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[Cover page]

[Document title]	Annual securities report
[Clause of stipulation]	Financial Instruments and Exchange Act, article 24, paragraph 1
[Place of filing]	Director, Kanto Local Finance Bureau
[Filing date]	June 21, 2023
[Fiscal year]	35th fiscal year (from April 1, 2022 to March 31, 2023)
[Company name]	TSUBURAYA FIELDS HOLDINGS INC. (Former corporate name: FIELDS CORPORATION)
[Company name in English]	TSUBURAYA FIELDS HOLDINGS INC. (Former corporate name: FIELDS CORPORATION) (Note) October 3, 2022 by resolution of the 34th Annual General Meeting of Shareholders held on June 22, 2022. The company name and English translation name have been changed from the above.
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[Address of registered headquarter]	16-17, Nanpeidaicho, Shibuya-ku, Tokyo
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[Name of contact person]	Hideaki Hatanaka, Senior Corporate Officer
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[Telephone number]	+81-(0)3-5784-2111 (representative)
[Name of contact person]	Hideaki Hatanaka, Senior Corporate Officer
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part I [Company information]

[1] [Overview of company]

1. [Key financial data]

(1) Key financial data of group

Fiscal term		31st	32nd	33rd	34th	35th
Fiscal year-end		2019 Mar.	2020 Mar.	2021 Mar.	2022 Mar.	2023 Mar.
Net sales	(Millions of yen)	50,755	66,587	38,796	94,900	117,125
Ordinary profit (loss)	(Millions of yen)	(1,864)	939	(2,032)	3,634	11,218
Profit (loss) attributable to owners of parent	(Millions of yen)	(614)	490	(3,452)	2,471	8,221
Comprehensive income	(Millions of yen)	(704)	(27)	(3,214)	3,046	11,207
Net assets	(Millions of yen)	34,638	34,279	30,443	31,551	41,817
Total assets	(Millions of yen)	67,450	64,317	52,370	70,001	80,893
Net assets per share	(Yen)	515.82	509.31	460.90	469.71	598.18
Basic earnings (loss) per share	(Yen)	(9.26)	7.39	(52.89)	38.21	126.70
Diluted earnings per share	(Yen)	-	-	-	38.09	125.74
Equity-to-asset ratio	(%)	50.8	52.6	56.9	43.4	48.4
Rate of return on equity	(%)	(1.8)	1.4	(10.9)	8.2	23.7
Price-earnings ratio	(Times)	(39.1)	19.2	(5.4)	11.8	16.3
Cash flows from operating activities	(Millions of yen)	2,178	(2,427)	3,692	7,980	12,561
Cash flows from investing activities	(Millions of yen)	3,217	876	(1,072)	(1,586)	(7,642)
Cash flows from financing activities	(Millions of yen)	(962)	(2,537)	(2,835)	1,385	(725)
Cash and cash equivalents at end of year	(Millions of yen)	28,807	24,725	24,510	32,304	36,497
Number of employees [average number of temporary employees]	(Persons)	1,342 [911]	1,341 [646]	1,266 [547]	1,193 [357]	1,259 [351]

(Note) 1. Diluted earnings per share is not presented because there were no dilutive shares for the 31st fiscal periods and it is a basic loss per share. The 32nd fiscal period is not presented because there are no dilutive shares. Although there are dilutive shares in the 33rd fiscal period, they are not stated because they are basic loss per share.

2. Figures for the 31st fiscal period are reflected revisions to the account settlement for past fiscal years.

3. The reporting company has applied *the Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 34th fiscal period. Major management indicators, etc. of the 34th fiscal period are indicators after applying the said accounting standard, etc.

4. The reporting company conducted a 2-for-1 stock split on March 22, 2023. Net assets per share, net income per share or net loss per share and diluted net income per share are calculated based on the assumption that the stock split was conducted at the beginning of the 31st fiscal year.

(2) Key financial data of reporting company

Fiscal term		31st	32nd	33rd	34th	35th
Fiscal year-end		2019 Mar.	2020 Mar.	2021 Mar.	2022 Mar.	2023 Mar.
Net sales	(Millions of yen)	42,571	57,515	29,723	83,604	41,193
Ordinary profit (loss)	(Millions of yen)	(2,243)	1,516	(3,497)	1,512	5,159
Profit (loss)	(Millions of yen)	(2,363)	1,091	(4,120)	1,595	5,515
Share capital	(Millions of yen)	7,948	7,948	7,948	7,948	7,948
Total number of issued shares	(Shares)	34,700,000	34,700,000	34,700,000	34,700,000	69,400,000
Net assets	(Millions of yen)	34,246	34,417	29,779	29,735	35,973
Total assets	(Millions of yen)	64,656	61,316	49,614	63,874	55,717
Net assets per share	(Yen)	516.01	518.59	460.43	459.41	549.36
Dividend paid per share (interim dividend paid per share)	(Yen) (Yen)	10 (-)	10 (-)	10 (-)	20 (-)	30 (-)
Basic earnings (loss) per share	(Yen)	(35.62)	16.44	(63.11)	24.68	85.00
Diluted earnings per share	(Yen)	-	-	-	24.60	84.36
Equity-to-asset ratio	(%)	53.0	56.1	60.0	46.5	64.5
Rate of return on equity	(%)	(6.6)	3.2	(12.8)	5.4	16.8
Price-earnings ratio	(Times)	(10.2)	8.6	(4.6)	18.2	24.3
Payout ratio	(%)	-	30.4	-	40.5	35.3
Number of employees [average number of temporary employees]	(Persons)	535 [32]	510 [35]	527 [28]	505 [21]	104 [8]
Total shareholder return	(%)	63.0	26.1	52.0	81.5	364.6
(Comparative indicator: TOPIX total return index)	(%)	(95.0)	(85.9)	(122.1)	(124.6)	(131.8)
Highest stock price	(Yen)	1,247	805	636	1,008	2,109 (4,620)
Lowest stock price	(Yen)	631	260	507	427	1,809 (801)

(Note) 1. Diluted earnings per share is not presented because there were no dilutive shares for the 31st fiscal periods and it is a basic loss per share. The 33rd fiscal period is not presented because there are no dilutive shares. Although there are dilutive shares in the 33rd fiscal period, they are not stated because they are basic loss per share.

2. On October 3, 2022, the reporting company established FIELDS CORPORATION (now a consolidated subsidiary) through an incorporation-type company split and shifted to a holding company structure. For this reason, the business indicators for the 35th fiscal year do not include the profit and loss after the split of the newly established company. In conjunction with this change, the reporting company has changed the classification used to be “net sales” to “net sales and operating revenue.”

3. The payout ratio for the 31st and 33rd fiscal periods is not stated because the reporting company recorded a loss.

4. Figures for the 31st fiscal period are reflected revisions to the account settlement for past fiscal years.

5. The reporting company has applied *the Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 34th fiscal period. Major management indicators, etc. related to the 34th fiscal period are indicators after applying the said accounting standard, etc.

6. The reporting company conducted a 2-for-1 stock split on March 22, 2023. Net assets per share, net income per share or net loss per share, diluted net income per share and gross shareholder yield are calculated assuming that the stock split was conducted at the beginning of the 31st fiscal year. For the 34th fiscal year and earlier, the number of dividends before the stock split is shown. Figures for the 35th fiscal year are those after the stock split.

7. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange before April 3, 2022, and those on the Tokyo Stock Exchange Prime Market after April 4, 2022. The highest and lowest share prices after the stock split are shown for the 35th fiscal year. The highest and lowest share prices before the stock split are shown in parentheses.

