

TSUBURAYA FIELDS HOLDINGS

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Summary

(Translation)
February 7, 2025

TSUBURAYA FIELDS HOLDINGS INC. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: TSUBURAYA FIELDS HOLDINGS INC.
(URL: <https://www.tsuburaya-fields.co.jp/e/>)
Listing: Tokyo Stock Exchange
Securities code: 2767
URL: <https://www.tsuburaya-fields.co.jp/e/>
Representative: Hidetoshi Yamamoto, President and Group CEO
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: No

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate YoY 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	%
Nine months ended								
December 31, 2024	97,764	(20.6)	9,390	(23.8)	10,759	(20.0)	6,424	(32.6)
December 31, 2023	123,206	37.5	12,320	30.0	13,456	38.0	9,532	68.8

(Note) Comprehensive income For the nine months ended December 31, 2024: ¥ 7,909 million [(16.0)%]
For the nine months ended December 31, 2023: ¥ 9,413 million [25.3 %]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2024	102.84		102.55	
December 31, 2023	145.70		145.31	

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of						
December 31, 2024	106,692		51,487		43.5	
March 31, 2024	98,280		55,986		48.6	

(Reference) Equity As of December 31, 2024: ¥ 46,373 million
As of March 31, 2024: ¥ 47,727 million

(Note) "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) and other have been applied from the beginning of the FY2024. Figures for the FY2023 have been retroactively adjusted.

2. Cash dividends

	Annual dividends				
	Q1-end	Q2-end	Q3-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2024	-	0.00	-	40.00	40.00
Fiscal year ending					
March 31, 2025	-	0.00	-		
Fiscal year ending					
March 31, 2025 (Forecast)				40.00	40.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate YoY 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	
Full-year	155,000	9.2	15,200	28.5	16,100	24.3	11,600	0.4	177.29	

(Note) Revision of the most recently released performance forecasts: None

The average number of shares outstanding during the period, which is the basis for calculating "basic earnings per share," is the number of issued shares as of March 31, 2024 (excluding treasury shares).

***Notes**

- (1) Changes in significant subsidiaries during the period: None
- (2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: Yes
- (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: Yes
 - (ii) Changes in accounting policies due to other reasons other than (3) (i): 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 December 31, 2024	65,429,150 shares
As of December 31, 2023	69,400,000 shares

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

As of December 31, 2024	3,223,100 shares
As of March 31, 2024	3,970,850 shares

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

Nine months ended December 31, 2024	62,477,849 shares
Nine months ended December 31, 2023	65,422,381 shares

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing firm: None

* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results, etc. may differ materially from the forecasts due to various factors.

For the assumptions underlying the forecasts, please refer to *1. Qualitative information on the quarterly financial results (1) Financial results* on page two and *(2) Earnings forecasts* on page four.

(How to obtain supplementary materials on financial results)

The Company is not planning to hold a financial briefing but materials used at the regular briefing will be posted on the Company's website after the announcement of financial results as soon as possible.

Table of contents of attached document

1. Qualitative information on the financial results	2
(1) Financial results	2
(2) Earnings forecasts	4
(3) Overview of financial position	5
2. Consolidated financial statements and important notes	6
(1) Consolidated balance sheets.....	6
(2) Consolidated statements of income and consolidated statements of comprehensive income.....	8
(3) Consolidated statements of cash flows.....	10
(4) Notes regarding the nine months consolidated financial statements	12
(Notes regarding the operation of the company as a going concern)	12
(Notes regarding occurrence of significant change in amount of shareholders' equity).....	12
(Application of the accounting method specific to quarterly consolidated financial statements).....	12
(Changes in accounting policies)	12
(Segment information, etc.).....	13

1. Qualitative information on the financial results

(1) Financial results

In January this year, Donald Trump took office in the United States. We are making progress toward realizing our five-year medium-term management plan based on our corporate philosophy of “The Greatest Leisure for All People,” while properly assessing the future impact of the new US administration’s policy of “America First” on the global and Japanese economies.

In the content and digital business, we steadily executed our mission for the fiscal year under review, which is the first year of our five-year medium-term management plan. In order to build a solid foundation as a global content business company, we aggressively conducted activities and invested, including building overseas bases, strengthening human resources, and implementing marketing measures in various regions of the world. By creating new visual products that appeal to a wide range of people and distributing them around the world, we will raise our brand strength and recognition, and leverage this to develop a diverse range of businesses.

