

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 6, 2025

Consolidated Financial Results for the Fiscal Year Ended June 30, 2025 (Under Japanese GAAP)

| | | |
|---|---|--|
| Company name: | GREE Holdings, Inc. | |
| Listing: | Tokyo Stock Exchange | |
| Securities code: | 3632 | |
| URL: | https://hd.gree.net/jp/en/ | |
| Representative: | Yoshikazu Tanaka, Founder, Chairman and CEO | |
| Inquiries: | Toshiki Oya, Director, Senior Vice President, CFO | |
| Telephone: | +81-3-5770-9500 | |
| Scheduled date of annual general meeting of shareholders: | September 29, 2025 | |
| Scheduled date to commence dividend payments: | August 21, 2025 | |
| Scheduled date to file annual securities report: | September 26, 2025 | |
| Preparation of supplementary material on financial results: | Yes | |
| Holding of financial results briefing: | Yes (for institutional investors and analysts) | |

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2025 (from July 1, 2024 to June 30, 2025)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to shareholders of parent | |
|-------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2025 | 57,111 | (6.8) | 4,860 | (18.7) | 3,760 | (47.2) | 1,194 | (74.2) |
| June 30, 2024 | 61,309 | (18.7) | 5,981 | (52.1) | 7,123 | (45.6) | 4,630 | (50.1) |

(Notes) Comprehensive income: For the fiscal year ended June 30, 2025: 650 million yen [(85.6) %]
For the fiscal year ended June 30, 2024: 4,509 million yen [(21.0) %]

| | Net profit per share | Diluted profit per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|----------------------|--------------------------|------------------|--|--|
| Fiscal year ended | Yen | Yen | % | % | % |
| June 30, 2025 | 6.98 | 6.90 | 1.3 | 2.9 | 8.5 |
| June 30, 2024 | 27.10 | 26.79 | 5.0 | 5.6 | 9.8 |

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended June 30, 2025: - million yen
For the fiscal year ended June 30, 2024: - million yen

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|---------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| June 30, 2025 | 132,897 | 93,647 | 70.0 | 542.93 |
| June 30, 2024 | 128,788 | 95,530 | 73.7 | 555.13 |

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)
As of June 30, 2025: ¥93,029 million
As of June 30, 2024: ¥94,946 million

(3) Consolidated Cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended June 30, 2025 | Millions of yen 674 | Millions of yen 312 | Millions of yen 6,023 | Millions of yen 83,901 |
| June 30, 2024 | 3,502 | (23) | (999) | 77,288 |

2. Cash Dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|----------------------------|--------------------|-------------------|-----------------|--------------|------------------------------|-----------------------------|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| Fiscal year ended June 30, 2024 | Yen - | Yen 0.00 | Yen - | Yen 16.50 | Yen 16.50 | Millions of yen 2,822 | % 60.9 | % 3.0 |
| Fiscal year ended June 30, 2025 | Yen - | Yen 0.00 | Yen - | Yen 14.50 | Yen 14.50 | Millions of yen 2,484 | % 207.7 | % 2.6 |
| Fiscal year ending June 30, 2026 (Forecast) | Yen - | Yen - | Yen - | Yen - | Yen - | Millions of yen - | % - | % - |

(Notes)

1. The total cash dividends do not include those on company shares owned by the Employee Stock Option Program (ESOP) trust account and the Directors' Board Incentive Plan (BIP) trust account (136 million yen for the fiscal year ended June 30, 2024 and 115 million yen for the fiscal year ended June 30, 2025).
2. Breakdown of the fiscal year-end dividend for the fiscal year ended June 30, 2025;
Ordinary dividend: ¥4.50, Commemorative dividend: 10.00
3. The dividend forecast for the fiscal year ending June 30, 2026 has not been determined at this time.

3. Forecast of the Consolidated Results for Fiscal Year Ending June 30, 2026

Rapid changes in the business environment surrounding the Group over the near term have had an impact on the consolidated results of the Investment Business, which is affected by market conditions. For this reason, we have determined that it is difficult to calculate appropriate and reasonable figures for our consolidated financial results forecast and we have therefore decided to suspend disclosure of our consolidated earnings forecast. For more details, please see page 4 of this report, 1. Summary of Financial Performance, (4) Outlook for the Future.