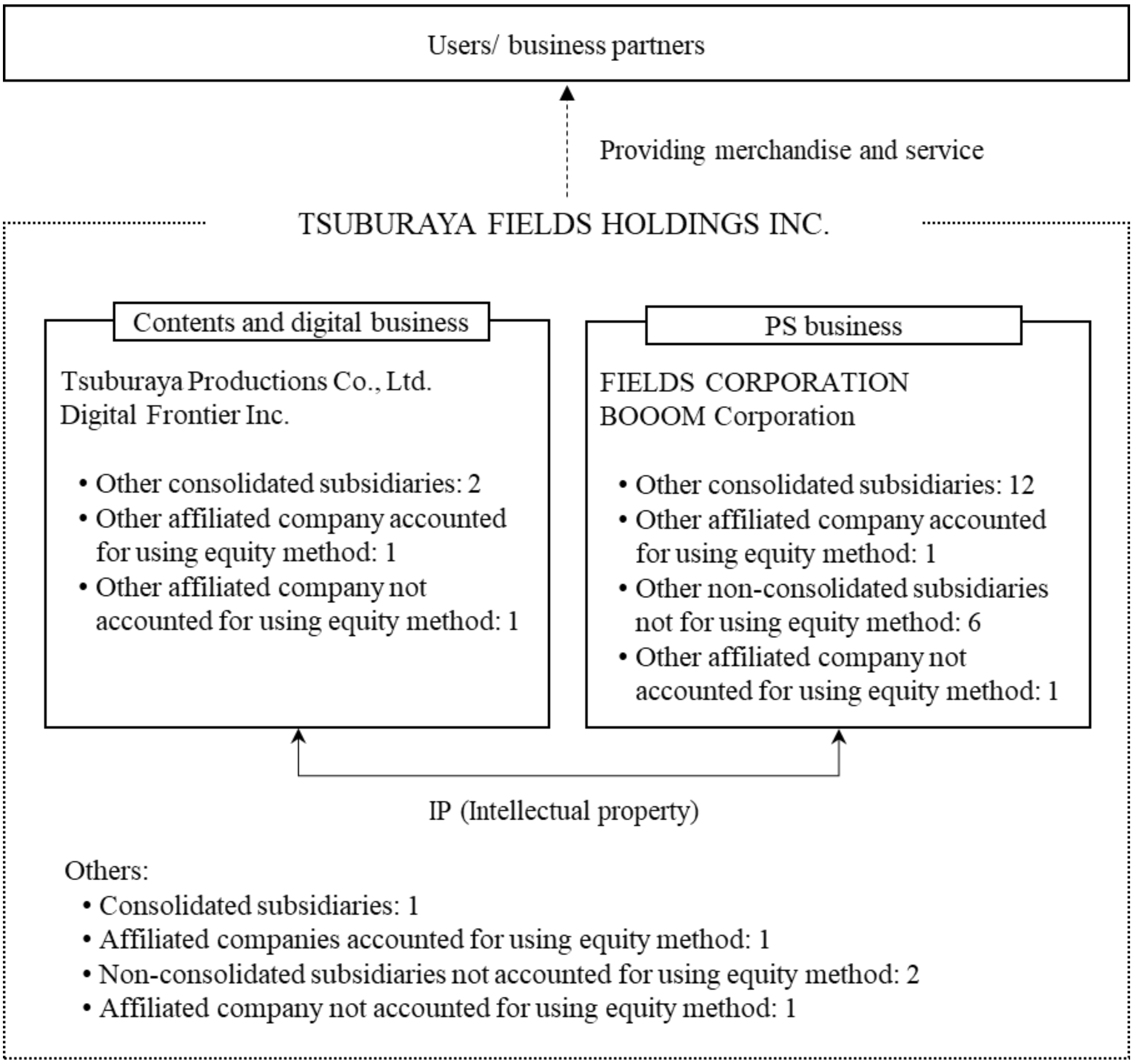
2. [History]

Date	History
Jun. 1988	Established Toyo Shoji Co., Ltd. in Midori-ku, Nagoya City in Aichi Prefecture for the purpose of selling pachinko/pachislot machines (hereinafter, PS) and selling steel materials
Jan. 1999	Obtained ISO 9002 certification (Sales Division) (transition to ISO9001 from December 2002)
Jun. 2001	Began operating "Total Workout" fitness clubs
Oct. 2001	Split up company (incorporation-type company split) and moved steel material business to new company (Toyo Shoji Co., Ltd.)
	Rename to FIELDS CORPORATION and moved the headquarters to Minato-ku, Tokyo
Mar. 2002	Made Cerio Ltd. (currently Fields Jr. Corporation) a subsidiary through a stock acquisition
Jan. 2003	Established Digital Load Corporation (currently LUCENT, INC.) as a subsidiary
Mar. 2003	Listed on the JASDAQ
Nov. 2003	Signed a basic distribution agreement with a PS machine manufacturer Daido Co., Ltd. (currently Bisty Co., Ltd.)
Jun. 2004	Raised capital to ¥7,948 million through public offering
Jul. 2004	Moved the headquarters to Shibuya-ku, Tokyo
Dec. 2004	Listed shares on Japan Securities Dealers Association Quotation System (JASDAQ)
	Began selling PS machines in the *Evangelion* series
Oct. 2005	Opened the G&E BUSINESS SCHOOL
Oct. 2006	Established FutureScope Corp. as a subsidiary
Jan. 2008	Made Shinnichi Technology Co., Ltd., a subsidiary through a stock acquisition
Feb. 2008	Signed business tie-up with KYORAKU SANGYO
May 2009	Established F Corporation (currently BOOOM Corporation) as a subsidiary
Nov. 2009	Signed basic distribution agreement with Enterrise Co., Ltd. of CAPCOM Group
Apr. 2010	Made Tsuburaya Productions Co., Ltd. a subsidiary through a stock acquisition
	Made Digital Frontier Inc. a subsidiary through a stock acquisition
Jan. 2011	Made MICRO CABIN INC. a subsidiary through a stock acquisition
May 2011	Established Total Workout premium management Inc. as a subsidiary
Nov. 2011	Published comic *HERO'S* Monthly with Shogakukan Creative INC.
Apr. 2013	Signed business alliance agreement with D-light Co., Ltd. of Daiichi Group
Jan. 2014	Made NANASHOW Corporation an affiliate through reporting company's underwriting of a capital increase through a third-party allotment of new shares
Apr. 2014	Signed business alliance agreement with NANASHOW Corporation
Feb. 2015	Signed basic distribution agreement with OK CO., Ltd. of KYORAKU Group
Apr. 2015	Shares listing moved to the First section of the Tokyo Stock Exchange
May 2015	Made K.K. Aristocrat Technologies (currently CROSSALPHA CORPORATION) a subsidiary through a stock acquisition
	Made SPIKY CORPORATION a subsidiary through a stock acquisition of K.K. Aristocrat Technologies
Jun. 2015	Signed business alliance agreement with Daiichi Shokai Co., Ltd.
Feb. 2018	Established Japan Premium Broadcast Inc. (currently PachinkoPachislot Information Station, Inc.) as a subsidiary with Amusement Press Japan Inc. and adcircle
Oct. 2018	Made NANASHOW Corporation a subsidiary through a stock acquisition by CROSSALPHA CORPORATION
Apr. 2022	Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market by reviewing the market
Oct. 2022	Transitioned to a holding company structure, changed its name to TSUBURAYA FIELDS HOLDINGS INC., and took over PS machine business to FIELDS CORPORATION, which was newly established and spun off.

3. [Description of business]

Our group (TSUBURAYA FIELDS HOLDINGS INC. and its affiliated companies) consists of TSUBURAYA FIELDS HOLDINGS INC., 28 subsidiaries and five affiliated companies.

The positioning of the group's businesses and the organizational diagram of its businesses are shown below.



With the transition to a holding company structure on October 3, 2022, our group changed from the previous a single segment based on Intellectual Property (IP) to the two reporting segments of the contents and digital business and PS business from the third quarter of the fiscal year ending March 31, 2023. An overview of the segments is as follows.

[Content and digital business]

The business is centered on Tsuburaya Productions Co., Ltd., which owns *Ultraman* and other IP and develops licensing businesses globally, and Digital Frontier Inc., which is engaged in the largest-scale CG・VFX video production in Japan.

[PS business]

With FIELDS CORPORATION at its core, the company plan, develop, and propose to ally manufacturer based on the acquired and owned IP, and sell PS machine, which has become a merchandise, to pachinko hall nationwide. The company also manufacture and sell our own-brand PS machine.

4. [Subsidiaries and other affiliated entities]

As of March 31, 2023

Name	Address	Share capital (millions of yen)	Main business	Holding ratio of voting rights (indirect ownership) (%)	Details of relationship
(Consolidated subsidiaries) Digital Frontier Inc.	Shibuya-ku, Tokyo	31	Computer graphics Planning and production, etc.	100	Two concurrent board members
Tsuburaya Productions Co., Ltd.	Shibuya-ku, Tokyo	310	Planning and production of movie/TV Planning, production and sales of character goods	51.00	Three concurrent board members Borrowing of funds
FIELDS CORPORATION (Note 2) (Note 3)	Shibuya-ku, Tokyo	100	Planning, developing, and selling PS machine	100	Six concurrent board members Entrustment of business Business management
BOOOM Corporation	Shibuya-ku, Tokyo	10	Planning and development of PS machine	100 [100]	Three concurrent board members Business management
MICRO CABIN INC.	Yokkaichi-shi, Mie	10	Planning and developing software for PS machine	100 [100]	Business management
SEPTECH CORPORATION	Shibuya-ku, Tokyo	10	Purchasing, manufacturing, and logistics control of components related to PS machine	100 [100]	Financial assistance Business management
CROSSALPHA CORPORATION	Shibuya-ku, Tokyo	10	Develop and manufacture PS machine	100 [100]	Business management
SPIKY CORPORATION	Shibuya-ku, Tokyo	100	Develop and manufacture PS machine	100 [100]	Financial assistance Business management
SHINNICHI TECHNOLOGY CORPORATION	Shibuya-ku, Tokyo	10	Development and manufacturing of PS machine	100 [100]	Business management
F CORPORATION	Shibuya-ku, Tokyo	5	Develop and manufacture PS machine	100 [100]	Business management
NANASHOW Corporation	Shibuya-ku, Tokyo	40	Develop and manufacture PS machine	83.33 [83.33]	Financial assistance Borrowing of funds Business management
FutureScope Corp.	Shibuya-ku, Tokyo	60	Providing of information service through the Internet	100 [100]	A concurrent board member
Fields Jr. Corporation	Shibuya-ku, Tokyo	10	Maintenance of PS machine, etc.	100 [100]	Business management
LUCENT, INC	Shibuya-ku, Tokyo	10	Leasing, management, trading and asset management of real estate	99.89 [99.89]	A concurrent board member Business management
PachinkoPachislot Information Station, Inc.	Shibuya-ku, Tokyo	10	Operation of information distribution services	70.00 [70.00]	Business management
Total Workout premium management Inc.	Shibuya-ku, Tokyo	5	Management and operation of fitness gym	100	A concurrent board member
(Three other companies)	-	-	-	-	-
(Subsidiaries and affiliates accounted for using the equity method) SOUGOU MEDIA INC.	Shibuya-ku, Tokyo	10	Planning and production regarding sales promotions	35.00 [35.00]	A concurrent board member
SPO Entertainment Inc.	Chuo-ku, Tokyo	100	Management of movie theaters Import/export and sales of right of films, TV dramas and others Planning, developing and operating media services etc.	31.81	A concurrent board member

(Note) 1. Figures in [] in the percentage of holding ratio of voting rights (indirect ownership) column are indirect ownership.
2. FIELDS CORPORATION is specified subsidiaries.
3. For FIELDS CORPORATION, net sales (excluding intercompany net sales between consolidated companies) accounts for more than 10% of consolidated net sales.