In the environment surrounding the PS business, in addition to smart pachislot, which maintains strong performance while capturing new fan segments, smart pachinko, which is equipped with game function, such as lucky triggers, is attracting attention. Moreover, the merger of pachinko and pachislot with new IP, game characteristics and functions is expected to further revitalize the marketplace in the future. FIELDS CORPORATION, the core company in the PS business, is analyzing and researching the latest market trends, and aims to grow sustainably by developing and selling machines to meet the needs of both pachinko halls and fans together with allied manufacturers.

Against this backdrop, the business performance for the Q3 of the current fiscal year progressed steadily on schedule, with net sales ¥97,764 million (down 20.6% YoY), operating profit ¥9,390 million (down 23.8% YoY), ordinary profit ¥10,759 million (down 20.0% YoY), and profit attributable to owners of parent ¥6,424 million (down 32.6% YoY).

The overview of each business segment is as follows.

Content and digital segment

During the Q3 of the fiscal year under review, the Company distributed and broadcast two titles globally: Netflix movie *Ultraman: Rising* and *ULTRAMAN ARC*, the newest TV series. These titles contributed significantly to the expansion of IP’s awareness and improved favorability. In December, *Ultraman: Rising* was nominated for four awards at the 52nd Annual Annie Awards, which is honoring excellence in the field of animation in the United States and is attracting increasing attention.

Thanks to the expansion of the fan base through video development, the Company developed markets not only in Japan and China, but also in Asia and North America. As a result, MD and license revenue for the Q3 of the fiscal year under review was ¥6,718 million (up 32.0% YoY). In China, revenues grew in the toys and hobby, and lifestyle categories.

In addition to the particularly popular merchandise such as block toys and stationery, steady growth in the number of licensees and the number of merchandise items has led to growth in both categories.

An overview of results by merchandise category is as follows.

- i. Toys and hobby: Licensing revenues from block toys continued to grow, and licensees of low-priced toys widened, resulting in a YoY increase of 50.6% to ¥2,679 million.
- ii. Lifestyle: Sales of stationery, apparel, and daily necessities increased steadily, increasing 33.2% YoY to ¥1,392 million.
- iii. FMCG*: Earnings remained firm in the food field, reflecting an increase in new licensees for dairy products and other products. Sales increased 9.3% YoY to ¥252 million. *FMCG: Fast Moving Consumer Goods (food, beverages, etc.)
- iv. Card games: Sales increased 48.0% YoY to ¥1,306 million due to the global rollout of *ULTRAMAN CARD GAME* and the persistent popularity of conventional collection-type card games in China.
- v. Other: Sales decreased 5.5% YoY to ¥1,087 million due to the lack of licensing revenues from *SHIN ULTRAMAN* and *GRIDMAN* series in the previous fiscal year, despite an increase in revenues from gaming and corporate advertising.

In the imaging and event business, revenue for the Q3 of the fiscal year under review was ¥2,179 million (down 13.0% YoY) due to the fact that the *TSUBURAYA CONVENTION*, a major event for fans held once every two years, was not held in this fiscal year. In the imaging business, in addition to broadcasting and distribution of two new video titles, we focused on distribution and program sales of past titles such as television and movies, and on the development of owned media. In the live event business, in addition to the addition of the Osaka venue (summer) to the *Ultra Hero's EXPO* (summer and winter), the Group actively participated in planning exhibitions and other activities, including the implementation of *Ultraman Zero 15 Anniversary Event* in Japan and overseas.

Digital Frontier Inc. is making steady progress in VFX production for Netflix titles such as *City Hunter* with its strength of video production leveraging cutting-edge technologies, as well as in consigned development of large-scale anime movies and opening movies for game software.

As described above, in the content and digital business, we worked aggressively to build a foundation and invest in order to realize the five-year medium-term plan while achieving higher sales.

Consequently, the business results for the Q3 of the current fiscal year were net sales ¥12,871 million (up 12.2% YoY) and operating profit 2,794 million (down 6.9% YoY).