* **Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 3

Company name: GREE, Inc. (newly established), GREE Capital US, LLC, GREE Studios, Inc.

Excluded: 5

Company name: QUANT, Inc., Pokelabo, Inc., jobda, Inc., REALITY XR cloud, Inc., LIMIA, Inc.

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatements: No

(Note)

For details, please refer to page 13 “3. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in the appendix.

(3) Number of shares issued (common shares)

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

| | |
|---------------------|--------------------|
| As of June 30, 2025 | 179,749,700 shares |
| As of June 30, 2024 | 179,749,700 shares |

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

| | |
|---------------------|------------------|
| As of June 30, 2025 | 8,400,913 shares |
| As of June 30, 2024 | 8,714,774 shares |

(iii) Average number of shares outstanding during the period

| | |
|---------------------------------|--------------------|
| Fiscal year ended June 30, 2025 | 171,197,765 shares |
| Fiscal year ended June 30, 2024 | 170,862,478 shares |

(Note)

The number of treasury shares includes the Company's shares held in the Stock Grant ESOP Trust Account and the Directors' Compensation BIP Trust Account (7,981,605 shares for the year ended June 30, 2025 and 8,295,547 shares for the year ended June 30, 2024).

[Reference] Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended June 30, 2025 (from July 1, 2024 to June 30, 2025)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|--------|------------------|--------|-----------------|-------|-----------------|--------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2025 | 6,012 | (37.5) | 1,814 | 59.8 | 5,554 | (5.0) | 3,609 | (24.5) |
| June 30, 2024 | 9,617 | (19.5) | 1,135 | (57.3) | 5,843 | 12.0 | 4,779 | 61.6 |

| | Net profit per share | Diluted profit per share |
|-------------------|----------------------|--------------------------|
| Fiscal year ended | Yen | Yen |
| June 30, 2025 | 21.08 | 20.84 |
| June 30, 2024 | 27.98 | 27.66 |

(2) Non-Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| June 30, 2025 | 103,782 | 65,917 | 63.0 | 381.79 |
| June 30, 2024 | 97,114 | 64,082 | 65.5 | 371.82 |

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of June 30, 2025: ¥65,418 million

As of June 30, 2024: ¥63,594 million

* Consolidated financial results are exempt from review conducted by certified public accountants or an audit corporation.

* Appropriate use of earnings forecasts, and other special matters

(Cautionary note on forward-looking statements)

The forward-looking statements in this document are based on the information currently available to us and certain reasonable assumptions. They are not intended to be a guarantee that they will be achieved. Actual results may differ materially due to various factors.

Table of Contents for Appendix

| | |
|---|----|
| 1. Summary of Financial Performance | 2 |
| (1) Operating Results for the Period | 2 |
| (2) Financial Position for the Period | 3 |
| (3) Cash Flows for the Period | 3 |
| (4) Outlook for the Future | 4 |
| (5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years | 4 |
| 2. Fundamental View Regarding Selection of Accounting Standards | 5 |
| 3. Consolidated Financial Statements and Key Notes | 6 |
| (1) Consolidated Balance Sheet | 6 |
| (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income | 8 |
| Consolidated Statement of Income | 8 |
| Consolidated Statement of Comprehensive Income | 9 |
| (3) Consolidated Statements of Changes in Net Assets | 10 |
| (4) Consolidated Statement of Cash Flows | 12 |
| (5) Notes to Consolidated Financial Statements | 13 |
| (Going Concern Assumption) | 13 |
| (Changes in Accounting Policies) | 13 |
| (Segment Information) | 14 |
| (Per-share Information) | 15 |
| (Significant Subsequent Events) | 15 |

1. Summary of Financial Performance

(1) Operating Results for the Period

The GREE Group has been aggressively investing in the Game, Metaverse, IP, DX, and Investment Businesses. As a result, the cumulative consolidated results for the period were net sales of 57,111 million yen (down 6.8% YoY), operating profit of 4,860 million yen (down 18.7% YoY), ordinary profit of 3,760 million yen (down 47.2% YoY, due to a significant increase in foreign exchange losses), and net profit attributable to owners of the parent of 1,194 million yen (down 74.2%).

