

TSUBURAYA FIELDS HOLDINGS

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.

Summary

(Translation)
February 9, 2024

TSUBURAYA FIELDS HOLDINGS INC.

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: TSUBURAYA FIELDS HOLDINGS INC.
(URL: <https://www.tsuburaya-fields.co.jp/e/>)
Listing: Tokyo Stock Exchange, Prime Market
Securities code: 2767
URL: <https://www.tsuburaya-fields.co.jp/e/>
Representative: Hidetoshi Yamamoto, President and Group CEO
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Scheduled date to file quarterly securities report: February 13, 2024
Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate YoY changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	123,206	37.5	12,320	30.0	13,456	38.0	9,532	68.8
December 31, 2022	89,607	23.5	9,476	300.5	9,749	276.3	5,646	215.9

(Note) Comprehensive income For the nine months ended December 31, 2023: ¥ 9,413 million [25.3%]
For the nine months ended December 31, 2022: ¥ 7,513 million [242.3%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2023		145.70		145.31
December 31, 2022		87.19		86.46

(Note) The Company conducted a 2-for-1 stock split of common shares on March 22, 2023. The basic earnings per share, and the diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of						
December 31, 2023		110,751		49,385		41.1
March 31, 2023		80,893		41,817		48.4

(Reference) Equity As of December 31, 2023: ¥ 45,525 million
As of March 31, 2023: ¥ 39,120 million

2. Cash dividends

	Annual dividends				
	Q1-end	Q2-end	Q3-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2023	—	0.00	—	30.00	30.00
Fiscal year ending					
March 31, 2024	—	0.00	—		
Fiscal year ending					
March 31, 2024 (Forecast)				40.00	40.00

(Note) Revisions to the forecast of cash dividends most recently announced: Yes

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate YoY changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full-year	123,000	5.0	12,000	9.6	12,200	8.7	8,500	3.4	129.97	

(Note) Revisions to the performance forecasts most recently released: None

The average number of shares outstanding during the period, which is the basis for calculating "basic earnings per share," is the number of issued shares as of March 31, 2023 (excluding treasury shares).

***Notes**

- (1) Changes in significant subsidiaries during the period: None
- (2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons other than (3) (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2023	69,400,000 shares
As of March 31, 2023	69,400,000 shares

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

As of December 31, 2023	3,972,850 shares
As of March 31, 2023	4,001,832 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	65,422,381 shares
Nine months ended December 31, 2022	64,762,049 shares

(Note) The Company conducted a 2-for-1 stock split of common shares on March 22, 2023. The number of issued shares at the end of the period (including treasury shares), the number of treasury shares at the end of the period, and the average number of shares outstanding during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

- * Quarterly financial results reports are exempt from quarterly review by certified public accountants or an audit corporation.
- * Proper use of earnings forecasts, and other special matters
The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results, etc. may differ materially from the forecasts due to various factors.
Please refer to 1. *Qualitative information on the quarterly financial results (1) Analysis of operating results* on page 2 and (2) *Consolidated earnings forecasts* on page 5.

(How to obtain supplementary materials on financial results)

The Company doesn't hold a financial briefing for analysts and institutional investors but supplementary materials on financial results will be posted on the Company's website after the announcement of financial results as soon as possible.

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1. Qualitative information on the quarterly financial results

(1) Analysis of operating results

We would like to express our heartfelt sympathy to the victims of the 2024 Noto Peninsula Earthquake and sincerely pray for the earliest possible recovery and reconstruction of the affected areas.

During the first three quarters of the fiscal year under review, the Japanese economy was generally stable due to a recovery in exports despite signs of a policy shift toward monetary easing and concerns about soaring energy prices. In addition to the shift of COVID-19 to “Category V” and the increase in consumer spending accompanied by hands-on experiences and behavior, the combination of extraordinary recovery in the number of foreign tourists visiting Japan has contributed to the economic environment, partly due to the depreciation of the yen. On the other hand, there are concerns about downside risks to the global economy due to geopolitical shocks such as the escalation of armed conflicts between Hamas and Israel, the stagnation of logistics caused by the attack on vessels in the Red Sea, and the prolonged Russian invasion of Ukraine.