Major profit and loss information.	1) Net sales	¥65,108 million
	2) Ordinary income	¥472 million
	3) Net income	¥99 million
	4) Net assets amount	¥20,099 million
	5) Total assets	¥36,511 million

* PS: pachinko/pachislot machine

5. [Employees]

(1) Information about consolidated subsidiaries

As of March 31, 2023

Segment name	Number of employees
Content and digital business	433 [39]
PS business	624 [293]
Other	98 [11]
Company-wide (common)	104 [8]
Total	1,259 [351]

(Note) 1. The number of employees is the number of employed people (excluding those seconded from our group to outside our group and including those seconded from outside our group to our group). The number of temporary employees (including part-time, temporary, and contract employees, and excluding dispatched employees) is the average number of employees for the year stated [].
2. The classification of reportable segments has been changed from the current fiscal year. The details are as described in *(1) Notes to consolidated financial statements (segment information) of 5. Accounting, 1. Consolidated financial statements, etc.*
3. All “Corporate (common)” categories are employees of the reporting company.

(2) Information about reporting company

As of March 31, 2023

Number of employees (people)	Average age (years)	Average length of service (years)	Average annual salary (thousand yen)
104 [8]	43.4	12.3	6,874

(Note) 1. The number of employees is the number of employed people (excluding those seconded from the reporting company to outside and including those seconded from outside to the reporting company). The number of temporary employees (including part-time, temporary, and contract employees, and excluding dispatched employees) is the average number of employees for the year stated [].
3. Since all employees of the reporting company belong to the holding company, the disclosure of information by segment is omitted.
4. At the end of the fiscal year under review, our number of employees decreased by 401 from the end of the previous fiscal year to 104. This was mainly due to the transition to a holding company structure on October 3, 2022 and the transfer of pachinko/pachislot machine business to FIELDS CORPORATION.

(3) Union information

The labor union is not formed, but the labor-management relationship is good, and there are no noteworthy matters.

(4) Percentage of women workers in managerial positions and wages of men and women

I) Reporting company

Current fiscal year			
Percentage of female workers in management positions (%) (Note 1)	Difference in wages between male and female workers (%)		
	Total labor	Regular workers	Part-time employees Fixed-term worker
7.7	-	-	-

(Note) 1. Calculated in accordance with the provisions of *the Act on Promotion of Women's Active Participation in the Workplace* (Act No. 64 of 2015).

II) Consolidated subsidiaries

Current fiscal year				
Company name	Percentage of female workers in management positions (%)	Difference in wages between male and female workers (%) (Note 1)		
		Total labor	Regular workers	Part-time employees Fixed-term worker
FIELDS CORPORATION	-	61.6	66.7 (Note 2)	63.1
Total Workout premium management Co., Ltd.	- (Note 3)	-	-	-

(Note) 1. Calculated in accordance with the provisions of *the Act on Promotion of Women's Active Participation in the Workplace* (Act No. 64 of 2015).

2. Regarding the " regular workers " of the " difference in wages between male and female workers " of *the Workers' Labor Standards regulation* Article 2, page 1, prohibits women from working in jobs that continuously handle goods weighing 30 kilograms or more. Therefore, it is difficult to assign women to sales positions where the handling of such heavy goods (PS machine) is essential, and there is no business allowance or incentive payment to be paid to such sales positions.

3. Regarding the "percentage of female workers in management positions," in order to develop and promote female employees to managerial positions, based on the action plan for general business owners, we are currently implementing various measures, including expanding the assignment of female employees and providing training for female employees who are candidates for management positions.

[2] [Overview of business]

1. [Management policy, business environment, issues to address]

Forward-looking statements in the text are judgments made by our group as of the end of the fiscal year under review.

(1) Basic management policies

To realize our corporate philosophy of The Greatest Leisure for All People, our group acquires, owns, and creates high-value-added Intellectual Property (IP), and fosters commercially high-value content through its multi-source development. With IP as our starting point, we are expanding our business domains into the entertainment field and striving to provide merchandise and services that enrich the world at large. During the fiscal year under review, we shifted to a holding company structure on October 3, 2022, and changed its corporate name to TSUBURAYA FIELDS HOLDINGS INC. Under this holding company structure, the group has two business segments: the contents and digital business, which promotes the global content business and drives the group’s growth, and PS business segment, which is responsible for the group’s profitability as a distributor of pachinko/pachislot (hereinafter, “PS”).

In conjunction with these business developments, we will firmly maintain our basic management policy of “emphasizing shareholders” and aim to optimize the allocation of management resources in order to increase corporate value and return profits to shareholders.

(2) Issues to be addressed

<u>Content and digital segment</u>

In order to establish the brand of Tsuburaya Prpductions Co., Ltd. (hereinafter, “TPC”) globally and aim for lasting growth, we will first establish a solid *Ultraman* brand in China/ASEAN. To this end, we will implement the following specific measures.

In China, *Ultraman* has gained acceptance in a wide range of age groups as a result of continued exposure of video products for more than a decade, and our survey shows that its favorability and recognition far exceeds that of other IP. Following on from *Ultraman* area in Shanghai Haichang Ocean Park, which boasts overwhelming customer drawing power, in May 2023, *Ultraman* area was opened in Dalian Discovery Kingdom theme park, and several other theme parks are scheduled to open in *Ultraman* area. Against the backdrop of the popularity of *Ultraman*, we expect trading cards to continue to grow. We will also work to expand our non-toy merchandise by leveraging our extensive distribution network built throughout China. The Chinese population is more than 11 times larger than the Japanese population, the national land is 25 times larger, and GDP is more than four times larger. We have just begun to cultivate the Chinese market, and we will work to further develop the market.

Ultraman brand has begun to penetrate other ASEAN countries. In Indonesia, Malaysia and Thailand, in particular, *Ultraman* is highly recognized, so we will horizontally develop a successful business model in China. We will work with local companies etc. to manufacture and develop trading cards and new merchandise, as well as build an extensive sales network. We plan to establish a base in Singapore to cover ASEAN within the fiscal year, and gradually establish a base in the above three countries.

ULTRAMAN BLAZAR, a TV program that will start in July 2023, will be the first video product distributed by simul in China and ASEAN regions.

In Japan, the *ULTRAMAN* final season will be distributed on Netflix exclusively worldwide from May 2023. In early summer 2023, *Ultraman the Ride*, a ride attraction, is scheduled to open at Seibuen Amusement Park. We are considering holding *Ultraman* related attractions and *Ultraman* shows at other theme parks, while also anticipating the inbound tourism market. Through these measures, we will further expand our fan base by increasing *Ultraman* exposure in Japan.

In North America, Netflix production of *Ultraman*’s anime film is scheduled to global simultaneous distribution in 2024. Prior to its release, we will establish a subsidiary in Los Angeles, United States. and move forward with more specific initiatives.

At the same time, we will focus on utilizing IP that we own in TPC and creating new IP that are in line with the times.

We will continue to actively recruit talented personnel, such as holding briefings for new graduates and mid-career hires in May 2023, in order to ensure the execution of our growth-oriented strategies through overseas expansion and IP creation.

PS business segment

The pachinko industry is expected to drive the market in the coming fiscal year as demand for smart slot continues to be strong. In addition, although the market launch of smart pachi lagged behind that of smart slot, we expect it to fully penetrate the market from the second half of the fiscal year.

FIELDS is building a system that can sell 12 titles of pachinko and pachislot each per year. However, within the industry, there is still some uncertainty regarding the procurement of parts and materials. For the next fiscal year, as the main title, we are planning to sell seven titles of pachinko, nine titles of pachislot, and 260,000 total units per year. By investing attractive merchandise, we will meet the expectations of halls and fans.

(Notes) 1. All figures in this report are based on our estimates.
2. Merchandise names in this report are trademarks or registered trademarks of each company.

(3) Medium-to-long-term corporate management strategy

In May 2023, our group formulated and announced a new three-year medium-term management plan aimed at further growth of the group. We aim to achieve the goals of this plan by promoting businesses centered on Ultraman and TPC which possesses numerous IP, by creating and nurturing globally competitive IP, as well as the content and digital business, which strategically invests in digital businesses, and PS business, which engages in PS machine planning, development, and distribution of various IP, including the Evangelion series, and supporting the entire PS machine industry. Based on the group-wide management structure described above, we at TSUBURAYA FIELDS HOLDINGS have set *The Greatest Leisure for All People* as our shared vision. We will work to achieve this vision. For details of the Medium-Term Management Plan, please refer to *New Medium-Term Management Plan (Fiscal Years Ended March 31, 2024 to 2026)*.