The Group previously operated the following business segments; the Game and Anime Business, the Metaverse Business, the DX Business, the Commerce Business, the Investment Business, and Others. However, following the organizational change to merge the Commerce Business Department into the DX Business Department effective July 1, 2024, the Commerce Business has been merged into the DX Business and reclassified as such beginning of the period.

Also, the IP Business Department, which was established on April 1, 2025, and the anime and license-related business previously developed within the Game and Anime Business and the manga-related business previously included in “others” outside of the reportable segments have been classified in the newly established the IP Business segment.

YoY comparisons and percentage changes have been calculated on the basis of the reclassified figures.

Results by business segment are discussed below.

(i) Game Business

We worked to increase profitability by implementing a long-term management system to stabilize profit from existing smartphone games and expanding overseas operations and made progress on developing new titles. We released a new smartphone game title during this period. Although our new smartphone game title contributed to earnings to some extent, our operations were focused on existing titles during this period, resulting in weak performance.

As a result, the cumulative consolidated results for the period were net sales of 36,936 million yen (down 14.2% YoY) and operating profit of 4,596 million yen (down 29.8% YoY).

(ii) Metaverse Business

In the platform business, we continued to expand the content and features of REALITY, GREE’s metaverse for smartphones, while making progress on global expansion. We also significantly improved our earnings structure by streamlining costs. We also continued to invest aggressively in the VTuber business, resulting in a strong performance in the Metaverse Business as a whole.

As a result, the cumulative consolidated results for the period were net sales of 8,276 million yen (up 14.2% YoY) and operating profit of 660 million yen (up 220.1% YoY).

(iii) IP Business

In light of the growing market importance of the IP and content businesses, such as anime and manga, which the Group has long been engaged in, the Company established an IP Business Department on April 1, 2025 and has created a corresponding reportable segment during this period. Although the license business was weak during this period, we invested in the full-scale launch of new businesses in this segment.

As a result, the cumulative consolidated results for the period were net sales of 1,737 million yen (down 4.1% YoY) and operating profit of 282 million yen (up 76.2% YoY).

(iv) DX Business

Earnings remained firm as we made progress on our overall plan for the DX Business even as we continued to make investments aimed at transitioning to a recurring-earnings-type business structure.

As a result, the cumulative consolidated results for the period were net sales of 7,041 million yen (up 3.0% YoY) and operating profit of 922 million yen (down 1.9% YoY).

(v) Investment Business

We have been investing in venture capital funds and startups, mainly in the Internet and IT sectors. Although income from investee funds increased, results were sluggish due to the impact of revaluation of stocks and other assets held by investee funds.

As a result, the cumulative consolidated results for the period were net sales of 3,346 million yen (up 26.9% YoY) and operating loss of 413 million yen (operating loss of 88 million yen in the previous fiscal year).

(2) Financial Position for the Period

Total assets at the end of the period were 132,897 million yen, up 4,109 million yen from the end of the previous consolidated fiscal year. Current assets totaled 117,419 million yen (up 5,142 million yen from the end of the previous consolidated fiscal year). The main factors behind this increase were an increase of 7,500 million yen in “money held in trust,” 396 million yen in “other,” and decrease of 1,401 million yen in “operational investment securities,” 936 million yen in “cash and deposit,” and 261 million yen in “accounts receivable - trade, and contract assets”. Non-current assets totaled 15,477 million yen (down 1,033 million yen from the end of the previous consolidated fiscal year). The main factors behind this decrease were a decrease of 1,231 million yen in “deferred tax assets,” and 249 million yen in “other,” and increase of 702 million yen in “investment securities”.