Against this backdrop of economic conditions, our Group is working to further strengthen our multi-faceted content business with strong characters, aiming to make a leap forward as a global content company with an eye on the world. Many fans from around the world visit the official shops of Tsuburaya Productions Co., Ltd. (hereinafter, “TPC”) in search of “Ultraman goods” sold only in Japan. The release of the movie *SHIN ULTRAMAN* contributed greatly to sales by expanding popularity across generations, regions, and ethnicities, and by further expanding domestic and overseas events and collaborative merchandise with other companies. By cultivating the appeal of characters to develop content and digital business, we are making a smooth start to realize our shared group philosophy of “The Greatest Leisure for All People.”

Consolidated financial results for the first three quarters under review were net sales ¥123,206 million (up 37.5% YoY), operating profit ¥12,320 million (up 30.0% YoY), ordinary profit ¥13,456 million (up 38.0% YoY), and profit attributable to owners of parent ¥9,532 million (up 68.8% YoY).

The overview of each segment is as follows.

Content and digital segment

During the first three quarters of the fiscal year under review, net sales increased 7.5% YoY.

The success of *SHIN ULTRAMAN*, a movie released in May 2022, has led to the expansion of new fans and contributed to the expansion of fans to three generations of parents and children. In July 2023, we launched a TV program called *ULTRAMAN BLAZAR* in six countries and regions around the world. The TV program also offers simultaneous distribution of subtitled and dubbed versions in 13 languages on YouTube. This has helped us to win new Ultraman fans worldwide. This led to the viewing of traditional video products. As a consequence, this has led to the sales of official goods and the expansion of licensing merchandise with other companies, thereby further stimulating the appetite for purchasing.

As a result of increased recognition and favorability of video products, four theme parks in China have established Ultraman areas with permanent stages, which serves as a trigger for the expansion of fans. In addition, both domestic and overseas events were actively held to attract as many visitors as possible. As a consequence, sales in the visual and event business increased, and sales of Ultraman goods in merchandise category, which was expanded in line with the expansion of the fan base, were also strong.

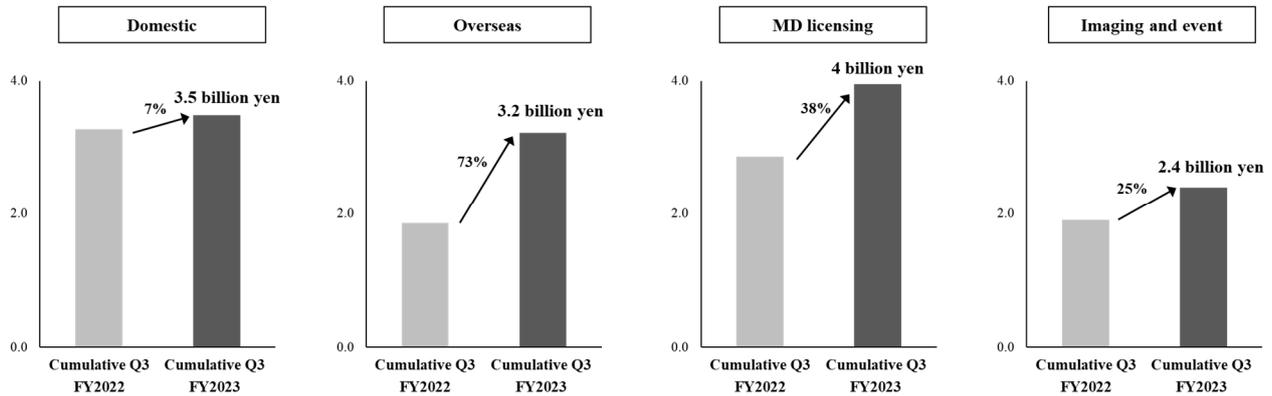
Currently, card games are popular in China. In order to broaden the fan base of card games to a wider range of age groups and expand globally, we announced that this summer we will start selling trading card games with a strong gaming element with an eye to its potential for world tournament. Along with this movement, there were also movements in inventory adjustments in the card games currently being sold.

