affiliated company.

2. Future outlook

The impact of the items described above on results of operations is reflected in the "Consolidated Financial Results for the Fiscal Year Ended April 30, 2025 [Japanese GAAP]" released today