Total liabilities amounted to 39,250 million yen, up 5,992 million yen from the end of the previous consolidated fiscal year. Current liabilities totaled 21,602 million yen (up 6,581 million yen from the end of the previous fiscal year). The main factors behind this increase were an increase of 9,000 million yen in “current portion of bonds payable,” and decrease of 1,243 million yen in “contract liabilities,” and 804 million yen in “income taxes payable”. Non-current liabilities totaled 17,647 million yen (down 588 million yen from the end of the previous fiscal year). The main factors behind this decrease were a decrease of 9,000 million yen in “bonds payable,” 588 million yen in “other,” and an increase of 9,000 million yen in “long-term borrowings”.

Net assets totaled 93,647 million yen, down 1,882 million yen from the end of the previous consolidated fiscal year. The main factors behind this decrease were a 208 million yen decrease in net assets due to a decrease in “treasury shares” while decrease of 1,627 million yen in “retained earnings,” 276 million yen in “valuation difference on available-for-sale securities,” and 221 million yen in “foreign currency translation adjustment”.

The equity ratio, an indicator of financial stability, was 70.0% at the end of the period. The current ratio, an indicator of financial liquidity, was 543.5% at the end of the period.

(3) Cash Flows for the Period

Cash and cash equivalents (hereinafter, net cash) as of the end of the current fiscal year totaled 83,901 million yen, an increase of 6,613 million yen compared with the end of the previous fiscal year.

Cash flows during the current fiscal year were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the period was 674 million yen (compared with 3,502 million yen in the previous consolidated fiscal year). This was mainly due to corporate tax payments of 2,507 million yen and a decrease in contract liabilities of 1,243 million yen, while there was net income before taxes of 3,644 million yen and foreign exchange gains and losses of 453 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities during the period was 312 million yen (compared to net cash used in investing activities of 23 million yen in the previous consolidated fiscal year). This was mainly due to income of 373 million yen from the sale of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities during the period was 6,023 million yen (compared to net cash used in financing activities of 999 million yen in the previous consolidated fiscal year). This was mainly due to an outflow of 2,959 million yen for dividend payments, while there was an inflow of 9,000 million yen from long-term borrowings.

(4) Outlook for the Future

In line with the GREE Group's mission of "Making the world a better place through the power of the Internet", we will continue to expand our content and services while increasing the use of our services by users in Japan and overseas, and improving the stable profitability of our business portfolio over the medium term.

However, rapid changes in the business environment surrounding the Group over the near term have had an impact on the consolidated results of the Investment Business, which is affected by market conditions. For this reason, we have determined that it is difficult to calculate appropriate and reasonable figures for our consolidated financial results forecast and we have therefore decided to suspend disclosure of our consolidated earnings forecast.

For details regarding business segments other than the Investment Business, please see "FY2025 Full-Year (Fourth Quarter) Financial Results" published the same day as this report.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company recognizes that the return of profits to shareholders is one of its most important management issues, and its basic policy is to implement appropriate profit return measures in accordance with the Group's operating results and financial position and prospects at the time, while taking into consideration the enhancement of internal reserves necessary to improve business efficiency and expand operations.

Our dividend policy is to maintain DOE (dividend on equity ratio) of around 3% and a consolidated dividend payout ratio of 30% or higher while setting a maximum consolidated dividend payout ratio of 70%.

In accordance with this policy, we plan to pay an ordinary dividend of 4.5 yen per share for the current fiscal year. In addition, the Company marked its 20th anniversary and we plan to pay a commemorative dividend of 10 yen per share. As a result, the total annual dividend for the current fiscal year is expected to be 14.5 yen per share.

While we have not yet decided on our dividends for subsequent fiscal years, we will consider appropriate measures to return profit to shareholders on a case-by-case basis based on our basic dividend policy.

2. Fundamental View Regarding Selection of Accounting Standards

In order to allow comparison between consolidated financial statements for different periods and comparison between companies, for the foreseeable future, the Group plans to prepare its consolidated financial statements based on Japanese accounting standards.