In addition, *Ultraman: Rising*, a feature CG animated film jointly produced with Netflix, is scheduled to be distributed worldwide this year. We are preparing to develop a variety of merchandise tailored to each product with our partner companies.

Revenue of domestic/overseas MD and license (excluding card games)

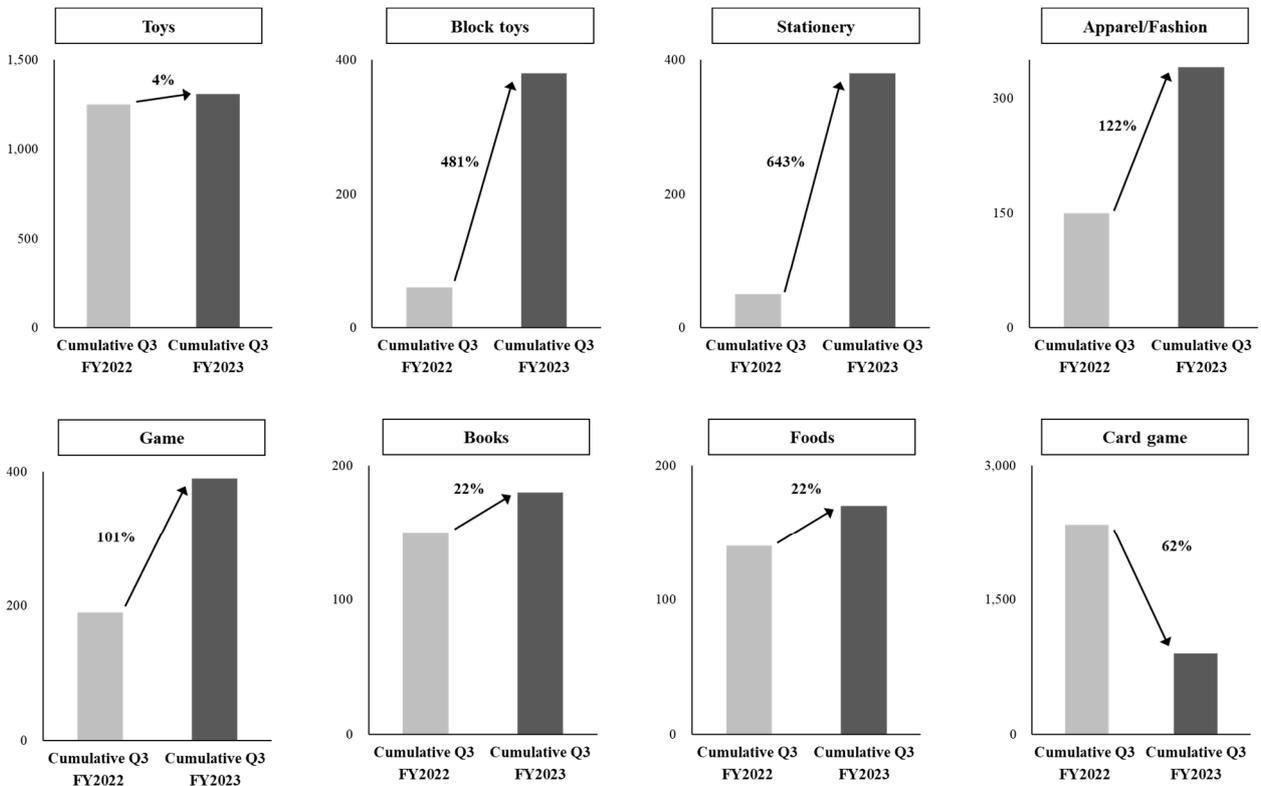
Revenue by business (global, excluding card games)

(Unit: billions of yen)



Revenue by major merchandise categories (global)

(Unit: millions of yen)



Revenue of domestic/overseas MD and license (excluding card games)

Revenue by major merchandise categories (globally)

	Cumulative Q3, FY2023	YoY (%)
Domestic	3.5 billion yen	+7%
Overseas	3.2 billion yen	+73%

	YoY (%)
Toys	+4%
Block toys	+481%
Stationery	+643%
Apparel/fashion	+122%
Game	+101%
Books	+22%
Foods	+22%
Card game	-62%

Revenue by business (global and excluding card games)

	Cumulative Q3, FY2023	YoY (%)
MD and license	4.0 billion yen	+38%
Imaging and event	2.4 billion yen	+25%

* The “toys” category excludes “block toys” and “card games.”

