



Consolidated Financial Results
for the Fiscal Year Ended March 31, 2025 (Japan GAAP)

May 14, 2025

Company name: SQUARE ENIX HOLDINGS CO., LTD.
 Shares traded: Tokyo Stock Exchange, Prime Market
 Company code: 9684
 Company URL: <https://www.hd.square-enix.com/eng>
 Representative: Takashi Kiryu, President and Representative Director
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 Tel (03) 5292-8000
 Annual general meeting of shareholders: June 25, 2025 (planned)
 Financial report submission: June 26, 2025 (planned)
 Cash dividend payment commencement: June 5, 2025 (planned)
 Supplementary annual materials prepared: Yes
 Annual results presentation held: Yes (for institutional investors and analysts)

(Amounts under one million yen are rounded down)

1. Consolidated Financial Results (April 1, 2024 to March 31, 2025)

(1) Consolidated Financial Results

(Millions of yen and year-on-year changes in percents)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|-------------------|-----------|-------|------------------|--------|-----------------|--------|---|--------|
| Fiscal year ended | % | | % | | % | | % | |
| March 31, 2025 | 324,506 | (8.9) | 40,580 | 24.6 | 40,939 | (1.4) | 24,414 | 63.7 |
| March 31, 2024 | 356,344 | 3.8 | 32,558 | (26.6) | 41,541 | (24.1) | 14,912 | (69.7) |

Note. FY ended March 31, 2025 Comprehensive income: 25,249 million yen (72.7%)
 FY ended March 31, 2024 Comprehensive income: 14,623 million yen (△69.3%)

| | Earnings per share, basic | Earnings per share, diluted | Return on equity | Ordinary income to total assets | Operating margin |
|-------------------|---------------------------|-----------------------------|------------------|---------------------------------|------------------|
| Fiscal year ended | yen | | % | % | % |
| March 31, 2025 | 203.38 | 203.37 | 7.5 | 9.9 | 12.5 |
| March 31, 2024 | 124.37 | 124.30 | 4.7 | 10.3 | 9.1 |

Note. FY ended March 31, 2025 Equity in gain (loss) of affiliated companies: — million yen
 FY ended March 31, 2024 Equity in gain (loss) of affiliated companies: — million yen

(2) Consolidated Financial Position

(Millions of yen, ratios in percents and per share data)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|--------------|------------|--------------|----------------------|
| As of | | | % | yen |
| March 31, 2025 | 416,160 | 336,368 | 80.7 | 2,795.25 |
| March 31, 2024 | 410,876 | 317,129 | 77.0 | 2,638.33 |

Note. Total equity As of March 31, 2025: 335,709 million yen
 As of March 31, 2024: 316,496 million yen

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | From operating activities | From investing activities | From financing activities | Closing cash and cash equivalents |
|-------------------|---------------------------|---------------------------|---------------------------|-----------------------------------|
| Fiscal year ended | | | | |
| March 31, 2025 | 42,781 | (15,114) | (6,600) | 243,610 |
| March 31, 2024 | 52,238 | (13,214) | (14,787) | 223,181 |

2. Dividends

| | Dividends per share | | | | | Total annual dividend payments | Dividend payout ratio (consolidated) | Dividend on equity (consolidated) |
|--|---------------------|-------|-----|--------|--------|--------------------------------|--------------------------------------|-----------------------------------|
| | 1Q | 2Q | 3Q | 4Q | Total | | | |
| | yen | yen | yen | yen | yen | million yen | % | % |
| Fiscal year ended March 31, 2024 | — | 10.00 | — | 28.00 | 38.00 | 4,558 | 30.6 | 1.4 |
| Fiscal year ended March 31, 2025 | — | 28.00 | — | 101.00 | 129.00 | 15,491 | 63.4 | 4.7 |
| Fiscal year ending March 31, 2025 (projection) | — | 54.00 | — | 25.00 | — | | 54.0 | |

(Note) At a meeting of the Board of Directors held on May 14, 2025, the company resolved to conduct a stock split at a ratio of three shares for one share of common stock, with the record date of September 30, 2025 and the effective date of October 1, 2025. The year-end dividend per share for the fiscal year ending March 2026 (projection) as above is the figure presented after the stock split. The total annual dividend per share for the fiscal year ending March 2026 (projection) is not presented due to the stock split, because the interim dividend and the year-end dividend cannot be simply totaled. The year-end dividend per share for the fiscal year ending March 2026 (projection) without considering the stock split will be 75.00 yen and the total annual dividend will be 129.00 yen

3. Consolidated Forecasts (April 1, 2025 to March 31, 2026)

(Millions of yen, year-on-year changes in percents and per share data)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Earnings per share, basic |
|-----------------------------------|-----------|--------|------------------|-----|-----------------|-----|---|------|---------------------------|
| | | % | | % | | % | | % | yen |
| Fiscal year ending March 31, 2026 | 280,000 | (13.7) | 41,000 | 1.0 | 41,000 | 0.1 | 28,700 | 17.6 | 79.70 |

(Note) 1 For details, please refer to (4) Consolidated forecasts on page 4 of the Supplemental Information attached herewith.

2 The forecast for earnings per share, basic for the fiscal year ending March 2026 reflects the impact of the stock split noted in "2. Dividends." If the stock split is not considered, earnings per share, basic would be ¥239.09.

Notes

- (1) Significant changes among major subsidiaries during the period: None
- (2) Changes in accounting policies, procedures, and methods of presentation for consolidated financial statements
1. Changes in accounting policies due to revisions to accounting standards: Yes
 2. Changes other than 1.: None
 3. Changes in accounting estimates: Yes
 4. Retrospective restatement: None
- (3) Outstanding shares (common stock)
1. Number of shares issued and outstanding (including treasury stock):

| | |
|----------------------|-------------|
| As of March 31, 2025 | 122,531,596 |
| As of March 31, 2024 | 122,531,596 |
 2. Number of treasury stock:

| | |
|----------------------|-----------|
| As of March 31, 2025 | 2,431,491 |
| As of March 31, 2024 | 2,570,619 |
 3. Average number of shares during the period (cumulative):

| | |
|----------------------------------|-------------|
| Fiscal year ended March 31, 2025 | 120,039,744 |
| Fiscal year ended March 31, 2024 | 119,902,464 |

* Consolidated Financial Results for the Fiscal year ended March 31, 2025 (Japan GAAP) are outside the scope of audit by certified public accountants or audit firms.

* Proper use of earnings forecasts, and other special matters

(Cautionary statements with respect to forward-looking statements)

The forward-looking statements in this document are based upon the information currently available and necessarily include elements that are not entirely predictable. The achievement is not promised. Actual results may differ from the forward-looking statements in this document. For additional information about forecasts, please refer to "Consolidated Forecasts" section on page 4 of the Supplemental Information.

(Access to supplemental material for the consolidated financial results)

The Company posted the supplemental material for the consolidated financial results for the Fiscal year ended March 31, 2025, on the Company's website on May 14, 2025.

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| Disclaimer: This document is a translation of the Japanese language "Kessan Tanshin" prepared in accordance with the guidelines of the Tokyo Stock Exchange. The Japanese language document shall prevail in the event any differences or discrepancies exist between this English translation and the original. |
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1. Consolidated Results and Consolidated Financial Position for the Fiscal Year Ended March 31, 2025

(1) Analysis of consolidated business results

The Square Enix group (the "Group") is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising. Net sales for the fiscal year ended March 31, 2025 totaled ¥324,506 million (a decrease of 8.9% from the prior fiscal year), operating income amounted to ¥40,580 million (an increase of 24.6% from the prior fiscal year), ordinary income amounted to ¥40,939 million (a decrease of 1.4% from the prior fiscal year), and profit attributable to owners of the parent amounted to ¥24,414 million (an increase of 63.7% from the prior fiscal year).