In the future, the Group plans to adopt International Financial Reporting Standards (IFRS) when appropriate, taking into consideration conditions in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Millions of yen)

| | As of June 30, 2024 | As of June 30, 2025 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 49,788 | 48,851 |
| Accounts receivable - trade, and contract assets | 7,410 | 7,149 |
| Accounts receivable - other | 2,316 | 2,075 |
| Operational investment securities | 22,106 | 20,705 |
| Money held in trust | 27,500 | 35,000 |
| Securities | - | 50 |
| Other | 3,214 | 3,610 |
| Allowance for doubtful accounts | (59) | (22) |
| Total current assets | 112,276 | 117,419 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 1,783 | 1,612 |
| Tools, furniture and fixtures | 370 | 244 |
| Total property, plant and equipment | 2,154 | 1,856 |
| Intangible assets | | |
| Other | 6 | 4 |
| Total intangible assets | 6 | 4 |
| Investments and other assets | | |
| Investment securities | 9,230 | 9,933 |
| Deferred tax assets | 2,342 | 1,111 |
| Other | 3,133 | 2,884 |
| Allowance for doubtful accounts | (356) | (310) |
| Total investments and other assets | 14,351 | 13,617 |
| Total non-current assets | 16,511 | 15,477 |
| Total assets | 128,788 | 132,897 |
| Liabilities | | |
| Current liabilities | | |
| Current portion of bonds payable | - | 9,000 |
| Income taxes payable | 1,600 | 796 |
| Contract liabilities | 5,037 | 3,794 |
| Provision for bonuses | 668 | 521 |
| Accounts payable - other | 6,602 | 6,497 |
| Other | 1,112 | 992 |
| Total current liabilities | 15,021 | 21,602 |
| Non-current liabilities | | |
| Long-term borrowings | - | 9,000 |
| Bonds payable | 16,700 | 7,700 |
| Other | 1,536 | 947 |
| Total non-current liabilities | 18,236 | 17,647 |
| Total liabilities | 33,257 | 39,250 |

(Millions of yen)

| | As of June 30, 2024 | As of June 30, 2025 |
|---|---------------------|---------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 100 | 100 |
| Capital surplus | 2,362 | 2,362 |
| Retained earnings | 96,443 | 94,816 |
| Treasury shares | (5,608) | (5,399) |
| Total shareholders' equity | 93,298 | 91,879 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,431 | 1,154 |
| Foreign currency translation adjustment | 216 | (4) |
| Total accumulated other comprehensive income | 1,648 | 1,150 |
| Share acquisition rights | 487 | 499 |
| Non-controlling interests | 96 | 118 |
| Total net assets | 95,530 | 93,647 |
| Total liabilities and net assets | 128,788 | 132,897 |

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

(Millions of yen)

| | Fiscal year ended June 30, 2024 | Fiscal year ended June 30, 2025 |
|---|------------------------------------|------------------------------------|
| Net sales | 61,309 | 57,111 |
| Cost of sales | 27,068 | 27,902 |
| Gross profit | 34,240 | 29,209 |
| Selling, general and administrative expenses | 28,258 | 24,348 |
| Operating profit | 5,981 | 4,860 |
| Non-operating income | | |
| Interest income | 117 | 232 |
| Dividend income | 15 | 70 |
| Foreign exchange gains | 1,170 | - |
| Valuation gain on crypto assets | 22 | 19 |
| Other | 21 | 15 |
| Total non-operating income | 1,347 | 338 |
| Non-operating expenses | | |
| Interest expenses | 160 | 190 |
| Foreign exchange losses | - | 1,246 |
| Commission expenses | 31 | 1 |
| Other | 13 | 1 |
| Total non-operating expenses | 205 | 1,439 |
| Ordinary profit | 7,123 | 3,760 |
| Extraordinary income | | |
| Gain on sale of investment securities | 72 | 77 |
| Other | 0 | - |
| Total extraordinary income | 72 | 77 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 21 | 0 |
| Loss on valuation of investment securities | - | 86 |
| Loss on sale of shares of subsidiaries and associates | - | 102 |
| Other | - | 4 |
| Total extraordinary losses | 21 | 193 |
| Profit before income taxes | 7,174 | 3,644 |
| Income taxes - current | 2,610 | 1,462 |
| Income taxes - deferred | (21) | 1,034 |
| Total income taxes | 2,589 | 2,496 |
| Profit | 4,585 | 1,148 |
| Loss attributable to non-controlling interests | (44) | (46) |
| Profit attributable to owners of parent | 4,630 | 1,194 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Fiscal year ended June 30, 2024 | Fiscal year ended June 30, 2025 |
|---|------------------------------------|------------------------------------|
| Profit | 4,585 | 1,148 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,138) | 628 |
| Foreign currency translation adjustment | 150 | (221) |
| Share of other comprehensive income of entities accounted for using equity method | 912 | (904) |
| Total other comprehensive income | (75) | (497) |
| Comprehensive income | 4,509 | 650 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,554 | 696 |
| Comprehensive income attributable to non-controlling interests | (44) | (46) |