Digital Frontier Co., Ltd., which possesses cutting-edge CG video production technology, is pursuing initiatives in new fields that utilize digital human technology, an elaborately created 3DCG model that cannot be distinguished from actual images created, in addition to steady orders for Netflix, large-scale anime movies and game projects. In January, 3DCG model of Sakamoto Ryoma, replicated by the company, was used in the TV CM of Yakult 1000, merchandise of Yakult Honsha Co., Ltd. The technology is expected to be used in various categories in the future, including CM videos and movies.

As a consequence, the contents and digital business segment recorded a 7.5% YoY increase in net sales of ¥11,466 million for the first three quarters of the fiscal year under review, and operating profit decreased 21.2% to ¥3,000 million as a result of aggressive investments for future growth.

PS business segment

In pachinko/pachislot (hereinafter, “PS”) industry during the first three quarters of the fiscal year under review, the pachislot market continued to be favorable due to the continued introduction of hit title in smart pachislot machines, and the market continued to be in good condition. Along with this, sales of pachinko parlors have also recovered steadily.

Meanwhile, in the pachinko market, performance was somewhat sluggish compared to the pachislot market, as several hit title have appeared in smart pachinko machines, but the shift to smart machines in earnest has not been achieved and there are few new titles that will drive operations. In this environment, *Pachinko EVANGELION:3.0+1.0* (sales volume: 61,000 units), which was launched in December 2023, has been well received. Together with *NEON GENESIS EVANGELION -Roar for tomorrow-*, which was sold in December 2021, the Evangelion series has the largest operating share and installed share (as of the end of December 2023), and it has grown into a series that is loved by users.

We expect to acquire and expand further fans by continuing to develop products that draw out the appeal of our own characters.

Sales results for the third quarter are shown in the table below.

[PS machine unit sales in PS business segment]

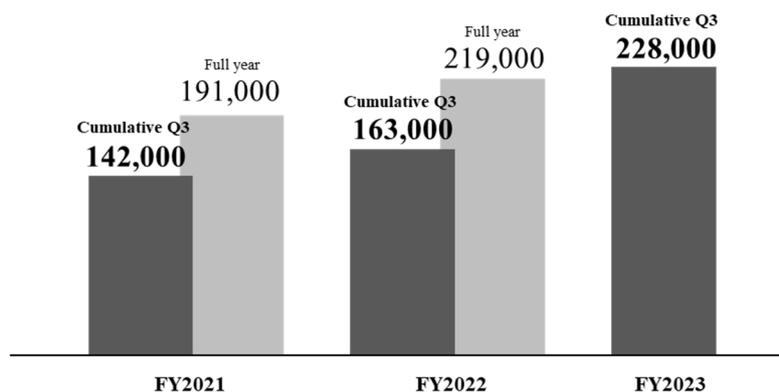
	Apr.-Dec. 2022 (Previous Q3 cumulative period)	Apr.-Dec. 2023 (Current Q3 cumulative period)	Change
Pachinko	122,565 machines	162,089 machines	+32.2%
Pachislot	40,462 machines	66,392 machines	+64.1%
Total	163,027 machines	228,481 machines	+40.1%

[Major sales titles up to the third quarter of the fiscal year ending March 31, 2024]