A discussion of results by segment for the fiscal year ended March 31, 2025 follows.

●Digital Entertainment

The Digital Entertainment segment consists of planning, development, distribution, and operation of digital entertainment content primarily in the form of game. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and smart devices.

In the HD (High-Definition) sub-segment, consolidated net sales for the fiscal year ended March 31, 2025 declined compared with the same period of the previous fiscal year as new titles generated lower sales than releases such as "FINAL FANTASY XVI," "FINAL FANTASY PIXEL REMASTER," "Dragon Quest Monsters: The Dark Prince," and "FINAL FANTASY VII REBIRTH." did in the previous year. However, the sub-segment turned profitable mainly due to lower development cost amortization, advertising expenses, content valuation losses compared with the same period of the previous year, as well as stronger sales of the November 2024 release "DRAGON QUEST III HD-2D Remake" than initially assumed.

In the MMO (Massively Multiplayer Online) Game sub-segment, net sales and operating income rose compared with the same period of the previous fiscal year with the launch of "FINAL FANTASY XIV: Dawntrail," the latest expansion pack for "FINAL FANTASY XIV."

In the Games for Smart Devices/PC Browser sub-segment, net sales and profits declined compared with the same period of the previous fiscal year despite the launch of "Emberstoria" in November 2024. This was due to weakness in existing titles and the recognition of royalty revenue in the previous fiscal year.

Net sales and operating income in the Digital Entertainment segment totaled ¥206,536 million (a decrease of 16.8% from the prior fiscal year), and ¥33,867 million (an increase of 33.0% from the prior fiscal year), respectively.

●Amusement

The Amusement segment consists of the operation of amusement facilities and planning, development, and distribution of arcade game machines and related products for amusement facilities.

In the fiscal year ended March 31, 2025, net sales and profits increased compared with the previous fiscal year due to year-on-year growth in same-store sales and arcade game machine sales.

Net sales and operating income in the Amusement segment totaled ¥71,215 million (an increase of 15.7% from the prior fiscal year), and ¥7,846 million (an increase of 3.7% from the prior fiscal year).

●Publication

The Publication segment consists of publication and licensing of comic magazines, comic books, and game-related books.

Net sales and operating income declined in the fiscal year ended March 31, 2025 compared with the same period of the previous fiscal year despite a generally solid performance. This was partly due to a year-on-year fallback in sales of “The Apothecary Diaries” following the massive popularity of the anime television series adaptation in the previous fiscal year, as well as to an increase in costs related to preparations for upcoming new releases.

Net sales and operating income in the Publication segment totaled ¥30,752 million (a decrease of 1.1% from the prior fiscal year), and ¥10,977 million (a decrease of 8.4% from the prior fiscal year), respectively.

●Merchandising

The Merchandising segment consists of planning, production, distribution, and licensing of derivative products of IPs owned by the Group.

Net sales and profits increased in the fiscal year ended March 31, 2025 compared with the previous fiscal year partly driven by brisk sales of new merchandise featuring key characters from the Group’s IP portfolio.

Net sales and operating income in the Merchandising segment totaled ¥19,067 million (an increase of 0.8% from the prior fiscal year), and ¥6,067 million (an increase of 7.2% from the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

●Assets

As of March 31, 2025, total current assets were ¥344,515 million, an increase of 1.6% from the prior fiscal year. This was mainly due to increases in cash and deposits of ¥21,859 million, while notes and accounts receivable-trade decreased by ¥11,507 million.

Total non-current assets were ¥71,644 million, a decrease of 0.0% from the prior fiscal year.

As a result, total assets were ¥416,160 million, an increase of 1.3% from the prior fiscal year.

●Liabilities

As of March 31, 2025, total current liabilities were ¥67,360 million, a decrease of 17.4% from the prior fiscal year. This was mainly due to decreases in notes and accounts payable-trade of ¥6,944 million and income taxes payable of ¥4,437 million.

Total non-current liabilities were ¥12,431 million, an increase of 2.0% from the prior fiscal year.

As a result, total liabilities were ¥79,792 million, a decrease of 14.9% from the prior fiscal year.

●Net assets

As of March 31, 2025, net assets were ¥336,368 million, an increase of 6.1% from the prior fiscal year. This was mainly due to profit attributable to owners of parent of ¥24,414 million and dividend payments of ¥6,720 million.

(3) Consolidated cash flow

As of March 31, 2025, cash and cash equivalents totaled ¥243,610 million, an increase of ¥20,429 million compared to the prior fiscal year. Cash flows during the fiscal year ended March 31, 2025 as well as the principal factors behind these cash flows are described below.

●Cash flows from operating activities

Net cash provided by operating activities during the fiscal year ended March 31, 2025 totaled ¥42,781 million (a decrease of 18.1% from the prior fiscal year).

Profit before income taxes of ¥39,542 million, a decrease of trade receivables ¥11,538 million, depreciation of ¥8,463 million, a decrease of trade payables of ¥6,610 million, and income taxes paid of ¥10,340 million led to the overall provision of cash from operating activities.

●Cash flows from investing activities

Net cash used in investing activities totaled ¥15,114 million (an increase of 14.4% from the prior fiscal year).

The main factors are purchase of property, plant and equipment of ¥10,870 million and purchase of intangible assets of ¥1,203 million.

●Cash flows from financing activities

Net cash used in financing activities totaled ¥6,600 million (a decrease of 55.4% from the prior fiscal year).

The main factor is cash dividends paid of ¥6,719 million.

(4) Consolidated forecasts

As detailed in the “Section 3. Management Policy (3) Business landscape” part below, rapid changes are underway globally as customer demands for content and services grow more diverse and sophisticated and the methods and business models by which such content and services are provided also diversify in response.

By developing content in keeping with these environmental changes and diversifying its earnings opportunities, the Group is endeavoring to establish a robust earnings base.

(5) Basic policy for profit distribution and dividends

The Company recognizes the enhancement of corporate value and distribution of profits to shareholders as key management undertakings. The Company determines the level of dividends according to the above, as well as by taking the balance between growth investment and shareholder returns into consideration.

Pending a resolution by the Board of Directors at a meeting scheduled for May 20, 2025, the Company intends to pay a year-end dividend of 101 yen per share for the fiscal year ended March 31, 2025, which, combined with the interim dividend of 28 yen per share, would make for a total annual dividend of 129 yen per share.

At a meeting of the Board of Directors held on May 14, 2025, the company resolved to conduct a stock split at a ratio of three shares for one share of common stock, with the record date of September 30, 2025 and the effective date of October 1, 2025. The year-end dividend per share for the fiscal year ending March 2026 (projection) as above is the figure presented after the stock split. The total annual dividend per share for the fiscal year ending March 2026 (projection) is not presented due to the stock split, because the interim dividend and the year-end dividend cannot be simply totaled. The year-end dividend per share for the fiscal year ending March 2026 (projection) without considering the stock split will be 75.00 which, combined with the interim dividend of 54 yen per share, would make for a total annual dividend of 129 yen per share.