PS business segment

In pachinko halls nationwide, investment in the purchase of new machines was restrained in the first half of the year due to the emphasis placed on capital investment in response to the issuance of new banknotes. FIELDS CORPORATION has positioned the first half of the year as a period for refining merchandise and has made steady progress in preparing for merchandise sales in the second half of the year. Consequently, in the Q3 of the fiscal year under review (October to December), we sold a total of 83,000 units on schedule, consisting of six titles (three pachinko and three pachislot titles).

ACE DENKEN Co., Ltd., which has a large market share in the peripheral equipment and installation work fields, actively responded to robust demand. In addition, as it joined the group during the fiscal year under review, pachinko halls increased confidence for ACE DENKEN. As a result, results were favorable. Moreover, we are working on specific measures to realize group synergies and improve efficiency, such as integrating sales bases with FIELDS CORPORATION.

[PS unit sales in PS business segment]

	Previous Q1-Q3 (Apr.-Dec. 2023)	Current Q1-Q3 (Apr.- Dec. 2024)	YoY change(%)
Pachinko	162,089 units	69,484 units	(57.1) %
Pachislot	66,392 units	62,468 units	(5.9) %
Total	228,481 units	131,952 units	(42.2) %

Consequently, PS business posted results for the cumulative Q3 of the current fiscal year of net sales ¥84,111 million, down 24.2% YoY, and operating profit ¥8,570 million, down 21.9% YoY.

Other business

In other business, results for the Q3 of the current fiscal year were net sales ¥1,264 million and operating profit ¥12 million.

(2) Earnings forecasts

The performance of each business is steady as planned, and the full-year consolidated earnings forecasts for the year ending March 31, 2025 are unchanged from those announced on May 14, 2024.

The progress status of each business is as follows.

Content and digital business segment

In order to steadily grow our global content business, we have been actively implementing various measures since the first half of the fiscal year.

Thanks to steady progress in the global development of visual products such as movies and distribution, overseas net sales, mainly in MD and license revenues is steadily growing. Despite the impact of biennial events in the domestic market, we intend to grow both MD and license, and imaging and events from the next fiscal year onwards. We are currently working at a rapid pace to build an EC that is positioned as a major pillar of measures aimed at accelerating future growth both domestically and overseas.

Regarding the *ULTRAMAN CARD GAME*, which was launched in the fiscal year under review, the second edition in January, followed by the favorable launch of the first edition. Since then, the Company has strategically launched a new merchandise once every quarter. The Company will also continue to implement promotional activities toward the world championships in spring 2026.

[Shipments of *ULTRAMAN CARD GAME* (preliminary figures as of 31 January)]

	Number of shipments
Domestic	Approx. 30.9 million
Overseas	Approx. 32.5 million
China	Approx. 17.5 million
Asia	Approx. 9.9 million
North America	Approx. 3.7 million
Europe	Approx. 1.3 million
Total	Approx. 63.4 million

PS business segment

In the Q4, we announced two pachinko titles such as *e ULTRAMAN 2400 ★80* and five pachislot titles such as *LPachislot Evangelion: 3.0+1.0* and *L Tokyo Ghoul*. All sales have already been steadily completed, and sales of merchandise, which was scheduled for the fiscal year under review, have been completed. In addition, with regard to a couple of titles including the pachislot *Smart pachislot MONSTER HUNTER RISE*, which we sold in the Q3, we have won strong support from fans and have been operating at a high level, so we have decided to resell them, and we are currently in the process of responding to this decision.

Moreover, ACE DENKEN will further promote synergies with FIELDS CORPORATION and actively respond to the diverse requirements of pachinko halls.

(Note 1) All figures in this report are based on published figures for each company and organization or our estimates.

(Note 2) Merchandise names in this report are trademarks or registered trademarks of each company.

(3) Overview of financial position

(Assets)

Current assets increased by ¥11,402 million from the end of the previous fiscal year to ¥76,251 million. This was mainly due to an increase in trade receivables.

Property, plant and equipment increased by ¥424 million from the end of the previous fiscal year to ¥9,864 million. This was mainly due to an increase in tools, furniture and fixtures included in other.

Intangible assets decreased by ¥155 million from the end of the previous fiscal year to ¥2,247 million. This was mainly due to a decrease in goodwill.

Investments and other assets decreased by ¥3,258 million from the end of the previous fiscal year to ¥18,329 million. This was mainly due to a decrease in investment securities.