Classification	Timing of sales	Month of delivery	Major sales titles (* PB indicates private brands)	Smart PS machine	Number of units posted (machines)	
Pachinko	Q1	May	<i>P CODE GEASS Lelouch of the Rebellion -Rebellion to Re; surrection-</i>		20,000	162,000
	Q2	Sep.	<i>P Hyakka-Ryoran</i>		10,000	
	Q3	Nov.	<i>Pachinko MITOKOHHMON chogokujo</i>		5,000	
		Dec.	<i>Pachinko EVANGELION:3.0+1.0 Type Rei</i>		48,000	
		Dec.	<i>Sumapachi EVANGELION:3.0 +1.0 Type Kaworu</i>	○	12,000	
	Other, series machines, resale, etc.					
Pachislot	Q1	Jun.	<i>L BERSERK Musou</i>	○	14,000	66,000
	Q2	Jul.	<i>S The Ambition of Oda Nobuna -countywide edition- (PB)</i>		6,000	
		Oct.	<i>L Evangelion -Genesis of Destiny-</i>	○	17,000	
	Q3	Nov.	<i>L Higurashi When They Cry: GOU</i>	○	6,000	
		Dec.	<i>L Ring ni kakero1 V (PB)</i>	○	17,000	
	Other					
Total						228,000

[PS business segment unit sales]

(Unit: machine)



Consequently, PS business segment posted consolidated results for the first three quarters of the fiscal year under review of net sales ¥110,952 million, up 42.9% YoY, and operating profit ¥10,978 million, up 81.1% YoY.

In the fourth quarter of the fiscal year under review, the Company began sales of four pachinko title and one pachislot title, including pre-existing series machines. We are also advancing our additional orders in response to the strong operation of *Pachinko EVANGELION:3.0+1.0*.

Other business

In other business, results for the first three quarters under review were ¥1,204 million for net sales and ¥17 million for operating profit.

(2) Consolidated earnings forecasts

At this time, there are no changes to the consolidated earnings forecasts for the year ended March 31, 2024 from the contents announced on May 15, 2023.

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

(Note 2) Merchandise in this report are trademarks or registered trademarks of their respective companies.

(3) Overview of financial position

(Assets)

Current assets increased by ¥26,818 million from the end of the previous fiscal year to 85,687 million yen. This was mainly due to an increase in notes and accounts receivable-trade.

Property, plant and equipment increased by ¥574 million from the end of the previous fiscal year to ¥5,869 million. This was mainly due to increase in land.

Intangible assets decreased by ¥248 million from the end of the previous fiscal year to ¥2,639 million. This was mainly due to a decline in goodwill.

Investments and other assets increased by ¥2,713 million from the end of the previous fiscal year to ¥16,555 million. This was mainly due to increase in investment securities.

Consequently, assets increased by ¥29,858 million from the end of the previous fiscal year to ¥110,751 million.

(Liabilities)

Current liabilities increased by ¥21,978 million from the end of the previous fiscal year to ¥52,467 million. This was mainly due to an increase in notes and accounts payable-trade.

Non-current liabilities increased by ¥312 million from the end of the previous fiscal year to ¥8,898 million. This was mainly due to increase in long-term borrowings.

Consequently, liabilities increased by ¥22,290 million from the end of the previous fiscal year to ¥61,366 million.

(Net assets)

Net assets increased by ¥7,567 million from the end of the previous fiscal year to ¥49,385 million. This was mainly due to increase in retained earnings.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the third quarter of the current fiscal year decreased by ¥9,217 million from the end of the previous fiscal year to ¥27,280 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥874 million, compared with net cash provided by operating activities of ¥1,068 million in the same period of the previous fiscal year. This was mainly attributable to profit before income taxes and minority interests of ¥13,436 million, an increase in notes and accounts receivable-trade of ¥27,680 million, an increase in notes and accounts payable-trade of ¥25,947 million, an increase in inventories of ¥4,055 million, an increase in accounts receivable - other of ¥4,800 million, and income taxes paid of ¥2,631 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥5,678 million, compared with net cash used of ¥3,050 million in the same period of the previous fiscal year. This was mainly due to ¥3,167 million for purchase of shares of entities accounted for using equity method, ¥1,624 million for purchase of non-current assets, ¥421 million for purchase of investment securities, and ¥340 million for loan advances.