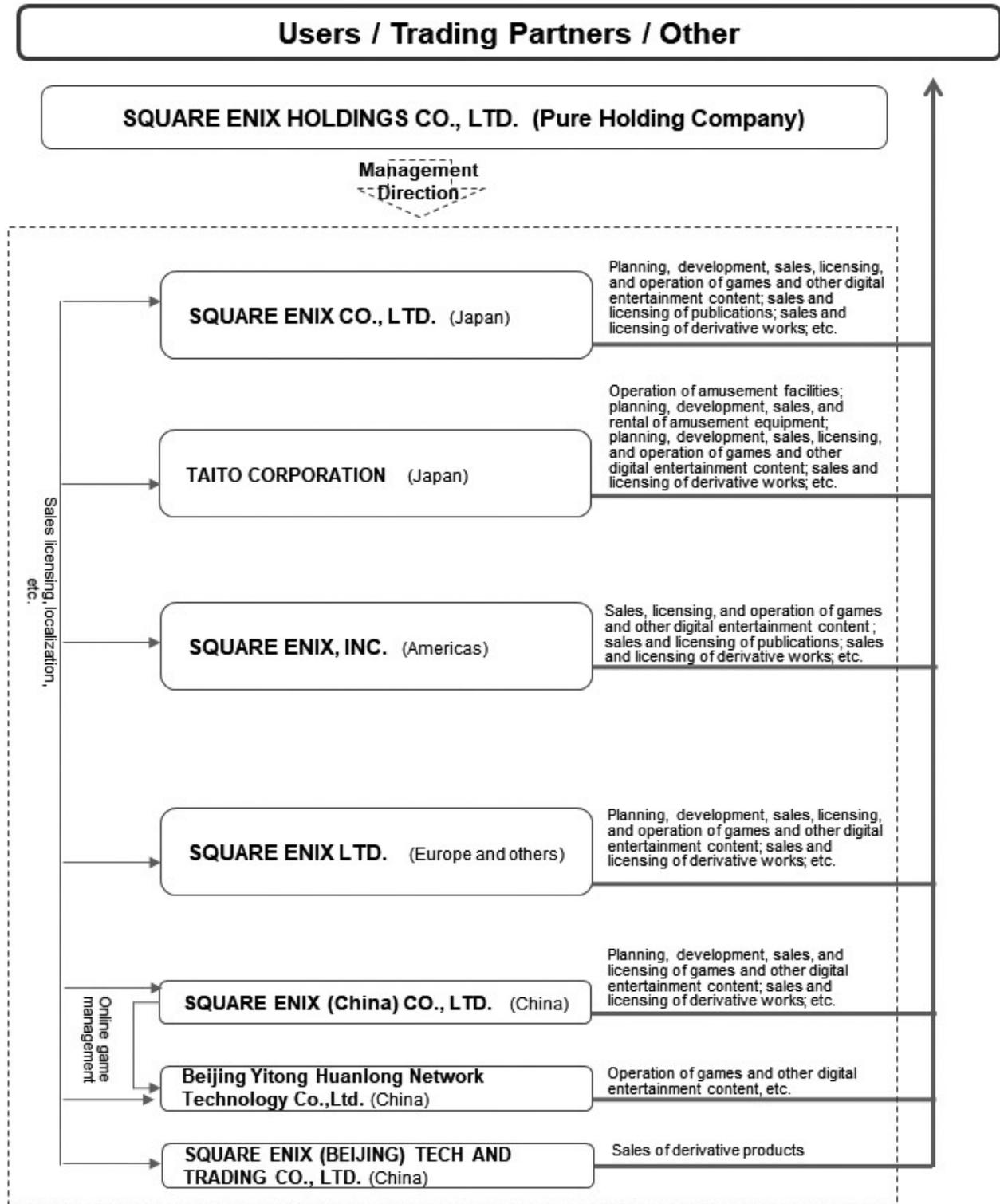
2. The Group's Outline of Operations

The following outline of operations lists the Group's primary business segments and major subsidiaries.
(Consolidated subsidiaries)

| Segment | Primary Business Description | Region | Company Name |
|-----------------------|--|-------------------|--|
| Digital Entertainment | Plans, develops, distributes, and operates games digital entertainment primarily in the form of computer games | Japan | SQUARE ENIX CO., LTD. TAITO CORPORATION |
| | | Americas | SQUARE ENIX, INC. |
| | | Europe and others | SQUARE ENIX LTD. |
| | | Asia | SQUARE ENIX (China) CO., LTD. Beijing Yitong Huanlong Network Technology Co.,Ltd. (China) |
| Amusement | Operation of amusement facilities and planning, development and distribution of arcade game machines for amusement facilities and related products | Japan | TAITO CORPORATION SQUARE ENIX CO., LTD. |
| Publication | Comic books, game strategy books, comic magazines, etc. | Japan | SQUARE ENIX CO., LTD. |
| | | Americas | SQUARE ENIX, INC. |
| | | Europe and others | SQUARE ENIX LTD. |
| Merchandising | Planning, production, distribution and licensing of derivative products of titles owned by the Group | Japan | SQUARE ENIX CO., LTD. TAITO CORPORATION |
| | | Americas | SQUARE ENIX, INC. |
| | | Europe and others | SQUARE ENIX LTD. |
| | | Asia | SQUARE ENIX (China) CO., LTD. SQUARE ENIX (BEIJING) TECH AND TRADING CO.,LTD. |

Note The above table lists major consolidated subsidiaries only.

The Group's Business Diagram:



Note Above business diagram only includes key consolidated subsidiaries.

3. Management Policy

(1) Management philosophy

The Group has formulated a new “Purpose/Values” corporate philosophy structure as set forth below.

Purpose: “Creating New Worlds With Boundless Imagination to Enhance People’s Lives.”

Values: “Deliver Unforgettable Experiences,” “Embrace Challenges,” “Act Swiftly,” “Stronger Together,” “Continuously Evolve,” and “Cultivate Integrity”

Under this corporate philosophy, the Group will remain attuned to customers’ needs in the ever-changing world of entertainment and leverage the imaginations of Group employees to develop appealing IP and content. By serving a global audience with a diversity of games, comics, music, amusement facility, and other content based on this IP, the entire Group will work together to continue to grow.

(2) Management strategy

The Group announced a new medium-term business plan (covering the fiscal year ending March 31, 2025 through the fiscal year ending March 31, 2027) entitled “Square Enix Reboots and Awakens – 3-years of Foundation-Laying for Long-term Growth” in May 2024.

The period covered by its previous medium-term business plan (the fiscal year ended March 31, 2022 through the fiscal year ended March 31, 2024) saw some achievements, including a streamlined portfolio enabled by the divestiture of three overseas studios and select IP, the expansion of the MMO sub-segment as part of the Group’s earnings base, the Publication segment’s transition to a phase of stable growth, the Amusement segment’s V-shaped recovery, and the Merchandising segment’s expansion. Meanwhile, the period also highlighted some major challenges, including low profitability at the HD Games (HD) sub-segment, a slowdown in the Games for Smart Devices/PC Browser (SD) sub-segment, insufficient franchise-by-franchise portfolio management, and some gaps in the Group’s management infrastructure.

With the goal of overcoming these challenges and achieving powerful profit creation and further growth from a long-term perspective, the Group positions the three years of its new medium-term business plan as “3-years of Foundation-Laying for Long-term Growth” and intends to execute the following four strategies:

- (1) Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment
- (2) Diversify earnings opportunities by strengthening customer contact points
- (3) Roll out initiatives to create additional foundational stability
- (4) Allocate capital giving consideration to the balance between growth investments and shareholder returns

- (1) Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment

- Shift from quantity to quality

The Group will pursue a shift from quantity to quality as its medium-to long-term philosophy regarding the DE segment’s portfolio. To that end, it will first work to establish the optimal portfolio, striking a balance between a “product-out” approach that reflects the imaginations of its employees to the utmost, and a “market-in” approach that leverages customers’ voices and data to inform development efforts. It will strive for a regular launch cadence, focusing its development efforts and investments on titles with substantial potential to be loved by customers for years.

- Focus on development of titles delivering “Fun” that only the Group can create

With the goal of developing titles that deliver unforgettable experiences to customers and ensure excitement, the Group intends to focus on the following points.

First, mindful of the need to launch HD titles that help attract additional fans to the Group, the Group will regularly release AAA titles in its major franchises to maintain and build upon its fan base.

In addition, the Group will strive to increase its success rate in SD games by launching a carefully curated selection of titles. It will additionally explore ways to leverage its rich library of IP.