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year ended June 30, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 100 | 2,365 | 93,690 | (5,836) | 90,319 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,877) | | (1,877) |
| Profit attributable to owners of parent | | | 4,630 | | 4,630 |
| Disposal of treasury shares | | | | 228 | 228 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (2) | | | (2) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | (2) | 2,752 | 228 | 2,978 |
| Balance at end of period | 100 | 2,362 | 96,443 | (5,608) | 93,298 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 1,657 | 66 | 1,724 | 454 | 51 | 92,549 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (1,877) |
| Profit attributable to owners of parent | | | | | | 4,630 |
| Disposal of treasury shares | | | | | | 228 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | (2) |
| Net changes in items other than shareholders' equity | (226) | 150 | (75) | 32 | 45 | 1 |
| Total changes during period | (226) | 150 | (75) | 32 | 45 | 2,980 |
| Balance at end of period | 1,431 | 216 | 1,648 | 487 | 96 | 95,530 |

Current fiscal year ended June 30, 2025

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 100 | 2,362 | 96,443 | (5,608) | 93,298 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,822) | | (2,822) |
| Profit attributable to owners of parent | | | 1,194 | | 1,194 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | | | 208 | 208 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | (1,627) | 208 | (1,418) |
| Balance at end of period | 100 | 2,362 | 94,816 | (5,399) | 91,879 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 1,431 | 216 | 1,648 | 487 | 96 | 95,530 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (2,822) |
| Profit attributable to owners of parent | | | | | | 1,194 |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 208 |
| Net changes in items other than shareholders' equity | (276) | (221) | (497) | 11 | 21 | (464) |
| Total changes during period | (276) | (221) | (497) | 11 | 21 | (1,882) |
| Balance at end of period | 1,154 | (4) | 1,150 | 499 | 118 | 93,647 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| | Fiscal year ended June 30, 2024 | Fiscal year ended June 30, 2025 |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 7,174 | 3,644 |
| Depreciation | 343 | 305 |
| Interest and dividend income | (133) | (303) |
| Interest expenses | 160 | 190 |
| Foreign exchange losses (gains) | (567) | 453 |
| Loss (gain) on sale of investment securities | (72) | (77) |
| Decrease (increase) in operational investment securities | (1,584) | (390) |
| Loss (gain) on valuation of investment securities | - | 86 |
| Decrease (increase) in trade receivables | 284 | 273 |
| Decrease (increase) in accounts receivable - other | (17) | 251 |
| Increase (decrease) in allowance for doubtful accounts | 90 | (81) |
| Decrease (increase) in deposits paid | (108) | (109) |
| Decrease (increase) in prepaid expenses | 189 | 171 |
| Decrease (increase) in long-term prepaid expenses | (24) | 12 |
| Increase (decrease) in accounts payable - other | 576 | 83 |
| Increase (decrease) in accrued consumption taxes | (37) | (66) |
| Increase (decrease) in contract liabilities | (882) | (1,243) |
| Other, net | 365 | (136) |
| Subtotal | 5,756 | 3,063 |
| Interest and dividends received | 133 | 303 |
| Interest paid | (155) | (183) |
| Payment amount or refund amount of income taxes | (2,232) | (2,507) |
| Net cash provided by (used in) operating activities | 3,502 | 674 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (138) | (6) |
| Purchase of investment securities | (372) | (29) |
| Proceeds from sale of investment securities | 284 | 373 |
| Proceeds from sale of shares of subsidiaries and associates | 39 | - |
| Loan advances to subsidiaries and associates | - | (15) |
| Payments of leasehold deposits | (3) | (4) |
| Proceeds from refund of leasehold deposits | 173 | 1 |
| Other, net | (7) | (5) |
| Net cash provided by (used in) investing activities | (23) | 312 |
| Cash flows from financing activities | | |
| Proceeds from issuance of bonds | 6,000 | - |
| Redemption of bonds | (5,000) | - |
| Proceeds from long-term borrowings | - | 9,000 |
| Purchase of treasury shares | - | (0) |
| Dividends paid | (1,973) | (2,959) |
| Other, net | (25) | (16) |
| Net cash provided by (used in) financing activities | (999) | 6,023 |
| Effect of exchange rate change on cash and cash equivalents | 515 | (398) |
| Net increase (decrease) in cash and cash equivalents | 2,994 | 6,613 |
| Cash and cash equivalents at beginning of period | 74,293 | 77,288 |
| Cash and cash equivalents at end of period | 77,288 | 83,901 |