(Cash flows from financing activities)

Net cash used in financing activities was ¥4,412 million, compared with net cash used of ¥4,306 million in the same period of the previous fiscal year. This was mainly due to proceeds from long-term borrowings of ¥2,950 million, repayments of long-term borrowings of ¥2,836 million, a net decrease in short-term borrowings of ¥2,549 million, and dividends paid of ¥1,959 million.

2. Quarterly consolidated financial statements and important notes

(1) Quarterly consolidated balance sheets

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (as of March 31, 2023)	Q3 of current consolidated fiscal year (as of December 31, 2023)
Assets		
Current assets		
Cash and deposits	36,597	27,380
Notes and accounts receivable - trade, and contract assets	10,936	38,414
Electronically recorded monetary claims - operating	1,957	2,159
Merchandise and finished goods	339	425
Work in process	1,902	4,939
Raw materials and supplies	1,997	2,061
Merchandise rights	1,734	2,519
Other	3,441	7,812
Allowance for doubtful accounts	(37)	(25)
Total current assets	58,868	85,687
Non-current assets		
Property, plant and equipment		
Land	1,929	2,316
Other	3,365	3,553
Total property, plant and equipment	5,295	5,869
Intangible assets		
Goodwill	1,677	1,465
Other	1,210	1,173
Total intangible assets	2,888	2,639
Investments and other assets		
Investment securities	7,959	11,063
Long-term loans receivable	681	1,016
Other	5,407	4,673
Allowance for doubtful accounts	(207)	(197)
Total investments and other assets	13,841	16,555
Total non-current assets	22,024	25,064
Total assets	80,893	110,751
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,402	38,328
Short-term borrowings	6,549	4,000
Current portion of long-term borrowings	2,794	2,550
Income taxes payable	1,358	835
Provision for bonuses	273	142
Provision for bonuses for directors (and other officers)	159	-
Other	6,952	6,611
Total current liabilities	30,489	52,467
Non-current liabilities		
Long-term borrowings	3,994	4,351
Retirement benefit liability	862	901
Asset retirement obligations	1,213	1,123
Other	2,515	2,521
Total non-current liabilities	8,585	8,898
Total liabilities	39,075	61,366

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (as of March 31, 2023)	Q3 of current consolidated fiscal year (as of December 31, 2023)
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,390	7,390
Retained earnings	24,217	31,782
Treasury shares	(1,644)	(1,632)
Total shareholders' equity	37,912	45,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,194	28
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	12	6
Total accumulated other comprehensive income	1,208	36
Share acquisition rights	45	160
Non-controlling interests	2,651	3,699
Total net assets	41,817	49,385
Total liabilities and net assets	80,893	110,751

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

Quarterly consolidated statements of income

Nine months ended December 31, 2023

(Unit: Millions of yen)

	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Net sales	89,607	123,206
Cost of sales	70,508	100,204
Gross profit	19,099	23,001
Selling, general and administrative expenses	9,622	10,681
Operating profit (loss)	9,476	12,320
Non-operating income		
Interest income	2	9
Dividend income	5	128
Purchase discounts	129	21
Share of profit of entities accounted for using equity method	90	912
Distributions from investments	15	14
Other	128	141
Total non-operating income	372	1,228
Non-operating expenses		
Interest expenses	62	42
Provision of allowance for doubtful accounts	6	-
Other	32	50
Total non-operating expenses	100	93
Ordinary profit (loss)	9,749	13,456
Extraordinary income		
Gain on sale of non-current assets	1	3
Total extraordinary income	1	3
Extraordinary losses		
Loss on retirement of non-current assets	4	9
Impairment losses	-	13
Loss on sale of membership	7	-
Other	0	-
Total extraordinary losses	11	23
Profit before income taxes	9,738	13,436
Income taxes	2,401	2,851
Profit	7,336	10,584
Profit attributable to non-controlling interests	1,689	1,052
Profit attributable to owners of parent	5,646	9,532

Quarterly consolidated statements of comprehensive income

Nine months ended December 31, 2023

(Unit: Millions of yen)