- Establish an internal development footprint that brings “Fun” that only the Group can create

The Group will retire its business unit-based organizational design and strive to establish an operationally integrated organization with the goal of revamping its internal title development footprint and bringing more capabilities in-house.

In addition, while keeping balance between the creativity of its individual employees and the management centered on the organization, the Group will transition to a project management structure. To that end, the Group will redefine the mission for producers and other related employees and organize its internal supporting structure. Also, the Group will improve its development investment efficiency, by reviewing the overall management process of title development.

(2) Diversify earnings opportunities by strengthening customer contact points

- Shift to a multiplatform strategy

For HD titles, the Group will aggressively pursue a multiplatform strategy that includes Nintendo platforms, PlayStation, Xbox, and PCs. Especially, in regards to major franchises and AAA titles including catalog titles, it will build an environment where more customers can enjoy our titles.

In addition, it will also devise a platform strategy for SD titles that includes not only iOS and Android, but also the possibility of PC launches.

Furthermore, the Group will strive to maximize the acquisition of new users when launching a title and that of recurring users after starting management of game operation.

- Building continuous customer contact points of our titles by stepping up digital sales

The Group will strengthen user flow of digital sales of new titles at the time of launch regarding the initiatives of promotion. In addition, it will generate the opportunity of generating revenue in our rich catalog titles’ line-up, which leads to strengthen its earnings base by expanding sales of catalog titles. Moreover, the Group will engage in initiatives which focus on the acquisition of PC users.

- Create the interaction with customers by increasing sophistication of publishing function

The Group will pursue integrated sales & marketing operations in Japan and make efficiency of publishing by consolidating the marketing functions that were previously spread across creative business units, expanding shared knowledge, and eliminating duplicate functions. Also, it creates a new reporting line in order to enhance collaboration between sales and marketing functions.

It will also address the increasing sophistication of marketing by leveraging first-party data, including through the utilization of CRM solutions and data analytics, when developing an ad campaign for HD and SD titles.

- Generating the opportunity of new revenue by offering IP across a range of entertainment experiences

The Group will pursue a cross-media strategy capable of approaching new markets. Specifically, it will expand area of license business by establishing a new department focusing on IP business development at global markets. In addition, it will build an organization which makes more active use of its IP by offering it across all media formats. The Group also hopes to generate synergies by integrating the organizations affiliated with its Merchandising segment.

(3) Roll out initiatives that create greater foundational stability

- Rebuild overseas business divisions from the ground up

The Group has begun optimizing costs at its European and American offices via structural reforms. It will also promote intra-Group collaboration in Japan and abroad and strengthen the functions of its London development site. For example, the Group intends to work to strengthen the close collaboration between its divisions in Japan (creative studios and publishing) and to enable greater mobility of talent between them and the Group’s publishing functions overseas.

- Revamp policies on human resource allocation & investment to balance both “creativity and productivity” in Japan

The Group will build its flat organization by increasing opportunities of promotion by selection in order to pursue a new talent at our company and streamlining the process of decision-making. Specifically, it will roll out a new human resources system in line with integrated management of development functions, building a new system for hiring, promotion, and appointment of management. Moreover, the Group will rebuild training system for new graduates and introduce internal education programs to enhance capabilities of junior and mid-level employees.

- Enhance business infrastructure by implementing PDCA cycle in a timely and appropriate manner

The Group will pursue refining its management accounting system that enables greater visibility into business activities. In addition, the Group will not only make infrastructure enhancements that maximize the productivity of its employees under hybrid-working system, but also build its attractive office environment that helps unleash creativity for its development teams.

(4) Allocate capital giving consideration to the balance between growth investments and shareholder returns

The Group has formulated a capital allocation policy that gives consideration to the balance between growth investment and shareholder return, earmarking a maximum of ¥100 billion for total strategic investments (growth investments or shareholder returns) over a three-year period.

As regards growth investments, the Group will carefully select investment opportunities that contribute to the enhancement of corporate value and will utilize insights from its own businesses. It will explore the possibility of undertaking inorganic investments designed to expand its business domains and create greater stability.

Meanwhile, regarding shareholder returns, the Group has set a basic policy of a consolidated dividend payout ratio of 30% and determines the actual dividend amount by considering the balance between growth investment and shareholder returns.

Through these initiatives, the Group will strive to further enhance its corporate value.

(3) Business landscape

As a result of digitization and other technological advances, consumer game content is increasingly sold via downloads rather than physical packages. Monetization methods such as free-to-play, microtransactions, and subscriptions have also given rise to a greater diversity of business models outside the confines of traditional one-off sales. As such, the consumer game market continues to grow. New releases tend to be met with either marked success or marked failure as players throng to a handful of major titles.

In the market for games for smart devices, increasingly sophisticated smartphones are making customers demand even richer gaming experiences and enabling greater diversity in game design and business models. Content scale is also mounting as smartphone games traverse the globe and multiple types of devices, enabling continued growth in the size of the market. Meanwhile, a familiar list of titles continues to dominate the upper end of the smart device game rankings in Japan, and the entrance of Asian players into the Japanese market has intensified competition, reducing the odds of new titles succeeding.

The amusement market has returned to pre-pandemic conditions, and facilities in Japan are generating stable revenue streams.

In the publication (comics) market, sales of print media are declining, while those of e-books via comics apps and other platforms are growing. Reading comics on smartphones has become commonplace, and the e-book market is expected to continue to grow globally.

In the environment surrounding the Group's Merchandising segment, a wide range of products and services are being offered through myriad channels as user preferences grow increasingly diverse.

(4) Business and financial challenge calling for priority action

Please refer to (2) Management strategy.

(5) Objective metrics for assessing achievement of management objectives

The Group sets the following three financial targets:

- The Group will strive to achieve stable profit generation from the overall DE segment and to generate a consolidated operating margin of 15% in the fiscal year ending March 31, 2027.
- The Group earmarks a maximum of ¥100 billion for total strategic investments (growth investments or shareholder returns) over a three-year period.
- The Group will strive to achieve ROE of at least 10%, shifting to a management approach mindful of capital efficiency.

4. Basic policy regarding choice of accounting standard

The Group's policy is to prepare its consolidated financial statements in accordance with Japanese Accounting Standards ("Japanese GAAP") in order to enable the comparison of statements between different periods and different entities.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|-------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 225,901 | 247,760 |
| Notes and accounts receivable-trade | 44,683 | 33,175 |
| Merchandise and finished goods | 4,684 | 4,840 |
| Raw materials and supplies | 1,033 | 856 |
| Content production account | 48,577 | 46,936 |
| Other | 14,561 | 11,101 |
| Allowance for doubtful accounts | (221) | (155) |
| Total current assets | 339,219 | 344,515 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 19,598 | 29,756 |
| Accumulated depreciation | (15,135) | (16,308) |
| Buildings and structures (net) | 4,462 | 13,447 |
| Tools, furniture and fixtures | 20,263 | 21,213 |
| Accumulated depreciation | (14,164) | (15,066) |
| Tools, furniture and fixtures (net) | 6,099 | 6,147 |
| Amusement equipment | 18,116 | 18,706 |
| Accumulated depreciation | (15,949) | (16,412) |
| Amusement equipment (net) | 2,166 | 2,294 |
| Other | 3,858 | 3,813 |
| Accumulated depreciation | (1,988) | (2,432) |
| Other (net) | 1,869 | 1,380 |
| Land | 3,782 | 3,782 |
| Construction in progress | 4,695 | 777 |
| Total property, plant and equipment | 23,075 | 27,829 |
| Intangible assets | | |
| Other | 5,881 | 4,895 |
| Total intangible assets | 5,881 | 4,895 |
| Investments and other assets | | |
| Investment securities | 4,731 | 5,553 |
| Guarantee deposits | 13,168 | 13,286 |
| Net defined benefit asset | 1,573 | 1,877 |
| Deferred tax assets | 18,687 | 12,647 |
| Other | 4,568 | 5,586 |
| Allowance for doubtful accounts | (30) | (32) |
| Total investments and other assets | 42,698 | 38,919 |
| Total non-current assets | 71,656 | 71,644 |
| Total assets | 410,876 | 416,160 |