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

No applicable items.

(Changes in Accounting Policies)

(Application of “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.”)

The “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.” (Corporate Accounting Standards No. 27, October 28, 2022, hereinafter referred to as the “2022 Revised Accounting Standards”), etc. have been applied from the beginning of the period.

With regard to the amendments to the classification of corporate tax, etc. (taxation on other comprehensive income), we follow the transitional treatment set forth in the proviso of the 2022 Revised Accounting Standards No. 20-3 and the transitional treatment set forth in the proviso of the “Guidelines for the Implementation of Accounting Standards for Tax-Effect Accounting” (Corporate Accounting Standards Implementation Guideline No. 28, October 28, 2022, hereinafter referred to as the “2022 Revised Implementation Guideline”). We follow the transitional treatment set forth in the proviso of Article 65-2, Paragraph (2). The change in accounting policy has no impact on the consolidated financial statements.

In addition, with regard to the amendments related to the review of the treatment in consolidated financial statements when profits and losses arising from the sale of subsidiary shares, etc. between consolidated companies are deferred for tax purposes, the 2022 Revised Implementation Guideline has been applied from the beginning of the period. The change in accounting policy has been applied retroactively, and consolidated financial statements for the previous fiscal year are retroactively applied. The change in accounting policy has no impact on those previous financial statements.

(Segment Information)

(Segment information)

I. Previous consolidated fiscal year (from July 1, 2023 to June 30, 2024)

Financial information on net sales and operating profit (loss) by reportable business segment

| | Game Business | Reportable segment | | | | | Others (note 2) | Total | Adjustments (note 3) | (Millions of yen) Consolidated total |
|-----------------------------------|---------------|--------------------|-------------|-------------|---------------------|--------|-----------------|--------|----------------------|--------------------------------------|
| | | Metaverse Business | IP Business | DX Business | Investment Business | Total | | | | |
| Net sales | | | | | | | | | | |
| Sales to external customers | 43,064 | 7,221 | 1,770 | 6,530 | 2,638 | 61,224 | 85 | 61,309 | - | 61,309 |
| Inter-segment sales and transfers | 4 | 24 | 41 | 306 | - | 376 | 66 | 442 | (442) | - |
| Total | 43,068 | 7,245 | 1,811 | 6,836 | 2,638 | 61,600 | 151 | 61,752 | (442) | 61,309 |
| Segment profit (loss) (note 1) | 6,544 | 206 | 160 | 940 | (88) | 7,762 | 130 | 7,892 | (1,910) | 5,981 |
| Other items | | | | | | | | | | |
| Depreciation | 11 | 69 | - | 11 | 12 | 105 | - | 105 | 238 | 343 |

Notes:

- (1) Segment profit (loss) totals are consistent with operating profit in consolidated statements of income.
- (2) "Others" consists of business segments not included in reportable segments including new businesses under development.
- (3) Segment profit (loss) adjustments of (1,910 million yen) include companywide costs, mainly general management costs not included in reportable segments.
- (4) The amount of segment assets is not disclosed because the Group does not allocate assets to reportable segments.