Consequently, assets increased by ¥8,412 million from the end of the previous fiscal year to ¥106,692 million.

(Liabilities)

Current liabilities increased by ¥12,211 million from the end of the previous fiscal year to ¥42,822 million. This was mainly due to an increase in trade payables.

Non-current liabilities increased by ¥699 million from the end of the previous fiscal year to ¥12,382 million. This was mainly due to an increase in long-term borrowings.

Consequently, liabilities increased by ¥12,911 million from the end of the previous fiscal year to ¥55,204 million.

(Net assets)

Net assets decreased by ¥4,498 million from the end of the previous fiscal year to ¥51,487 million. This was mainly due to a decrease in purchase of treasury shares, a decrease in retained earnings due to dividends paid, and a decrease in non-controlling interests.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the Q3 of the current fiscal year decreased by ¥9,679 million from the end of the previous fiscal year to ¥25,135 million.

(Cash flows from operating activities)

Net cash used in operating activities was ¥333 million, compared with net cash provided by operating activities of ¥874 million in the same period of the previous fiscal year. This was mainly due to ¥10,630 million in profit before income taxes, ¥13,806 million increase in trade receivables, ¥13,346 million increase in trade payables, ¥6,122 million increase in inventories and ¥4,459 million of income taxes paid.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥1,043 million, compared with net cash provided by investing activities of ¥5,678 million in the same period of the previous fiscal year. This was mainly due to ¥2,416 million of proceeds from sale of share of entities accounted for using equity method, purchase of non-current assets of ¥990 million and expenses from loans of ¥351 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥10,556 million, compared with net cash used of ¥4,412 million in the same period of the previous fiscal year. This was mainly due to purchase of treasury shares of ¥6,310 million, purchase of shares of subsidiaries not resulting in change in scope of consolidation of ¥3,037 million, proceeds from long-term borrowings of ¥2,980 million, dividends paid of ¥2,615 million and repayments of long-term borrowings of 1,798 million.

2. Consolidated financial statements and important notes

(1) Consolidated balance sheets

	(Unit: millions of yen)	
	FY2023 (as of March 31, 2024)	Q3 of FY2024 (as of December 31, 2024)
Assets		
Current assets		
Cash and deposits	34,914	25,235
Notes and accounts receivable - trade, and contract assets	10,391	23,872
Electronically recorded monetary claims - operating	2,744	3,069
Merchandise and finished goods	142	1,605
Work in process	6,296	9,188
Raw materials and supplies	3,816	4,194
Merchandise rights	2,123	3,512
Other	4,451	5,585
Allowance for doubtful accounts	(31)	(13)
Total current assets	64,848	76,251
Non-current assets		
Property, plant and equipment		
Land	5,360	5,360
Other	4,079	4,503
Total property, plant and equipment	9,440	9,864
Intangible assets		
Goodwill	1,395	1,185
Other	1,007	1,062
Total intangible assets	2,402	2,247
Investments and other assets		
Investment securities	13,131	9,142
Long-term loans receivable	1,802	1,991
Other	8,033	8,663
Allowance for doubtful accounts	(1,379)	(1,467)
Total investments and other assets	21,588	18,329
Total non-current assets	33,431	30,441
Total assets	98,280	106,692
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,961	24,762
Electronically recorded obligations - operating	1,460	1,004
Short-term borrowings	6,000	6,000
Current portion of long-term borrowings	2,400	1,899
Income taxes payable	2,414	1,097
Provision for bonuses	758	156
Provision for bonuses for directors (and other officers)	216	-
Other	6,400	7,901
Total current liabilities	30,610	42,822
Non-current liabilities		
Long-term borrowings	5,503	6,124
Provision for retirement benefits for directors (and other officers)	169	32
Retirement benefit liability	1,447	1,508
Asset retirement obligations	1,331	1,343
Other	3,230	3,374
Total non-current liabilities	11,682	12,382
Total liabilities	42,293	55,204

(Unit: millions of yen)

	FY2023 (as of March 31, 2024)	Q3 of FY2024 (as of December 31, 2024)
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,390	9,059
Retained earnings	33,942	32,583
Treasury shares	(1,631)	(3,426)
Total shareholders' equity	47,649	46,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38	164
Foreign currency translation adjustment	2	11
Remeasurements of defined benefit plans	37	33
Total accumulated other comprehensive income	78	209
Share acquisition rights	203	301
Non-controlling interests	8,055	4,812
Total net assets	55,986	51,487
Total liabilities and net assets	98,280	106,692