(Millions of yen)

As of March 31, 2024 As of March 31, 2025

| Liabilities | | |
|---|---------|---------|
| Current liabilities | | |
| Notes and accounts payable-trade | 24,384 | 17,439 |
| Income taxes payable | 6,978 | 2,540 |
| Provision for bonuses | 5,345 | 4,977 |
| Provision for office relocation | — | 1,030 |
| Refund liabilities | 4,410 | 2,722 |
| Asset retirement obligations | 9 | 2,270 |
| Other | 40,431 | 36,379 |
| Total current liabilities | 81,559 | 67,360 |
| Non-current liabilities | | |
| Net defined benefit liability | 4,311 | 4,392 |
| Deferred tax liabilities | 1 | 465 |
| Asset retirement obligations | 4,902 | 5,725 |
| Provision for office relocation | 883 | — |
| Provision for loss on litigation | — | 220 |
| Other | 2,089 | 1,628 |
| Total non-current liabilities | 12,187 | 12,431 |
| Total liabilities | 93,747 | 79,792 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 24,039 | 24,039 |
| Capital surplus | 54,368 | 54,678 |
| Retained earnings | 254,741 | 272,434 |
| Treasury stock | (7,876) | (7,452) |
| Total shareholders' equity | 325,272 | 343,700 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (305) | (280) |
| Foreign currency translation adjustment | (9,038) | (8,503) |
| Remeasurements of defined benefit plans | 566 | 793 |
| Total accumulated other comprehensive income | (8,776) | (7,990) |
| Subscription rights to shares | 378 | 353 |
| Non-controlling interests | 255 | 304 |
| Total net assets | 317,129 | 336,368 |
| Total liabilities and net assets | 410,876 | 416,160 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 356,344 | 324,506 |
| Cost of sales | *1 188,975 | *1 161,840 |
| Gross profit | 167,369 | 162,665 |
| Selling, general and administrative expenses | | |
| Packing and transportation expenses | 3,837 | 3,997 |
| Advertising expenses | 25,108 | 14,357 |
| Promotion expenses | 336 | 443 |
| Directors' compensations | 564 | 573 |
| Salaries and allowances | 27,425 | 29,382 |
| Provision for bonuses | 5,617 | 5,171 |
| Retirement benefit expenses | 1,071 | 1,134 |
| Welfare expenses | 3,887 | 4,655 |
| Rent expenses | 3,174 | 5,235 |
| Commission fee | 47,980 | 40,911 |
| Depreciation | 3,693 | 4,015 |
| Other | 12,112 | 12,206 |
| Total selling, general and administrative expenses | *2 134,810 | *2 122,085 |
| Operating income | 32,558 | 40,580 |
| Non-operating income | | |
| Interest income | 1,550 | 2,381 |
| Dividend income | 0 | 1,335 |
| Foreign exchange gains | 9,304 | — |
| Rent income | 47 | 36 |
| Gain on sale of crypto assets | 341 | — |
| Miscellaneous income | 487 | 479 |
| Total non-operating income | 11,731 | 4,233 |
| Non-operating expenses | | |
| Interest expenses | 187 | 243 |
| Commission fee | 452 | 462 |
| Foreign exchange losses | — | 1,232 |
| Office transfer related expenses | 1,017 | 612 |
| Provision for office relocation expenses | *3 883 | *3 200 |
| Business restructuring expenses | — | 650 |
| Miscellaneous loss | 208 | 473 |
| Total non-operating expenses | 2,748 | 3,874 |
| Ordinary income | 41,541 | 40,939 |

Consolidated Income Statement

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Extraordinary income | | |
| Gain on sales of non-current assets | — | *4 40 |
| Gain on sale of investment securities | 8 | — |
| Gain on reversal of subscription rights to shares | 8 | 10 |
| Total extraordinary income | 16 | 51 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | *5 47 | *5 17 |
| Loss on retirement of non-current assets | *6 110 | *6 1,165 |
| Impairment loss | *7 5 | *7 26 |
| Loss on valuation of investment securities | 150 | 17 |
| Loss on valuation of shares of subsidiaries and associates | 1,216 | — |
| Loss on disposal of content | *8 22,087 | — |
| Provision for loss on litigation | — | *9 220 |
| Other | 5 | — |
| Total extraordinary losses | 23,622 | 1,447 |
| Profit before income taxes | 17,935 | 39,542 |
| Income taxes-current | 10,597 | 5,440 |
| Income taxes for prior periods | — | *10 3,291 |
| Income taxes-deferred | (7,595) | 6,370 |
| Total income taxes | 3,001 | 15,101 |
| Profit | 14,933 | 24,440 |
| Profit attributable to non-controlling interests | 21 | 26 |
| Profit attributable to owners of parent | 14,912 | 24,414 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Profit | 14,933 | 24,440 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (307) | 24 |
| Foreign currency translation adjustment | (261) | 557 |
| Remeasurements of defined benefit plans | 258 | 226 |
| Total other comprehensive income | (310) | 808 |
| Comprehensive income | 14,623 | 25,249 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 14,590 | 25,199 |
| Comprehensive income attributable to non-controlling interests | 32 | 49 |

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 24,039 | 54,142 | 255,151 | (8,587) | 324,745 |
| Changes during the period | | | | | |
| Dividends from retained earnings | | | (14,848) | | (14,848) |
| Profit attributable to owners of parent | | | 14,912 | | 14,912 |
| Purchase of treasury stock | | | | (3) | (3) |
| Disposal of treasury stock | | 226 | | 714 | 940 |
| Change in mergers between consolidated and non-consolidated subsidiaries | | | △473 | | △473 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during the period | — | 226 | △409 | 710 | 526 |
| Balance at the end of current period | 24,039 | 54,368 | 254,741 | (7,876) | 325,272 |

| | Accumulated other comprehensive income | | | | Subscription rights to shares | Non-controlling interests | Total net assets |
|--|---|---|---|--|-------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at the beginning of current period | 2 | (8,765) | 308 | (8,454) | 752 | 222 | 317,266 |
| Changes during the period | | | | | | | |
| Dividends from retained earnings | | | | | | | (14,848) |
| Profit attributable to owners of parent | | | | | | | 14,912 |
| Purchase of treasury stock | | | | | | | (3) |
| Disposal of treasury stock | | | | | | | 940 |
| Change in mergers between consolidated and non-consolidated subsidiaries | | | | | | | △473 |
| Net changes of items other than shareholders' equity | (307) | (272) | 258 | (321) | (374) | 32 | (663) |
| Total changes during the period | (307) | (272) | 258 | (321) | (374) | 32 | (136) |
| Balance at the end of current period | (305) | (9,038) | 566 | (8,776) | 378 | 255 | 317,129 |