	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Profit (loss)	7,336	10,584
Other comprehensive income		
Valuation difference on available-for-sale securities	179	(1,166)
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans	(2)	(4)
Share of other comprehensive income of entities accounted for using equity method	-	0
Total other comprehensive income	176	(1,170)
Comprehensive income	7,513	9,413
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,825	8,361
Comprehensive income attributable to non-controlling interests	1,687	1,052

(3) Quarterly consolidated statements of cash flows

	(Unit: Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
	(April 1, 2022 to December 31, 2022)	(April 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	9,738	13,436
Depreciation	564	752
Amortization of goodwill	189	212
Decrease in allowance for doubtful accounts	(53)	(22)
Decrease in provision for bonuses	(136)	(130)
Decrease in provision for bonuses for directors (and other officers)	(46)	(159)
Increase in retirement benefit liability	22	33
Interest and dividend income	(7)	(138)
Share of loss (profit) of entities accounted for using equity method	(90)	(912)
Interest expenses	62	42
Depreciation of investments in capital	550	491
Decrease (increase) in trade receivables	(23,934)	(27,680)
Decrease (increase) in inventories	120	(4,055)
Decrease (increase) in accounts receivable - other	(4,734)	(4,800)
Increase (decrease) in trade payables	20,072	25,947
Increase (decrease) in liabilities related to payable transactions	(561)	547
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	544	(894)
Other, net	5	681
Subtotal	2,306	3,351
Interest and dividends received	7	197
Interest paid	(62)	(42)
Income taxes refund (paid)	(1,183)	(2,631)
Net cash provided by (used in) operating activities	1,068	874
Cash flows from investing activities		
Purchase of property, plant and equipment	(657)	(1,430)
Proceeds from sale of property, plant and equipment	4	3
Purchase of intangible assets	(185)	(194)
Purchase of investment securities	(1,167)	(421)
Proceeds from sale of investment securities	45	52
Purchase of shares of subsidiaries and associates	-	(254)
Purchase of shares of entities accounted for using equity method	-	(3,167)
Payments for investments in capital	(764)	-
Loan advances	(333)	(340)
Proceeds from collection of loans receivable	16	5
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	3	-
Other, net	(12)	67
Net cash provided by (used in) investment activities	(3,050)	(5,678)

(Unit: Millions of yen)

	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	349	(2,549)
Proceeds from long-term borrowings	-	2,950
Repayments of long-term borrowings	(3,762)	(2,836)
Proceeds from exercise of employee share options	82	5
Purchase of treasury shares	(0)	(0)
Dividends paid	(645)	(1,959)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(306)	-
Other, net	(23)	(23)
Net cash provided by (used in) financing activities	(4,306)	(4,412)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(6,288)	(9,217)
Cash and cash equivalents at beginning of period	32,304	36,497
Cash and cash equivalents at end of period	26,015	27,280

(4) Notes regarding the quarterly consolidated financial statements

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

Not applicable.

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

Not applicable.

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

Calculation of tax expenses

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

(Segment information)

[Segment information]

I. Cumulative Q3 of the previous fiscal year (from April 1, 2022 to December 31, 2022)

Net sales and profit (loss) by reportable segment

(Unit: millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount recorded (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	10,278	77,616	87,895	1,712	89,607	-	89,607
Intersegment net sales or transfers	386	2	389	8	397	(397)	-
Total	10,665	77,619	88,284	1,721	90,005	(397)	89,607
Segment profit	3,805	6,062	9,868	56	9,925	(448)	9,476

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

2. ¥(448) million in adjustments to segment profit includes an elimination of ¥(58) million for inter-segment transactions and a of ¥(389) million for corporate expenses that are not allocated to individual reportable segments.

3. Segment profit has been adjusted with the operating profit of the quarterly consolidated statement of profit.

II. Cumulative Q3 of the current fiscal year (from April 1, 2023 to December 31, 2023)

Net sales and profit (loss) by reportable segment

(Unit: millions of yen)

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

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

2. ¥(1,675) million in adjustments to segment profit includes an elimination of ¥(29) million for inter-segment transactions and a of ¥(1,646) million for corporate expenses that are not allocated to individual reportable segments.

3. Segment profit has been adjusted with the operating profit of the quarterly consolidated statement of profit.