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Unit: millions of yen)

	FY2023 nine-month (April 1, 2023 to December 31, 2023)	FY2024 nine-month (April 1, 2024 to December 31, 2024)
Net sales	123,206	97,764
Cost of sales	100,204	74,052
Gross profit	23,001	23,712
Selling, general and administrative expenses	10,681	14,322
Operating profit	12,320	9,390
Non-operating income		
Interest income	9	17
Dividend income	128	127
Purchase discounts	21	19
Share of profit of entities accounted for using equity method	912	1,170
Distributions from investments	14	9
Other	141	188
Total non-operating income	1,228	1,532
Non-operating expenses		
Interest expenses	42	69
Depreciation	18	20
Other	32	73
Total non-operating expenses	93	163
Ordinary profit	13,456	10,759
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of investment securities	-	39
Total extraordinary income	3	39
Extraordinary losses		
Loss on retirement of non-current assets	9	5
Impairment	13	-
Loss on sale of shares of subsidiaries and associates	-	162
Other	-	1
Total extraordinary losses	23	168
Profit before income taxes	13,436	10,630
Income taxes	2,851	2,855
Profit	10,584	7,774
Profit attributable to non-controlling interests	1,052	1,349
Profit attributable to owners of parent	9,532	6,424

Consolidated statements of comprehensive income

(Unit: millions of yen)

	FY2023 nine-month (April 1, 2023 to December 31, 2023)	FY2024 nine-month (April 1, 2024 to December 31, 2024)
Profit	10,584	7,774
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,166)	130
Foreign currency translation adjustment	(0)	9
Remeasurements of defined benefit plans, net of tax	(4)	(4)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(1,170)	134
Comprehensive income	9,413	7,909
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,361	6,555
Comprehensive income related to non-controlling interests	1,052	1,353

(3) Consolidated statements of cash flows

(Unit: millions of yen)

	FY2023 nine-month (April 1, 2023 to December 31, 2023)	FY2024 nine-month (April 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	13,436	10,630
Depreciation	752	835
Amortization of goodwill	212	210
Amortization of investments in capital	491	379
Increase (decrease) in allowance for doubtful accounts	(22)	(66)
Increase (decrease) in provision for bonuses	(130)	(601)
Increase (decrease) in provision for bonuses for directors (and other officers)	(159)	(216)
Increase (decrease) in retirement benefit liability	33	56
Interest and dividend income	(138)	(144)
Interest expenses	42	69
Share of loss (profit) of entities accounted for using equity method	(912)	(1,170)
Decrease (increase) in trade receivables	(27,680)	(13,806)
Decrease (increase) in inventories	(4,055)	(6,122)
Decrease (increase) in accounts receivable - other	(4,800)	(1,051)
Increase (decrease) in trade payables	25,947	13,346
Increase (decrease) in liabilities related to payable transactions	547	638
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(894)	53
Other, net	681	714
Subtotal	3,351	3,754
Interest and dividends received	197	439
Interest paid	(42)	(69)
Income taxes refund (paid)	(2,631)	(4,459)
Net cash provided by (used in) operating activities	874	(333)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,430)	(757)
Proceeds from sale of property, plant and equipment	3	1
Purchase of intangible assets	(194)	(232)
Purchase of investment securities	(421)	(37)
Proceeds from sale of investment securities	52	299
Purchase of shares of subsidiaries and associates	(254)	(232)
Purchase of shares of acquisition of equity method affiliates	(3,167)	(8)
Proceeds from sales of shares of entities accounted for using equity method	-	2,416
Loan advances	(340)	(351)
Proceeds from collection of loans receivable	5	63
Other, net	67	(117)
Net cash provided by (used in) investing activities	(5,678)	1,043

(Unit: millions of yen)

	FY2023 nine-month (April 1, 2023 to December 31, 2023)	FY2024 nine-month (April 1, 2024 to December 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,549)	-
Proceeds from long-term borrowings	2,950	2,980
Repayments of long-term borrowings	(2,836)	(1,798)
Proceeds from exercise of employee share options	5	273
Purchase of treasury shares	(0)	(6,310)
Dividends paid	(1,959)	(2,615)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(3,037)
Other, net	(23)	(48)
Net cash provided by (used in) financing activities	(4,412)	(10,556)
Effect of exchange rate change on cash and cash equivalents	(0)	(1)
Net increase (decrease) in cash and cash equivalents	(9,217)	(9,848)
Cash and cash equivalents at beginning of period	36,497	34,814
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	169
Cash and cash equivalents at end of period	27,280	25,135

(4) Notes regarding the nine months consolidated financial statements

(Notes regarding the operation of the company as a going concern)

Not applicable.