Fiscal year ended March 31, 2025

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 24,039 | 54,368 | 254,741 | (7,876) | 325,272 |
| Changes during the period | | | | | |
| Dividends from retained earnings | | | (6,720) | | (6,720) |
| Profit attributable to owners of parent | | | 24,414 | | 24,414 |
| Purchase of treasury stock | | | | (3) | (3) |
| Disposal of treasury stock | | 309 | | 427 | 737 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during the period | — | 309 | 17,693 | 424 | 18,428 |
| Balance at the end of current period | 24,039 | 54,678 | 272,434 | (7,452) | 343,700 |

| | Accumulated other comprehensive income | | | | Subscription rights to shares | Non-controlling interests | Total net assets |
|--|---|---|---|--|-------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at the beginning of current period | (305) | (9,038) | 566 | (8,776) | 378 | 255 | 317,129 |
| Changes during the period | | | | | | | |
| Dividends from retained earnings | | | | | | | (6,720) |
| Profit attributable to owners of parent | | | | | | | 24,414 |
| Purchase of treasury stock | | | | | | | (3) |
| Disposal of treasury stock | | | | | | | 737 |
| Net changes of items other than shareholders' equity | 24 | 534 | 226 | 785 | (24) | 49 | 810 |
| Total changes during the period | 24 | 534 | 226 | 785 | (24) | 49 | 19,238 |
| Balance at the end of current period | (280) | (8,503) | 793 | (7,990) | 353 | 304 | 336,368 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 17,935 | 39,542 |
| Depreciation | 7,557 | 8,463 |
| Impairment loss | 5 | 26 |
| Increase (decrease) in allowance for doubtful accounts | (56) | (62) |
| Increase (decrease) in provision for bonuses | 560 | (332) |
| Increase (decrease) in refund liabilities | (1,343) | (1,671) |
| Increase (decrease) in provision for directors' retirement benefits | (7) | — |
| Decrease (increase) in net defined benefit asset | (115) | (286) |
| Increase (decrease) in net defined benefit liability | 150 | 405 |
| Interest and dividend income | (1,550) | (3,717) |
| Interest expenses | 187 | 243 |
| Foreign exchange losses (gains) | (9,551) | 955 |
| Loss (gain) on sale of crypto assets | (341) | 21 |
| Loss on retirement of non-current assets | 113 | 1,165 |
| Loss (gain) on sale of non-current assets | 47 | (22) |
| Loss (gain) on valuation of investment securities | 150 | 17 |
| Loss on valuation of shares of subsidiaries and associates | 1,216 | — |
| Loss on disposal of content | 22,087 | — |
| Decrease (increase) in trade receivables | (3,508) | 11,538 |
| Decrease (increase) in inventories | 18,344 | 1,579 |
| Increase (decrease) in trade payables | 765 | (6,610) |
| Decrease (increase) in other current assets | 1,067 | 3,345 |
| Decrease (increase) in other non-current assets | 199 | (16) |
| Increase (decrease) in other current liabilities | 4,078 | (7,877) |
| Other, net | △480 | 511 |
| Subtotal | 57,510 | 47,219 |
| Interest and dividend income received | 1,556 | 3,717 |
| Interest expenses paid | (119) | (154) |
| Income taxes paid | (11,398) | (10,340) |
| Income taxes refund | 4,689 | 2,340 |
| Net cash provided by (used in) operating activities | 52,238 | 42,781 |

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Payments into time deposits | (2,712) | (4,044) |
| Proceeds from withdrawal of time deposits | 2,716 | 2,882 |
| Purchase of property, plant and equipment | (9,285) | (10,870) |
| Proceeds from sales of property, plant and equipment | 4 | 50 |
| Purchase of intangible assets | (1,162) | (1,203) |
| Purchase of investment securities | (673) | (573) |
| Payments for investments in capital | (174) | (399) |
| Purchase of shares of subsidiaries | (190) | — |
| Purchase of shares of subsidiaries and associates | — | (918) |
| Proceeds from sale of crypto assets | 341 | 60 |
| Payments for guarantee deposits | (2,176) | (234) |
| Proceeds from collection of guarantee deposits | 85 | 100 |
| Other, net | 13 | 34 |
| Net cash provided by (used in) investing activities | (13,214) | (15,114) |
| Cash flows from financing activities | | |
| Repayments of lease obligations | (292) | (359) |
| Purchase of treasury shares | (3) | (3) |
| Proceeds from exercise of share options | 347 | 482 |
| Cash dividends paid | (14,838) | (6,719) |
| Net cash provided by (used in) financing activities | (14,787) | (6,600) |
| Effect of exchange rate change on cash and cash equivalents | 8,029 | (637) |
| Net increase (decrease) in cash and cash equivalents | 32,266 | 20,429 |
| Cash and cash equivalents at beginning of period | 190,903 | 223,181 |
| Increase in cash and cash equivalents resulting from merger | 11 | — |
| Cash and cash equivalents at end of period | 223,181 | 243,610 |

(5) Notes to Consolidated Financial Statements

(Note regarding going concern assumptions)

None

(Notes on Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan [ASBJ] Statement No. 27, on October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) and other applicable standards have been applied from the beginning of Fiscal year ended March 31, 2025. The amendment to categories in which current income taxes should be recorded (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, on October 28, 2022). These changes had no impact on the consolidated financial statements

(Notes on Changes in Accounting Estimates)

(Changes in Estimates of Asset Retirement Obligations)

With respect to asset retirement obligations recognized for restoration costs based on real estate lease contracts, a portion of its consolidated subsidiaries changed the estimates relating to such restoration costs required at the time of office relocations in consideration of recent inflation and other factors.

Based on these updated estimates, the Company added ¥72 million to its asset retirement obligation balance. As a result, compared with the amounts that would have been recognized under the previous estimates, operating income, ordinary income, and profit before income taxes each decreased by ¥6 million for the fiscal year ended March 31, 2025.

(Notes to Consolidated Income Statement)

* 1 Inventories at fiscal year-end are stated after writing down based on the decrease in profitability.

The following amount is included within cost of sales as loss on valuation of inventories.

(Millions of yen)

| Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|----------------------------------|----------------------------------|
| 14,545 | 7,487 |

* 2 Selling, general and administrative expenses include research and development expenses

(Millions of yen)

| Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|----------------------------------|----------------------------------|
| 2,058 | 1,782 |

* 3 The company has recognized reasonable estimates regarding the costs of office relocation for the opening of the new Shibuya Office, for the fiscal year ended March 31, 2025.

* 4 Breakdown of gain on sale of property and equipment

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|-------------------------------|----------------------------------|----------------------------------|
| Buildings and structures | — | 11 |
| Tools, furniture and fixtures | — | 8 |
| Other | — | 19 |
| Total | — | 40 |

*5 Breakdown of loss on sale of property and equipment

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|-------------------------------|----------------------------------|----------------------------------|
| Tools, furniture and fixtures | 47 | 17 |
| Total | 47 | 17 |

*6 Breakdown of loss on disposal of property and equipment

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---------------------------------|----------------------------------|----------------------------------|
| Buildings and structures | 7 | 5 |
| Tools, furniture and fixtures | 23 | 15 |
| Amusement equipment | 77 | 74 |
| Intangible fixed assets (Other) | 1 | 1,071 |
| Total | 110 | 1,165 |

*7 Impairment loss

In the fiscal year ended March 31, 2024, the Group posted an impairment loss on the following groups of assets.

(Millions of yen)

| Location | Usage | Category | Impairment amount |
|------------------|-----------------------------|-------------------------------|-------------------|
| Aomori, Aomori | Idle assets | Amusement equipment | 1 |
| | | Other | 0 |
| Fukuoka, Fukuoka | Assets planned for disposal | Buildings and Structures | 2 |
| | | Tools, furniture and fixtures | 0 |
| | | Other | 1 |
| Total | | | 5 |

In the amusement segment, each captive outlet and each division including rented outlets, franchise outlets and amusement equipment production and sales, is classified as one asset-grouping unit. Idle assets that are not used for operational purposes and assets planned for disposal are classified individually. With regard to idle assets presented in the table above, market value had fallen substantially below book value and the future use of these assets was deemed uncertain. For these reasons, the book value of these idle assets has been written down to the applicable recoverable value. With regard to assets planned for disposal, future recovery of the investment amount has been deemed uncertain and their book value has been written down to the applicable recoverable value. Note that calculation of recoverable amounts is measured by net realizable value. Net realizable value is based on a reasonable assumption of market price.

In the fiscal year ended March 31, 2025, the Group posted an impairment loss on the following groups of assets.