2 [Approaches and initiatives for sustainability]

Our group's philosophy and efforts on sustainability are as follows.

Forward-looking statements are based on our judgment as of the filing date of Securities Report.

1. Basic policy

Our group's mission is to realize *The Greatest Leisure for All People*, a corporate philosophy shared by the group.

We believe that enhancing leisure through the provision of new merchandise and services by continuously pursuing the type of entertainment and leisure that people demand while sincerely facing solutions to social issues in a maturing society will enrich people's lives, and in turn lead to the happiness of society as a whole.

We believe that business activities based on this idea are our responsibility to all of our stakeholders, and we will strive to create new value and realize a sustainable society.

(1) Governance

From the perspective of enhancing medium-to-long-term corporate value, our group recognizes that addressing issues related to sustainability is a key management issue.

Accordingly, we will develop a system based on the basic policies described above for the entire group, and strengthen governance by continuing to strengthen compliance and risk management systems. In this way, we will strive to achieve both our contribution to the environment and society and our company's growth.

(2) Risk management

Various risks that are perceived as having the potential to affect the group's management activities are monitored by the relevant responsible department on a daily basis by item. If an incident occurs, the Group CEO takes the lead in responding to such an incident in cooperation with each division or company as a whole, and reports to Director Committee as appropriate.

(3) Strategy

Regarding addressing climate change issues, we are working diligently to prepare for disclosure regarding the identification and assessment of risks and opportunities posed by climate change to our group, as well as scenario analysis and the verification of resilience. We plan to promptly disclose the information through our IR website as soon as it becomes available within the next three years.

Regarding human capital initiatives, we aim to be a company in which each and every employee can achieve self-realization through their work and company life. We believe that working enthusiastically and making the most of each of our employees' abilities will help us grow in the medium-to-long-term and contribute to society.

Based on this philosophy, we are currently actively recruiting new graduates and career personnel with an emphasis on ability and performance, regardless of gender or nationality. In addition, we will strive to further develop human resources and improve the internal environment in the future so that we can maximize our individual capabilities.

(4) Indicators and targets

Regarding initiatives to address climate change issues, we are working diligently to prepare for disclosure. This includes examining the necessity of calculating greenhouse gas emissions that fall under Scope 1, Scope 2, Scope 3 and formulating specific reduction targets. In addition, we are preparing to disclose our human capital initiatives based on *the Human Capital Visualization Guidelines*, our policies for human capital development and internal environment development, as well as our targets and results using these policies.

We plan to promptly disclose the information through our IR website as soon as it becomes available within the next three years.

3. [Business risks]

The following are risks that we recognize may affect the operating results of our group (the reporting company and its consolidated subsidiaries; the same hereafter). In addition, other than the risks described below, if risks that exceed our group's expectations materialize, our group's operating results, etc. may be affected. Unless otherwise indicated, forward-looking statements in the text are based on our judgment at the present time.

(1) Overall management

Risk item	Summary	Main measures
Compliance and legal violations	・Failure of our and our group's executives and employees to comply with current or future laws and regulations could result in damage to our group's social reputation and brand image and damages claims	・Establish compliance guidelines, establish a compliance promotion system, and implement education and awareness-raising for executives and employees in an effort to further improve corporate ethics and comply with laws and regulations
Information security	・Impairment or temporary suspension of business activities may affect the group's performance due to cyber-attacks or unauthorized access from external sources, intrusion of viruses or malware, or malfunction of information systems ・External leaks of personal information, etc. may damage the creditworthiness of our group and result in damages claims	・Strengthen information security measures, educate executives and employees, and ensure thorough information management
Investments, etc.	・Our inability to achieve our intended objectives, including strategic objectives and planned increases in business revenues, in connection with joint ventures with third parties or M&A or IP acquisitions, which could have an impact on our group's results of operations	・When making decisions, take into account the profitability of the investment in the future and conduct sufficient deliberations to avoid risks
Disasters, etc.	・Uncertain factors, such as the impact on domestic and overseas economic activities and consumer activities associated with the global spread of coronavirus disease (COVID-19), may affect the group's performance ・Damage to offices, facilities, employees and their families due to natural disasters such as earthquakes, fires, floods, etc. may have a direct or indirect impact on our group	・Efforts will be made to strengthen companywide measures to prevent infectious diseases, to collaborate with allied manufacturer in the PS division, to strengthen collaboration between the distribution and development divisions, and to improve merchandise capabilities ・Efforts will be made to establish and maintain an immediate response system in the event of a disaster, such as the preparation of disaster response manuals and business continuity plans (BCPs) and the establishment of a system for confirming the safety of employees

(2) Legal and market conditions in the pachinko/pachislot machine industry

In planning, developing, and selling pachinko/pachislot (hereinafter, "PS") machine, which our group are engaged in, our group are required to strictly enforce legal regulations, including the *Act on Control and Improvement of Amusement Businesses, etc. (the Amusement Business Act)* and the Public Safety Commission's *regulations for the verification of licenses, formats, and other aspects of PS machines.* Significant changes in these laws and regulations may affect the group's sales and operating results.

For this reason, our group is promoting initiatives for the sound development of the PS machine industry by strictly implementing PS machine in accordance with various legal regulations and standards. In addition, through thorough marketing utilizing our nationwide sales network, we are accurately grasping the potential needs of the society and working to realize the merchandise and services that customers want to wait for.

4 [Management analysis of financial position, operating results and cash flows]

(1) Overview of business results, etc.

Our group has adopted a corporate philosophy of *The Greatest Leisure for All People*. To realize this, we strive to plan, develop, and provide products and services that enrich people's minds, with the aim of achieving sustainable growth.

During the fiscal year under review (April 2022 to March 2023), we worked to increase shareholder value based on the twin pillars of growth and profitability.

The following is a summary of the financial position, results of operations and cash flows (hereinafter "results of operations, etc.") of our group during the fiscal year under review.

I) Financial condition

(Assets)

Current assets increased by ¥2,170 million from the end of the previous fiscal year to ¥58,868 million. This was mainly due to an increase in cash and deposits.

Property, plant and equipment increased by ¥756 million from the end of the previous fiscal year to ¥5,295 million. This was mainly due to an increase in construction in progress.

Intangible assets increased by ¥405 million from the end of the previous fiscal year to ¥2,888 million. This was mainly due to an increase in software.

Investments and other assets increased by ¥7,558 million from the end of the previous fiscal year to ¥13,841 million. This was mainly due to an increase in investment securities.

Consequently, assets increased by ¥10,891 million from the end of the previous fiscal year to ¥80,893 million.

(Liabilities)

Current liabilities increased by ¥2,625 million from the end of the previous fiscal year to ¥30,489 million. This was mainly due to an increase in short-term borrowings.

Non-current liabilities decreased by ¥1,999 million from the end of the previous fiscal year to ¥8,585 million. This was mainly due to a decrease in long-term borrowings.

Consequently, liabilities increased by ¥626 million from the end of the previous fiscal year to ¥39,075 million.

(Net assets)

Net assets increased by ¥10,265 million from the end of the previous fiscal year to ¥41,817 million. This was mainly due to an increase in retained earnings.

II) Business results

With the transition to the holding system dated October 3, 2022, we have been changing from the conventional a single segment based on Intellectual Property (IP) to two reporting segments: content and digital business and PS business since the third quarter of March 31, 2023.

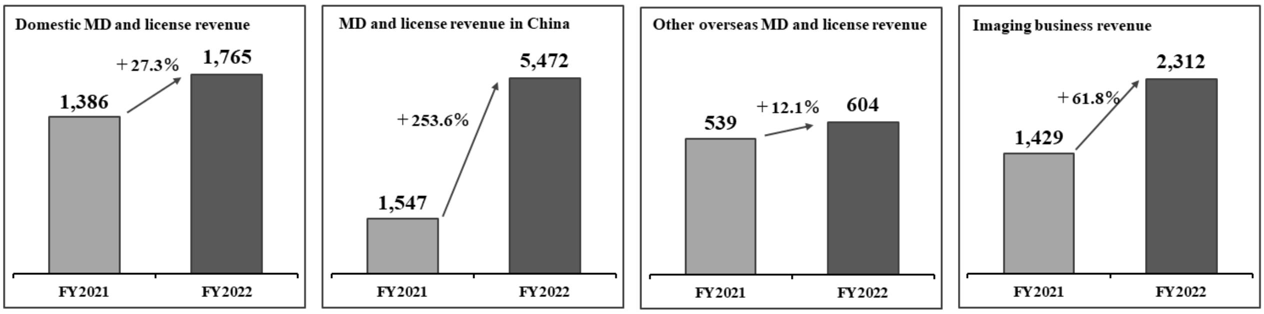
Content and digital segment

In TPC, which is responsible for the dynamic promotion of growth potential, sales of Ultraman related low-priced merchandise grew rapidly on the back of its popularity in China, and licensing revenue from China grew significantly.