II. Current consolidated fiscal year (from July 1, 2024 to June 30, 2025)

1. Financial information on net sales and operating profit (loss) by reportable business segment

| | Game Business | Reportable segment | | | | | Others (note 2) | Total | Adjustments (note 3) | (Millions of yen) Consolidated total |
|-----------------------------------|---------------|--------------------|-------------|-------------|---------------------|--------|-----------------|--------|----------------------|--------------------------------------|
| | | Metaverse Business | IP Business | DX Business | Investment Business | Total | | | | |
| Net sales | | | | | | | | | | |
| Sales to external customers | 36,914 | 8,248 | 1,725 | 6,727 | 3,346 | 56,962 | 148 | 57,111 | - | 57,111 |
| Inter-segment sales and transfers | 22 | 27 | 11 | 313 | - | 375 | 159 | 535 | (535) | - |
| Total | 36,936 | 8,276 | 1,737 | 7,041 | 3,346 | 57,338 | 308 | 57,646 | (535) | 57,111 |
| Segment profit (loss) (note 1) | 4,596 | 660 | 282 | 922 | (413) | 6,048 | 175 | 6,223 | (1,362) | 4,860 |
| Other items | | | | | | | | | | |
| Depreciation | 4 | 44 | - | 10 | 0 | 59 | - | 59 | 245 | 305 |

Notes:

- (1) Segment profit (loss) totals are consistent with operating profit in consolidated statements of income.
- (2) "Others" consists of business segments not included in reportable segments including new businesses under development.
- (3) Segment profit (loss) adjustments of (1,362 million yen) include companywide costs, mainly general management costs not included in reportable segments.
- (4) The amount of segment assets is not disclosed because the Group does not allocate assets to reportable segments.

2. Notes regarding changes to reportable segments

(Changes to reportable segments)

The Group previously operated the following business segments; the Game and Anime Business, the Metaverse Business, the DX Business, the Commerce Business, the Investment Business, and Others. However, following the organizational change to merge the Commerce Business Department into the DX Business Department effective July 1, 2024, the Commerce Business has been merged into the DX Business and reclassified as of the current fiscal year.

Also, with the establishment of the IP Business segment on April 1, 2025, the anime and license-related business previously included in the Game and Anime Business and the manga-related business previously classified under "Others" outside of the reportable segments have been reclassified into the newly established IP Business segment starting from the current consolidated fiscal year. Furthermore,

to more appropriately reflect its business activities, the Game and Anime Business has been renamed the Game Business.

Segment information from the previous fiscal year has been recalculated and presented on the basis of the reclassified business segments.

(Per-share Information)

| Previous consolidated fiscal year (from July 1, 2023 to June 30, 2024) | Current consolidated fiscal year (from July 1, 2024 to June 30, 2025) |
|---|--|
| Net assets per share 555.13 Yen | Net assets per share 542.93 Yen |
| Net profit per share 27.10 Yen | Net profit per share 6.98 Yen |
| Diluted net profit per share 26.79 Yen | Diluted net profit per share 6.90 Yen |

Methods used to calculate net profit per share and diluted net profit per share are shown below.

| | Previous consolidated fiscal year (from July 1, 2023 to June 30, 2024) | Current consolidated fiscal year (from July 1, 2024 to June 30, 2025) |
|---|---|--|
| Net profit per share | | |
| Net profit attributable to owners of parent (million yen) | 4,630 | 1,194 |
| Amount not attributable to common shareholders (million yen) | - | - |
| Net profit attributable to parent company shareholders of common stock (million yen) | 4,630 | 1,194 |
| Average number of common shares during fiscal year (1,000 shares) | 170,862 | 171,197 |
| Diluted net profit per share | | |
| Net profit adjustment attributable to owners of parent (million yen) | - | - |
| Amount of increase in common shares (1,000 shares) | 1,956 | 1,993 |
| (of which, attributable to new stock options) | (1,956) | (1,993) |
| Description of potentially non-dilutive common shares not included in the calculation of diluted net profit per share | - | - |

Note:

Calculation of average number of common shares during fiscal year does not include the Company's shares held in trust under the Employee Stock Option Program (ESOP) and the Directors' Board Incentive Plan (BIP).

(Significant Subsequent Events)

No applicable items.