(Millions of yen)

| Location | Usage | Category | Impairment amount |
|--------------------|-----------------------------|-------------------------------|-------------------|
| Shinjyuku, Tokyo | Idle assets | Amusement equipment | 7 |
| | | Other | 0 |
| Kawasaki, Kanagawa | Assets planned for disposal | Buildings and Structures | 17 |
| | | Tools, furniture and fixtures | 0 |
| | | Other | 2 |
| Total | | | 26 |

In the amusement segment, each captive outlet and each division including rented outlets, franchise outlets and amusement equipment production and sales, is classified as one asset-grouping unit. Idle assets that are not used for operational purposes and assets planned for disposal are classified individually. With regard to idle assets presented in the table above, market value had fallen substantially below book value and the future use of these assets was deemed uncertain. For these reasons, the book value of these idle assets has been written down to the applicable recoverable value. With regard to assets planned for disposal, future recovery of the investment amount has been deemed uncertain and their book value has been written down to the applicable recoverable value. Note that calculation of recoverable amounts is measured by net realizable value. Net realizable value is based on a reasonable assumption of market price.

*8 In light of the myriad changes underway in the environment surrounding the Group, the Board of Directors voted, at a meeting convened on March 27, 2024, to revise the Group's approach to the development of high-definition (HD) games to reflect such objectives as multiplatform development and the strengthening of internal development capabilities. Based on this revised approach, the Group closely examined its development pipeline, performing a project-by-project review of the tenability of persisting with development efforts. The outcome was the termination of development on some key pieces of content in the Digital Entertainment segment that were found to be incompatible with the new development approach. The loss on disposal of content resulted from the termination of these development efforts.

*9 With respect to the litigation currently pending, the Group has recognized a provision for estimated losses based on the status. This provision has been recorded as the provision for loss in an extraordinary loss.

*10 The consolidated subsidiary has recognized the amount based on the agreement under the mutual consultation procedure between the UK and Canada regarding transfer pricing.

(Notes on Segment Information)

[Segment Information]

■ Year ended March 31, 2024

1. Outline of reporting segments

"The Group's reporting segments are business units for which discrete financial data is available and periodically reviewed by the Board of Directors in the determination of resource allocation as well as the evaluation of business performance.

To this end, the Group offers entertainment content and services in a variety of forms including: (1) interactive digital content for game consoles (including handheld game machines), personal computers and smartphones in the "Digital Entertainment" segment; (2) amusement facility operation as well as the sales and rental of arcade game machines in the "Amusement" segment; (3) publication and licensing of comic magazines, comic books, and game-related books in the "Publication" segment; and (4) planning, production, distribution and licensing of derivative products in the "Merchandising" segment. These four classifications serve as the Group's reporting segments.

2. Calculating reporting segment sales, income (loss), assets and other items

Accounting treatment methods applied to financial results of reporting segments are the same as those used in the preparation of the Company's consolidated financial statements. Reporting segment income corresponds to operating income. Intersegment sales are based on prevailing prices in the market for the content and/or services provided.

3. Information on sales and income by reporting segment

(Millions of yen)

| | Reporting Segments | | | | | Adjustment (Note 1) | Consolidated total (Note 2) |
|--|--------------------------|-----------|-------------|---------------|---------|------------------------|--------------------------------|
| | Digital Entertainment | Amusement | Publication | Merchandising | Total | | |
| Sales and operating income | | | | | | | |
| Net sales | | | | | | | |
| Domestic | 130,525 | 58,926 | 28,823 | 8,070 | 226,345 | — | 226,345 |
| Overseas | 117,509 | 1,315 | 2,148 | 8,958 | 129,932 | — | 129,932 |
| Revenue from contracts with customers | 248,034 | 60,242 | 30,972 | 17,028 | 356,278 | — | 356,278 |
| Other revenue | 65 | — | — | — | 65 | — | 65 |
| (1) Sales to outside customers | 248,100 | 60,242 | 30,972 | 17,028 | 356,344 | — | 356,344 |
| (2) Intersegment sales | 9 | 1,326 | 116 | 1,896 | 3,348 | (3,348) | — |
| Total | 248,109 | 61,569 | 31,089 | 18,924 | 359,693 | (3,348) | 356,344 |
| Segment operating income | 25,468 | 7,566 | 11,984 | 5,658 | 50,678 | (18,119) | 32,558 |
| Segment assets | 98,659 | 25,342 | 9,792 | 2,505 | 136,299 | 274,576 | 410,876 |
| Other items | | | | | | | |
| Depreciation and amortization | 2,491 | 2,620 | 39 | 22 | 5,173 | 2,383 | 7,557 |
| Increases in property, plant and equipment and intangible assets | 3,194 | 3,628 | 35 | 3 | 6,861 | 5,901 | 12,763 |

Notes: 1. (1) Segment adjustments (¥18,119 million) include unallocated corporate general and administrative expenses (¥18,178 million).

(2) Segment assets adjustment of ¥274,576 million includes unallocated assets of ¥274,598 million. These assets mainly consist of surplus funds (including cash and deposits).

(3) Depreciation and amortization adjustment of ¥2,383 million relates to unallocated corporate assets.

(4) The adjustment increase of ¥5,901 million in property, plant and equipment, and intangible assets relates to unallocated corporate assets.

2. Segment operating income is adjusted in operating income on the consolidated income statement.

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.

■ Year ended March 31, 2025

1. Outline of reporting segments

"The Group's reporting segments are business units for which discrete financial data is available and periodically reviewed by the Board of Directors in the determination of resource allocation as well as the evaluation of business performance.

To this end, the Group offers entertainment content and services in a variety of forms including: (1) interactive digital content for game consoles (including handheld game machines), personal computers and smartphones in the "Digital Entertainment" segment; (2) amusement facility operation as well as the sales and rental of arcade game machines in the "Amusement" segment; (3) publication and licensing of comic magazines, comic books, and game-related books in the "Publication" segment; and (4) planning, production, distribution and licensing of derivative products in the "Merchandising" segment. These four classifications serve as the Group's reporting segments.

2. Calculating reporting segment sales, income (loss), assets and other items

Accounting treatment methods applied to financial results of reporting segments are the same as those used in the preparation of the Company's consolidated financial statements. Reporting segment income corresponds to operating income. Intersegment sales are based on prevailing prices in the market for the content and/or services provided.

3. Information on sales, income or loss, assets and other items disaggregated revenue disclosures by reporting segment

(Millions of yen)

| | Reporting Segments | | | | | Adjustment (Note 1) | Consolidated total (Note 2) |
|--|--------------------------|-----------|-------------|---------------|---------|------------------------|--------------------------------|
| | Digital Entertainment | Amusement | Publication | Merchandising | Total | | |
| Sales and operating income | | | | | | | |
| Net sales | | | | | | | |
| Domestic | 109,519 | 67,904 | 28,355 | 9,146 | 214,924 | — | 214,924 |
| Overseas | 96,943 | 1,974 | 2,353 | 8,239 | 109,510 | — | 109,510 |
| Revenue from contracts with customers | 206,463 | 69,878 | 30,708 | 17,385 | 324,435 | — | 324,435 |
| Other revenue | 70 | — | — | — | 70 | — | 70 |
| (1) Sales to outside customers | 206,533 | 69,878 | 30,708 | 17,385 | 324,506 | — | 324,506 |
| (2) Intersegment sales | 3 | 1,337 | 43 | 1,682 | 3,066 | (3,066) | — |
| Total | 206,536 | 71,215 | 30,752 | 19,067 | 327,573 | (3,066) | 324,506 |
| Segment operating income | 33,867 | 7,846 | 10,977 | 6,067 | 58,759 | (18,179) | 40,580 |
| Segment assets | 81,419 | 26,813 | 9,617 | 2,470 | 120,321 | 295,838 | 416,160 |
| Other items | | | | | | | |
| Depreciation and amortization | 2,751 | 3,097 | 54 | 24 | 5,928 | 2,535 | 8,463 |
| Increases in property, plant and equipment and intangible assets | 1,189 | 4,424 | 17 | 6 | 5,638 | 7,993 | 13,632 |

Notes: 1. (1) Segment adjustments (¥18,179 million) include unallocated corporate general and administrative expenses (¥18,226 million).