(Notes regarding occurrence of significant change in amount of shareholders' equity)

(Purchase of treasury shares)

At board of directors meeting held on May 14, 2024, we passed a resolution regarding matters related to purchase of treasury shares in accordance with the provisions of Article 156 of the Companies Act as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and made a purchase of treasury shares of 3,500,000 shares as of May 15, 2024. Consequently, treasury shares increased by ¥6,310 million in the nine months of the current fiscal year.

(Cancellation of treasury shares)

At board of directors meeting held on May 14, 2024, we resolved to conduct cancellation of treasury shares in accordance with Article 178 of the Companies Act, and on May 31, 2024, we cancelled 3,970,850 shares. Consequently, retained earnings and treasury shares decreased by ¥4,221 million in the nine months of the current fiscal year.

Consequently, treasury shares at the end of Q3 under review were ¥3,426 million.

(Application of the accounting method specific to quarterly consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to profit before income taxes for the consolidated fiscal year, including the Q3 under review, and multiplying the quarterly profit or loss before income taxes by this estimated effective tax rate.

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The "Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard, 2022") and others have been applied from the beginning of the current fiscal year.

Revisions to the classification of income taxes for recording (other comprehensive income taxation) are made in accordance with the transitional treatment stipulated in Article 20-3 of the Revised Accounting Standard 2022 and the transitional treatment stipulated in Article 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting policy had no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the current fiscal year with respect to revisions related to the treatment in the consolidated financial statements for deferring gains and losses on sales of shares of subsidiaries, etc. arising from sales of subsidiaries, etc. among consolidated companies for tax purposes. These changes in accounting policies are applied retrospectively, and the past consolidated financial statements including previous financial year have also been applied retrospectively. As a consequence, compared with before the retroactive application, "Other" in investments and other assets for the previous fiscal year increased by ¥140 million and "Retained earnings" increased by ¥140 million.

There was no impact on ordinary profit, profit before income taxes, quarterly profit and quarterly profit attributable to owners of the parent in the consolidated statement of income for the nine months of the current fiscal year and previous fiscal year.

(Segment information, etc.)

[Segment information]

I. Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)

Information on net sales and profit (loss) by reporting segment

(Unit: millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	11,273	110,736	122,009	1,196	123,206	—	123,206
Intersegment net sales or transfers	193	215	409	7	417	(417)	—
Total	11,466	110,952	122,419	1,204	123,623	(417)	123,206
Segment profit (loss)	3,000	10,978	13,978	17	13,996	(1,675)	12,320

(Note) 1. “Other” is a business segment that is not included in reporting segments and includes fitness business, etc.

2. The ¥(1,675) million of adjustment to segment profit includes the elimination of inter-segment transactions of ¥(29) million and corporate expenses of ¥(1,646) million not allocated to each reporting segment.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statements of income.

II. Nine months ended December 31, 2024 (April 1, 2024 - December 31, 2024)

Information on net sales and profit (loss) by reporting segment

(Unit: millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	12,545	83,955	96,501	1,263	97,764	—	97,764
Intersegment net sales or transfers	325	155	481	0	482	(482)	—
Total	12,871	84,111	96,983	1,264	98,247	(482)	97,764
Segment profit (loss)	2,794	8,570	11,364	12	11,376	(1,986)	9,390

(Note) 1. “Other” is a business segment that is not included in reporting segments and includes fitness business, etc.

2. The ¥(1,986) million of adjustment to segment profit includes the elimination of inter-segment transactions of ¥1 million and corporate expenses of ¥(1,987) million not allocated to each reporting segment.

3. Segment income is adjusted with operating profit in the quarterly consolidated statements of income.