In Japan, the movie *SHIN ULTRAMAN*, which was released in theaters in May 2022, was launched exclusively on Amazon Prime Videos in November, contributing to the acquisition of a new fan base throughout the full fiscal year. The number of visitors to the *Ultra Hero's EXPO* held during the summer and winter holidays greatly exceeded last year. In February 2023, the release of a movie titled *Ultraman Decker Finale: Journey to Beyond* also contributed to strong sales of *Ultraman* goods.

In addition, the inclusion of *GRIDMAN UNIVERSE*, a movie released in March, contributed to a significant increase in the enrollment of *TSUBURAYA IMAGINATION*, an owned media.

Business revenues of TPC (Unit: millions of yen)



Consequently, the content and digital segment posted YoY increases of 59.6% in net sales and 198.8% in operating profit to ¥14,532 million and ¥4,378 million, respectively.

PS business segment

The advent of smart PS is an industrial revolution for the industry, and we see it as an opportunity to acquire new users. Smart pachislot ("smart slot"), introduced in November 2022, remains strong, and there are high hopes for smart pachinko ("smart pachi") to be introduced in April 2023 and beyond, and the industry is entering a period of stable growth.

FIELDS CORPORATION (hereinafter, "FIELDS"), which plays a central role in profitability, sold seven pachinko titles, six pachislot titles and total 219,000 units during the fiscal year under review. We were able to sell a number of hit merchandise, led by *P Godzilla vs EVANGELION -G-cells awakening-*, which was the industry's largest unit sales throughout the year. In addition, high-margin private brands, including *PACHISLOT INUYASHA*, performed well, contributing to results.

Consequently, PS business segment posted a net sales of ¥100,808 million, up 20.4%, and an operating profit of ¥7,714 million, up 340.7%.

Other segment

Other business performed well, resulting in net sales of ¥2,305 million and operating profit of ¥75 million for the fiscal year under review.

As a result of the above business activities, the consolidated results for the fiscal year under review were net sales ¥117,125 million (up 23.4% YoY), operating profit ¥10,950 million (up 217.9% YoY), ordinary profit ¥11,218 million (up 208.7% YoY), and profit attributable to owners of parent ¥8,221 million (up 232.7% YoY), partly due to the recording ¥859 million of income taxes - deferred based on tax-effect accounting.

Ⅲ) Cash flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review increased by ¥4,193 million from the end of the previous fiscal year to ¥36,497 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥12,561 million (¥7,980 million provided in the same period of the previous fiscal year). This was mainly attributable to a profit before income taxes of ¥11,127 million, a decrease in inventories of ¥2,330 million, income taxes paid of ¥1,213 million, and a decrease in liabilities relating to paid-in transactions of ¥1,105 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥7,642 million (¥1,586 million used in the same period of the previous fiscal year). This was mainly due to purchase of investment securities of ¥5,126 million, purchase of non-current assets of ¥1,344 million, and payments for investments in capital of ¥1,012 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥725 million (¥1,385 million used in the same period of the previous fiscal year). This was mainly due to net increase (decrease) in short-term borrowings of ¥5,349 million, repayments of long-term borrowings of ¥5,051 million, cash dividends paid of ¥645 million and purchase of shares of subsidiaries not resulting in change in scope of consolidation of ¥486 million.

VI) Status of production, orders received and sales performance

The classification of reportable segments has been changed from the current fiscal year. The details are as described in *(1) Notes to consolidated financial statements (segment information) of 5. accounting, 1. consolidated financial statements, etc.*

a) Production results

Production results for the fiscal year under review area follows.

Classification	Production (millions of yen)	YoY change (%)
Content and digital business	7,019	41.0
PS business	10,384	96.1
Total	17,404	69.4

(Note) 1. Inter-segment transactions are eliminated.
2. Amounts are based on manufacturing costs.
3. There were significant changes in production results during the fiscal year under review. This was mainly due to increased pachinko/pachislot machine output in PS business.

b) Orders received

Orders received in the fiscal year under review are as follows.

Classification	Orders received (millions of yen)	YoY change (%)	Order backlog (millions of yen)	YoY change (%)
Content and digital business	12,977	21.4	1,546	(31.8)
PS business	1,159	65.3	50	(88.1)
Total	14,137	24.1	1,596	(40.7)

(Note) 1. Inter-segment transactions are eliminated.
2. During the fiscal year under review, there was a significant change in the results of orders received. This was mainly due to an increase in video orders in the contents and digital business segment and a decrease in video order backlog.

c) Sales results

Sales results for the fiscal year under review are as follows.

Classification	Sales (millions of yen)	YoY change (%)
Content and digital business	14,029	58.5
PS business	100,805	20.4
Other	2,290	(1.8)
Total	117,125	23.4

(Note) 1. Inter-segment transactions are eliminated.
2. Information on major customers is omitted because the ratio of sales to total sales is less than 10/100.
3. There were significant changes in sales results during the fiscal year under review. This was mainly due to increased pachinko/pachislot machine sales in PS business.

d) Product purchasing results

Product purchasing during the fiscal year under review are as follows.

Classification	Purchases (millions of yen)	YoY change (%)
PS business	70,170	9.0
Total	70,170	9.0

(Note) Amounts are based on purchase prices.

(2) Analysis and consideration of the status of operating results, etc. from the management's perspective

Recognition, analysis, and consideration of the status of the group's operating results, etc. from the management's perspective is as follows. Please note that forward-looking statements contained in these risk item descriptions are as assessed by the reporting company as of the end of the fiscal year under review.

I) Details of analysis and consideration of the status of operating results, etc. for the current consolidated fiscal year

Since our founding, we have been working to increase shareholder value based on our corporate philosophy of *The Greatest Leisure for All People*, which is based on the twin pillars of growth and profitability.

The initiatives undertaken by each business and group company during the fiscal year under review are as follows.

Although uncertainty about the future of the domestic economy remains due to the prolonged situation in Ukraine, socioeconomic activities are gradually returning to pre-COVID levels due to the policy shift to "with corona." As those forced to put up with the pandemic reaffirm the importance of leisure time, the roles we should play are also growing in importance.

In order to realize our corporate philosophy of *The Greatest Leisure for All People*, we have long been hoping to develop a global content business to make many people happy in addition to traditional pachinko fans. Following the listing on JASDAQ market in March 2003, we moved into the content business. Through a public offering in the following year, we acquired a large number of contents. In 2005, we acquired shares in D3PUBLISHER INC., a game company, and entered the U.S. market. In 2010, we made Tsuburaya Productions Co., Ltd. (hereinafter, "TPC") and Digital Frontier Inc. subsidiaries. In 2011, we launched *HERO'S Monthly*, a comic magazine in collaboration with Shogakukan group. We have accumulated a variety of knowledge and know-how needed to promote our global content business since listing.

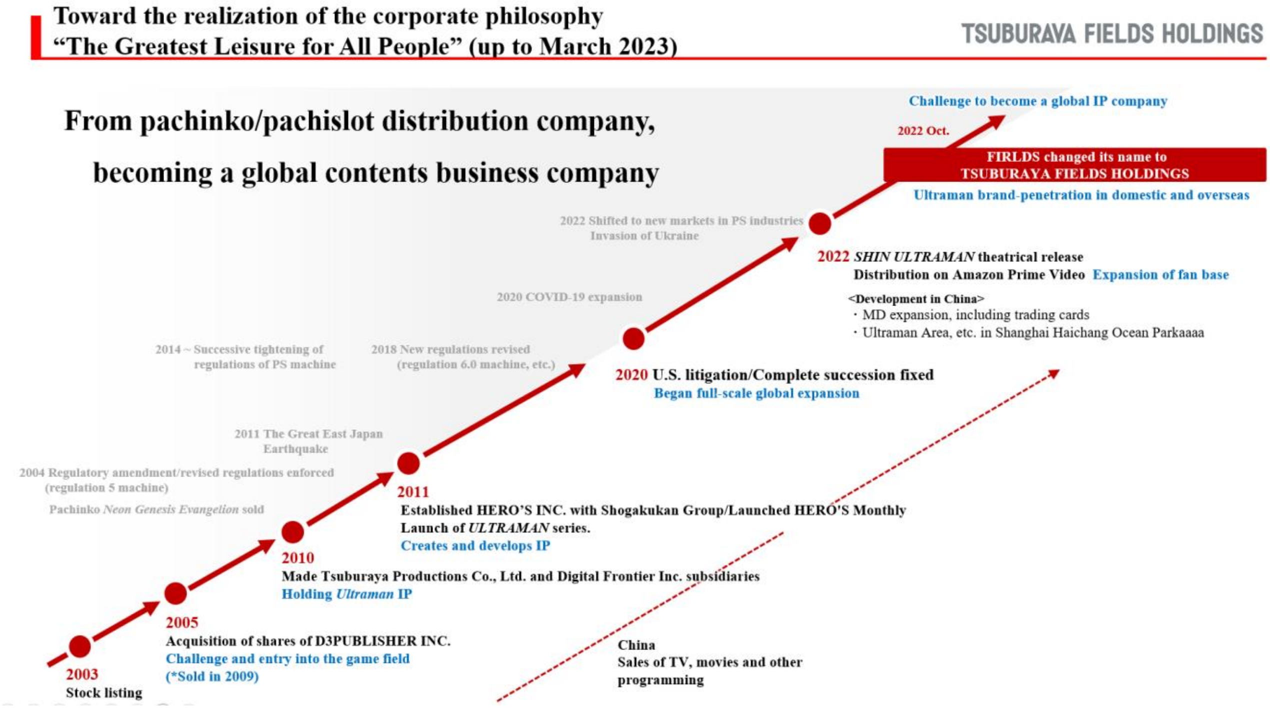
At TPC, there were lawsuits involving the rights to use *Ultraman* overseas, and there were major constraints on overseas expansion. Accordingly, while working to resolve litigation issues, we have made steady progress in preparing for overseas expansion by securing excellent human resources, developing systems, and promoting the brand through exposure to *Ultraman* related works in the Chinese and ASEAN regions. Global development expanded rapidly after the winning of the lawsuit was finalized in March 2020. In the Chinese market, where we have already built a strong reputation, we have succeeded in penetrating *Ultraman* brand. In addition to building an extensive sales network for *Ultraman* goods, centered on trading cards, we opened *Ultraman* area in Shanghai Haichang Ocean Park in July 2022. Domestically, the movie *SHIN ULTRAMAN*, which was released in May 2022, was highly regarded for its appeal, which led to the expansion of new fans among a wide range of age groups and contributed to the penetration of *Ultraman* brand.