(2) Segment assets adjustment of ¥295,838 million includes unallocated assets of ¥295,843 million. These assets mainly consist of surplus funds (including cash and deposits).

(3) Depreciation and amortization adjustment of ¥2,535 million relates to unallocated corporate assets.

(4) The adjustment increase of ¥7,993 million in property, plant and equipment, and intangible assets relates to unallocated corporate assets.

2. Segment operating income is adjusted in operating income on the consolidated income statement.

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.

[Related Information]

■ Year ended March 31, 2024

1. Information by product or service

This information is identical to that of segment information and has therefore been omitted.

2. Information by geographical area

(1) Sales

| | Japan | North America U.S.A. | Europe | Asia and others | Total |
|--------------------|---------|-------------------------|--------|-----------------|---------|
| Consolidated sales | 226,411 | 81,008 76,558 | 32,032 | 16,892 | 356,344 |

(Millions of yen)

Note: The classification of geographic segments is based on location of customer.

(2) Property and equipment

| | Japan | North America | Europe | Asia and others | Total |
|------------------------|--------|---------------|--------|-----------------|--------|
| Property and equipment | 19,552 | 1,034 | 2,284 | 204 | 23,075 |

(Millions of yen)

3. Information by major customer

This information has been omitted because all sales to major customers account for less than 10% of the net sales amount shown on the Consolidated Statement of Income.

■ Year ended March 31, 2025

1. Information by product or service

This information is identical to that of segment information and has therefore been omitted.

2. Information by geographical area

(1) Sales

| | Japan | North America U.S.A. | Europe | Asia and others | Total |
|--------------------|---------|-------------------------|--------|-----------------|---------|
| Consolidated sales | 214,995 | 67,779 63,719 | 24,405 | 17,326 | 324,506 |

(Millions of yen)

Note: The classification of geographic segments is based on location of customer.

(2) Property and equipment

| | Japan | North America | Europe | Asia and others | Total |
|------------------------|--------|---------------|--------|-----------------|--------|
| Property and equipment | 25,115 | 585 | 1,973 | 154 | 27,829 |

(Millions of yen)

3. Information by major customer

This information has been omitted because all sales to major customers account for less than 10% of the net sales amount shown on the Consolidated Statement of Income.

[Information related to impairment losses on property and equipment in each reporting segment]

■ Year ended March 31, 2024

| | | | | | | (Millions of yen) |
|-------------------|--------------------------|-----------|-------------|---------------|--|-------------------|
| | Digital Entertainment | Amusement | Publication | Merchandising | Eliminations or unallocated (Note) | Total |
| Impairment losses | — | 5 | — | — | 0 | 5 |

Note: The amount for “Eliminations or unallocated” is related mainly to impairment losses on telephone subscription rights.

■ Year ended March 31, 2025

| | | | | | | (Millions of yen) |
|-------------------|--------------------------|-----------|-------------|---------------|--|-------------------|
| | Digital Entertainment | Amusement | Publication | Merchandising | Eliminations or unallocated (Note) | Total |
| Impairment losses | — | 26 | — | — | — | 26 |

[Information related to amortization of goodwill and the unamortized balance in each reporting segment]

■ Year ended March 31, 2024

None

■ Year ended March 31, 2025

None

[Information related to gain on negative goodwill in each reporting segment]

■ Year ended March 31, 2024

None

■ Year ended March 31, 2025

None

(Notes on Per Share Information)

(yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|----------------------------|-------------------------------------|-------------------------------------|
| Net assets per share | 2,638.33 | 2,795.25 |
| Earnings per share | 124.37 | 203.38 |
| Diluted earnings per share | 124.30 | 203.37 |

Note: The basis for calculating earnings per share and diluted earnings per share is provided below.

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Earnings per share: | | |
| Profit attributable to owners of parent | 14,912 | 24,414 |
| Income not available to common shareholders | — | — |
| Profit attributable to owners of parent available to common shareholders | 14,912 | 24,414 |
| Average number of shares of common stock outstanding during the fiscal year (thousands of shares) | 119,902 | 120,039 |
| Adjustments to profit used to calculate diluted earnings per share: | | |
| Adjustments to profit attributable to owners of parent | — | — |
| Increase in the number of shares of common stock (thousands of shares) | 71 | 7 |
| (Number of shares reserved for the purpose of new share issuances for exercise of share subscription rights) | (71) | (7) |

| | | |
|--|---|--|
| | 'Issuance of July 2021 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 25, 2021: 98,100 shares | 'Issuance of July 2020 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 24, 2020: 34,500 shares |
| | 'Issuance of July 2022 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 23, 2022: 60,100 shares | 'Issuance of July 2021 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 25, 2021: 95,500 shares |
| Summary of residual securities that do not dilute the Company's earnings per share | 'Issuance of July 2023 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 23, 2023: 42,800 shares | 'Issuance of July 2022 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 23, 2022: 56,900 shares |
| | | 'Issuance of July 2023 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 23, 2023: 41,100 shares |
| | | 'Issuance of July 2024 stock acquisition rights, pursuant to a resolution of the Board of Directors on June 21, 2024: 135,300 shares |

(Notes on Significant Subsequent Events)

(Share Split and Amendment to the Articles of Incorporation in Connection with the Share Split)

Based on the resolution of the Board of Directors meeting held on May 14, 2025, the Company will implement a stock split and a partial amendment to its Articles of Incorporation in connection with the stock split, effective October 1, 2025.

1. Share split

(1) Purpose of Stock Split

The Company plans to conduct a stock split to lower the minimum investment unit for the purposes of increasing the liquidity of the Company's stock and expanding the investor base.

(2) Overview of Stock Split

(i) Method of stock split

Each share of the Company's common stock owned by shareholders whose names appear on the register of shareholders as of the close of the record date of September 30, 2025, will be split into three shares per share.

(ii) Increase in number of shares resulting from the stock split

| | |
|---|----------------------|
| Total number of issued shares before stock split | 122,531,596 shares |
| Increase in number of shares from stock split | 245,063,192 shares |
| Total number of issued shares after stock split | 367,594,788 shares |
| Total number of authorized shares after stock split | 1,320,000,000 shares |

(iii) Schedule of stock split

| | |
|--|--------------------|
| Public notice of record date (planned) | September 12, 2025 |
| Record date | September 30, 2025 |
| Effective date | October 1, 2025 |

(iv) Effect on per-share information

Per-share information assuming that the stock split was conducted at the beginning of the previous fiscal year is as follows.

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Net assets per share (yen) | 879.44 | 931.75 |
| Earnings per share (yen) | 41.46 | 67.79 |
| Diluted earning per share (yen) | 41.43 | 67.79 |

2. Partial Amendment to Articles of Incorporation

(1) Reason for Amendment

In line with the stock split, the Company intends to amend its Articles of Incorporation via Board of Directors' resolution in accordance with Article 184, Paragraph 2 of the Companies Act of Japan, with the amendment to take effect on October 1, 2025.

(2) Details of Amendment

Below are the details of the amendment.

(The amended portion is underlined)

| Current Articles of Incorporation | Proposed amendment |
|---|---|
| Article 6. Total Number of Authorized Shares The total number of shares authorized to be issued by the Company shall be <u>440,000,000</u> shares. | Article 6. Total Number of Authorized Shares The total number of shares authorized to be issued by the Company shall be <u>1,320,000,000</u> shares. |

(3) Schedule of Amendment

Date of Board of Directors' resolution

May 14, 2025

Effective date

October 1, 2025