In the fiscal year under review, the global content business, which had been our desperate aspiration, began to get on track. Taking this opportunity, we made it a holding company and renamed it TSUBURAYA FIELDS HOLDINGS INC., a name that is appropriate for developing global content businesses.

In pachinko/pachislot (hereinafter, "PS") market, the development efforts of manufacturers and the management efforts of pachinko halls resulted in the acceptance by users of PS machine for new regulation, and positive signs of market expansion began to appear in the fiscal year under review. Over the past decade, the number of manufacturers has declined due to the successive effects of regulatory amendment/revised regulations and the pandemic, and the number of pachinko halls has been decreasing due to the increasing size of pachinko halls. As a result, the competitive environment for the market as a whole will be optimized, and the market is expected to remain stable as no major regulatory amendment/revised regulations is anticipated in the future.

In the 1970s, the pachinko industry experienced a dramatic transformation from a hands-on model to an electric model. With the advent of an easy-to-handle title, however, the range of players has expanded from mainly professionals to include women and the elderly. The smart PS machine that emerged in 2022 is expected to attract a potential user base as it is a new generation of machine that is comparable to the industrial revolution since the electric power was introduced, with a high level of game function and the absence of balls and medals, leading to an improved gaming environment.

It is our group's social mission to provide higher-quality leisure time to people living in a mature society of the 21st century. While accurately grasping the leisure needs of people who are changing with the times, we will continue to take on the challenge of creating next-generation entertainment by aggressively investing management resources in growth areas under the holding company structure to create businesses.



II) Analysis and consideration of cash flows status and information on capital resources and fund liquidity

Our group's cash flows for the current fiscal year are described in *Ⅲ) Cash flows, (1) Overview of business results, etc., 4 [Management analysis of financial position, operating result and cash flows] , [2] [Overview of business]*

Our group's main capital requirements are for working capital and capital expenditures. In addition to cash flow from operating activities and own funds, the group plans to meet these funding requirements by procuring funds from borrowings from financial institutions.

Regarding working capital on hand, we and some of our consolidated subsidiaries have introduced CMS (cash management services) to concentrate excess funds at each company on us and to conduct centralized management to improve fund efficiency. In addition, we prepare for liquidity risk by entering into overdraft agreements in response to sudden funding requirements.

III) Significant accounting estimates and assumptions

The accompanying consolidated financial statements of the group are prepared based on accounting principles generally accepted in Japan. In preparing these consolidated financial statements, we use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses; however, figures based on these estimates and assumptions may differ from actual results.

The significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are described in *Notes - Significant accounting estimates, Consolidated financial statements, etc., 5[Financial information].*

5 [Material contracts, etc.]

TSUBURAYA FIELDS HOLDINGS INC. (reporting company)

At director meeting held on May 18, 2022, we resolved to implement a corporate split by way of an incorporation-type company split in order to transition to a holding company structure on October 3, 2022, and to change our corporate name to TSUBURAYA FIELDS HOLDINGS INC. as of that date, and to partially amend our Articles of Incorporation. Related proposals were approved at our Annual General Meeting of Shareholders held on June 22, 2022.

For details, please refer to *4. Accounting, 1. Consolidated financial statements, etc. (1) Notes to consolidated financial statements (business combinations, etc.)*.

FIELDS CORPORATION (consolidated)

Name of the other party	Contract item	Contents of the contract	Contract period
Bisty Co., Ltd.	Pachislot machine	PS machine Basic Sale and Purchase Agreement for exclusive sales of PS machine manufactured by Bisty Co., Ltd.	From October 1, 2013 until September 30, 2014 Automatic renewal every year thereafter
	Pachinko machine	Sales Consignment Contract for exclusive sales of PS machine sold by Bisty Co., Ltd.	From October 1, 2013 until September 30, 2014 Automatic renewal every year thereafter

*PS: pachinko/pachislot

6 [Research and development activities]

Not applicable.

[3] [Information about facilities]

1 [Overview of capital expenditures]

Capital expenditures for the fiscal year under review totaled ¥969 million, which mainly consisted of expenses for acquiring Assets for business use. By segment, capital expenditures in the contents and digital business segment were ¥814 million, capital expenditures in PS business segment were ¥130 million, capital expenditures in other, net segment were ¥5 million, and capital expenditures in the reporting company as a whole were ¥19 million.

From this consolidated fiscal year, the classification of reportable segments has been changed. The details are as described in *(1) Notes to consolidated financial statements (segment information) of 5. Accounting, 1. Consolidated financial statements, etc.*

2 [Status of major facilities]

(1) Reporting company

As of March 31, 2023

Site name (location)	Segment name	Facilities details	Book value (millions of yen)					Employees Number of employees (people)
			Buildings and structures	Tools, instruments and fixtures	Land (area ㎡)	Other	Total	
Head Office (Shibuya-ku, Tokyo) and others	Company-wide	Head Office Functions, etc.	183	38	0 (16.14)	-	222	104

(2) Domestic subsidiaries

As of March 31, 2023

Company name	Site name (location)	Number of branches and offices (stores)	Segment name	Facilities details	Book value (millions of yen)					Employees Number of employees (people)
					Buildings and structures	Tools, instruments and fixtures	Land (area ㎡)	Other	Total	
Tsuburaya Productions Co., Ltd.	Head Office (Shibuya-ku, Tokyo) and others	1	Content and digital business	Head Office Functions, etc.	9	167	277 (1,187.00)	799	1,254	138
Digital Frontier Inc.	Head Office (Shibuya-ku, Tokyo) and others	2	Content and digital business	Head Office Functions, etc.	134	100	-	0	234	295
FIELDS CORPORATION	Head Office (Shibuya-ku, Tokyo)	1	PS business	Head Office Functions, etc.	0	32	-	0	33	226
	Hokkaido/Tohoku Branch Sapporo Branch (Shiroishi-ku, Sapporo) and others	4	PS business	Branch Offices Branch Functions, etc.	36	1	-	-	37	35
	Tokyo, Kita-Kanto Branch Tokyo Branch (Shibuya-ku, Tokyo) and others	8	PS business	Branch Offices Branch Functions, etc.	31	4	-	-	36	90
	Nagoya Branch Office Nagoya Branch (Nakagawa-ku, Nagoya) and others	4	PS business	Branch Offices Branch Functions, etc.	139	7	-	-	147	44
	Osaka Branch Office Osaka Branch (Nishi-ku, Osaka), etc.	3	PS business	Branch Offices Branch Functions, etc.	16	1	-	-	17	49
	Chugoku/Shikoku Branch Hiroshima Branch (Higashi-ku, Hiroshima) and others	3	PS business	Branch Offices Branch Functions, etc.	29	1	-	-	30	33
	Kyushu Branch Office Fukuoka Branch (Hakata-ku, Fukuoka) and others	4	PS business	Branch Offices Branch Functions, etc.	16	5	-	-	22	36
	Sales outlets (Shibuya-ku, Tokyo) and others	4	Other, net	Sales Stores Functions, etc.	29	16	-	0	46	-
Lucent, Inc.	Rental property (Nakagawa-ku, Nagoya) and others	-	PS business	For lease Real estate	791	0	1,640 (6,631.52)	-	2,432	-

(Note) 1. "Other" refers to machinery, vehicles and construction in progress.
2. Carrying amounts represent amounts before elimination of unrealized gains on intercompany transactions.

(3) Foreign subsidiaries

This information is omitted because there are no major facilities.

3. [Planned addition, retirement, and other changes of facilities]

Not applicable.

[4] [Information about reporting company]

1. [Company's shares, etc.]

(1) [Total number of shares]

I) [Authorized shares]

Class	Issued shares
Ordinary share	277,600,000
Total	277,600,000

II) [Issued shares]

Class	Number of issued shares as of fiscal year end (shares) (As of March 31, 2023)	Number of issued shares as of filing date (shares) (As of June 21, 2023)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Ordinary share	69,400,000	69,400,000	First section of the Tokyo Stock Exchange Prime Market	Shares that are standard with no restrictions on the rights as a shareholder. The number of shares constituting one unit is 100 shares.
Total	69,400,000	69,400,000	-	-

(2) [Share acquisition rights]

I) [Employee stock option plans]

Details of the stock option plan are described in *Notes to stock options, etc., Consolidated financial statements, etc., 5[Financial information].*

II) [Rights plans]

Not applicable.

III) [Share acquisition rights for other uses]

Not applicable.

(3) [Exercises of moving strike convertible bonds, etc.]

Not applicable.

(4) [Changes in total number of issued shares, share capital and legal capital surplus]

Date	Change in issued shares (shares)	Total number of issued shares after change (shares)	Change in share capital (millions of yen)	Share capital balance (millions of yen)	Change in legal capital surplus (millions of yen)	Legal capital surplus balance (millions of yen)
October 1, 2012	34,353,000	34,700,000	-	7,948	-	7,994
March 22, 2023	34,700,000	69,400,000	-	7,948	-	7,994

(Note) 1. Based on the resolution of director meeting held on August 23, 2012, the reporting company adopted a share unit system, effective October 1, 2012, whereby each share of common stock is split into 100 shares and the number of shares per unit is 100 shares.

2. In accordance with the resolution of director on March 6, 2023, the reporting company conducted a two-for-one stock split on March 22, 2023. As a result, the number of shares issued and outstanding increased by 34,700,000 shares to 69,400,000 shares.

(5) [Shareholding by shareholder category]

As of March 31, 2023

Classes of shares	Status of shares (number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	-	12	39	76	104	26	12,199	12,456	—
Number of shares held (units)	-	106,488	36,861	38,000	100,492	137	411,914	693,892	10,800
Percentage of shareholdings (%)	-	15.35	5.31	5.48	14.48	0.02	59.35	100.00	—

(Note) The 4,001,382 shares of treasury shares are included in the “individuals and others” section as 40,013 units.

(6) [Major shareholders]

As of March 31, 2023

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
Hidetoshi Yamamoto	Setagaya Ward Office	17,750,000	27.14
Takeshi Yamamoto	Setagaya Ward Office	7,225,600	11.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	6,004,800	9.18
The Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	3,691,300	5.64
Mint Co.	24-15, Minami-Aoyama 2-chome, Minato-ku Tokyo	3,200,000	4.89
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	2,552,303	3.90
Hideyuki Kashiwamori	Kasugai City, Aichi Prefecture	2,081,800	3.18
SBI SECURITIES Co., Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo	1,182,499	1.81
MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 BROADWAY NEW YORK, NEW YORK 10036, U.S.A (1-9-7, Otemachi, Chiyoda-ku, Tokyo Otemachi Financial City South Tower)	1,063,292	1.63
S M BC Nikko Securities Co., Ltd.	3-3-1, Marunouchi, Chiyoda-ku, Tokyo	829,100	1.27
Total	-	45,580,694	69.69

(Note) 1. Shares held by The Master Trust Bank of Japan, Ltd. (trust account) and The Japan Custody Bank, Ltd. (trust account) are all shares related to trust business.

2. In addition to the above, there are 4,001,382 shares of treasury shares owned by us.

3. Although the Report on Possession of Large Volume (Change Report), which was made available to the public on March 23, 2023, states that FIL Investments (Japan) Limited owns the following shares as of March 15, 2023, we are unable to confirm the actual number of shares held by the reporting company as of the end of the fiscal year under review, and are therefore not included in the above list of major shareholders.

Details of the Report on Possession of Large Volume (Change Report) are as follows.

Name	Address	Number of shares held (share)	Percentage of shares held (%)
FIL Investments (Japan) Limited	7-7, Roppongi 7-chome, Minato-ku, Tokyo	1,790,200	5.16

(7) [Voting rights]

I) [Issued shares]

As of March 31, 2023

Class	Number of shares	Number of voting rights (units)	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Ordinary shares 4,001,300	-	-
Shares with full voting rights (other)	Ordinary shares 65,387,900	653,879	Ordinary share is the standard type of shares issued by the reporting company without limitations on the shareholders' rights
Shares less than one unit	Ordinary shares 10,800	-	-
Total number of issued shares	69,400,000	-	-
Total voting rights held by all shareholders	-	653,879	-

(Note) Common shares in the "Shares less than one unit" column include 82 shares of treasury shares owned by us.

II) [Treasury shares, etc.]

As of March 31, 2023

Name of shareholder	Address	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Shareholding ratio (%)
(Treasury shares) TSUBURAYA FIELDS HOLDINGS INC.	16-17, Nanpeidaicho, Shibuya-ku, Tokyo	4,001,300	—	4,001,300	5.77
Total	-	4,001,300	—	4,001,300	5.77

(Note) In addition to the above, the reporting company owns 82 shares of treasury shares.

2 [Acquisition and disposal of treasury shares]

[Class of shares, etc.]

Acquisition of common shares pursuant to Item 7, Article 155 of the Companies Act

(1) [Acquisition by resolution of board of directors meeting]

Not applicable.

(2) [Acquisition not based on resolution of shareholders meeting or board of directors meeting]

Not applicable.

(3) [Details of items that are not based on the resolution of the General Meeting of Shareholders or the resolution of board of directors meeting]

Classification	Number of options (shares)	Total value (yen)
Treasury shares acquired in the current fiscal year	382	334,460
Treasury shares acquired during the period	21	52,899

(Note) As a result of the 2-for-1 stock split on March 22, 2023, the number of treasury shares acquired in the fiscal year under review is the number of shares after adjustment for the stock split.

(4) [Disposal of acquired treasury shares and number of treasury shares held]

Classification	Current fiscal year		During the term	
	Number of shares	Total value of disposals (yen)	Number of shares	Total value of disposals (yen)
Shares of acquired treasury shares that went on solicitation of subscribers	-	-	-	-
Shares of acquired treasury shares retired	-	-	-	-
Shares of acquired treasury shares involved in transfers accompanying merger, share exchange, share delivery or corporate demerger	-	-	-	-
Other (disposal of treasury shares from restricted stock compensation)	735,600	302,331,600	23,600	9,699,600
Treasury shares held	4,001,382		3,977,803	

(Note) As a result of the 2-for-1 stock split on March 22, 2023, the number of treasury shares acquired in the fiscal year under review is the number of shares after adjustment for the stock split.

3 [Dividend policy]

We regard the enhancement of corporate value as an important management issue, and our basic policy is to pay dividends in an appropriate manner in line with profits. On the other hand, we believe that prioritizing securing investment funds to increase earnings by stabilizing our financial base from a medium-to-long-term perspective in response to rapid changes in the marketplace will lead to the greatest shareholder return, including future increases in corporate value.

In terms of specific payments, the year-end distribution for the year ended March 31, 2023 will be ¥30 per share.

The dividend forecast for the next fiscal year, we plan to pay a year-end dividend of ¥30 per share.

(Note) Dividends of surplus whose record date belongs to the current fiscal year ended March 31, 2023 is as follows:

Date of resolution	Total dividends (millions of yen)	Dividend per share (yen)
Annual General Meeting of Shareholders resolution on June 21, 2023	1,961	30

4 [Corporate governance]

(1) [Overview of corporate governance]

I) Basic policy on corporate governance

The mission of TSUBURAYA FIELDS HOLDINGS INC. is to provide *The Greatest Leisure for All People*, as in its corporate philosophy. Management's basic policy is to continuously enhance corporate value under that philosophy. We think one of the important management issues in realizing this basic policy is ensuring that corporate governance functions effectively. To increase the soundness, transparency, and awareness of compliance in management, we are building an organizational structure that can respond quickly and flexibly to changes in the business environment while enhancing corporate governance and conducting efficient management.

II) Overview of the corporate governance system and reasons for adoption of the system

i) Overview of corporate governance system

(Director and board of director)

Our board of director is composed of 15 directors (including five outside directors) and is held once a month. In addition, extraordinary board of director are held as needed to enable swift management decisions, such as making decisions on important management matters, reporting on the status of business execution, and supervision. Furthermore, various regulations covering all internal operations have been comprehensively developed, and each position is subject to clear authority and responsibility in the execution of its operations under a clear set of rules.

The concrete details of director meeting for the fiscal year ended March 31, 2023 are as follows.

1) Regular agenda

- Matters related to the medium-term management plan and other management plans
- Matters relating to the general meeting of shareholders, such as the convocation of the general meeting of shareholders and the determination of proposals
- Matters concerning financial results, etc., such as approval of financial results and revision of financial results forecasts
- Items related to director, such as the selection of the representative director, the assigned duties of director, and the amount of director compensation
- Important personnel matters such as the appointment of corporate officer

2) Non-regular agenda

- Matters related to organizational restructuring, such as an incorporation-type company split plan and post-split organizational development
- Matters concerning stock options
- Matters concerning stock splits
- Matters concerning reorganization of group companies, such as changes in equity of group companies
- Matters relating to M&A
- Revision of important regulations

From the viewpoint of preventing the spread of coronavirus disease (COVID-19) infection, the number of meetings was reduced as much as possible to eight, and there were nine written resolutions deemed to have been adopted by director Board pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the reporting company.

Name	Number of meetings attended (attendance rate)
Hidetoshi Yamamoto	Director Association 8 times/8 times
Takayuki Tsukagoshi (Note)	Director Association 6 times/7 times
Kenichi Ozawa	Director Association 8 times/8 times
Takashi Yamamoto (Note)	Director Association 7 times/7 times
Ei Yoshida	Director Association 8 times/8 times
Kenkichi Yoshida	Director Association 7 times/8 times
Masayuki Nagatake (Note)	Director Association 7 times/7 times
Yusaku Toyoshima (Note)	Director Association 7 times/7 times
Hiroyuki Yamanaka	Director Association 8 times/8 times

Name	Number of meetings attended (attendance rate)
Yoriko Aelvoet	Director Association 8 times/8 times
Shigesato Itoi	Director Association 8 times/8 times
Katsuya Shirai (Note)	Director Association 7 times/7 times
Tetsuo Komori (Note)	Director Association 7 times/7 times
Keiichi Maeda (Note)	Director Association 7 times/7 times
Goeun Kim (Note)	Director Association 5 times/7 times

(Note) At the 34th Annual General Meeting of Shareholders held on June 22, 2022, as a new director, Takayuki Tsukagoshi, Takashi Yamamoto, Masayuki Nagatake, and Yusaku Toyoshima, Katsuya Shirai, Tetsuo Komori, Keiichi Maeda, and Goeun Kim have been appointed to this post.

(Corporate officer)

We have adopted a corporate officer system to accelerate decision-making in the execution of business.

(Audit & supervisory board member and audit & supervisory board)

We have established audit & supervisory board, which is composed of three audit & supervisory board members (including two outside audit & supervisory board members). In the audit & supervisory board which is held monthly, the audit office which is the internal auditing division attends, and is open to interview with director and key employees. In addition, audit & supervisory board and the internal audit office conduct quarterly meetings to exchange views with the accounting auditor, and the accounting auditor attend mid-term and year-end audits. In this way, the three parties cooperate with each other to conduct audits.

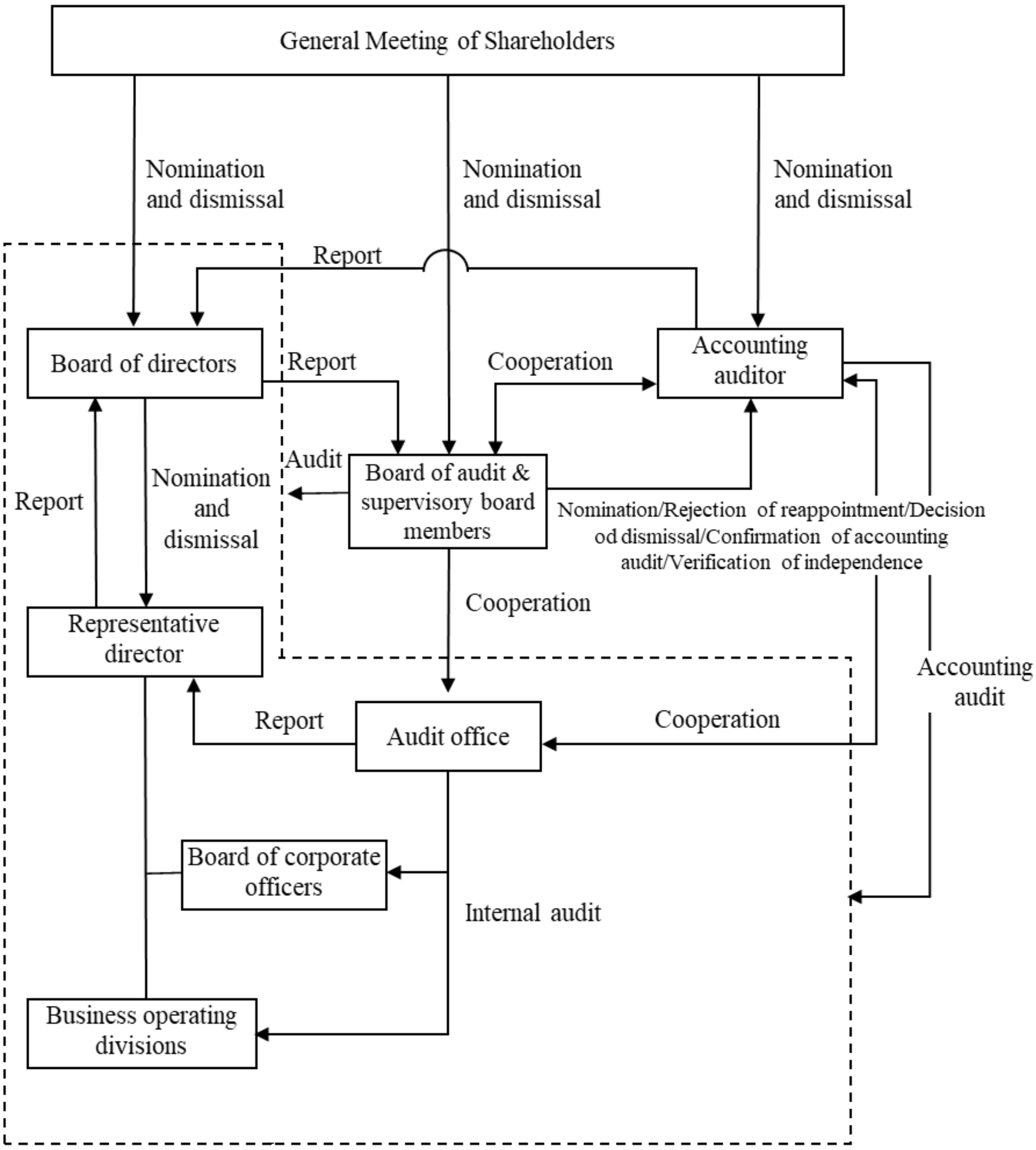
ii) Reasons for adopting this system

Our mission is to provide our corporate philosophy of *The Greatest Leisure for All People*, and our basic management policy is to continuously increase our corporate value.

To realize this basic policy, we believe that one of the important management issues is to make corporate governance function effectively.

In terms of strengthening our corporate governance system, we believe that we can ensure the appropriateness and transparency of management by reforming our management structure and systems within the framework of board of director, board of audit & supervisory board member, and an accounting auditor.

Corporate organization and internal control



3. Status of internal control system

The reporting board of directors has adopted resolutions as set forth below regarding the development of systems for ensuring the appropriateness of operations of the reporting company and of the corporate group comprising the reporting company and its subsidiaries (hereinafter, "the group") in accordance with *the Companies Act and Regulations for Enforcement of the Companies Act.*

1) Basic policy on business operations

The reporting company conducts business with clear authority and responsibility based on its corporate philosophy *The Greatest Leisure for All People* by building management systems and organizational structures and establishing various rules that apply to all internal operations to continuously raise its corporate value.

2) Systems to ensure that the execution of duties by the group directors and employees complies with laws and regulations as well as Articles of Incorporation

a. The group directors and employees conduct lawful and fair business activities in compliance with the group's code of conduct.

b. To ensure that the execution of duties by the group directors and employees is in strict compliance with laws and regulations, the reporting company appointed a director responsible for compliance, established and operates various rules relating to compliance and an internal notification system, and conducts education and training to raise awareness of compliance by directors and employees.

c. The audit office, which is the reporting company's internal audit department and is independent from business divisions, performs internal audits regarding the status of compliance operations throughout the group and periodically reports the results to the reporting company's president and board of audit & supervisory board members and to the presidents of group companies.

3) Systems to preserve and manage information relating to the execution of duties by the reporting company's directors

a. Material documents including board of directors meeting minutes and approval documents relating to the duties of directors and other information are preserve and managed in accordance with document management and other rules.

b. Directors and audit & supervisory board members may at any time examine the documents specified in the preceding paragraph.

4) Rules and other systems relating to the management of the risk of loss by the group

a. To establish risk management systems within the group, the reporting company appointed a director responsible for risk management, established risk management and other rules, monitors the status of risks relating to markets, investment, disasters, and so on and makes companywide responses.

b. Risk management relating to operations within each of the group's divisions is performed by the relevant division. Further, each company in the group establishes and implements rules relating to work-related authority and decision-making and endeavors to carry out appropriate management of risks relating to its own business operations.

c. The reporting company conducts education and training to raise awareness of risk management by directors and employees.

d. The internal audit office performs internal audits regarding the status of day-to-day risk management by each division in the group. In cases where correction or improvement is needed, a report is made to the reporting company's president and audit & supervisory board and to the presidents of group companies, and the responsible division that was audited promptly implements countermeasures.

5) Systems to ensure the efficient execution of duties of group directors and employees

a. The reporting company's board of directors meets monthly and at other times as necessary to make rapid and efficient management decisions.

b. The reporting company adopted a corporate officer system to ensure rapid decision-making in the execution of duties.

c. The reporting company clarifies responsibilities and authority within the group pursuant to Rules for Division of Duties and Work Authority Rules and takes measures to ensure efficiency in the execution of duties throughout the group.

d. Each company in the group works in close discussion with the reporting company regarding policies and measures based on group management policies and undertakes corporate management in accordance with management plans agreed upon by both sides. Further, each company in the group undertakes day-to-day business operations in accordance with applicable rules, keeping order and efficiency in mind, and carries out inter-organizational collaboration.

e. Within the group, group-wide targets shared by directors and employees are set based on medium-term business plans and annual business plans established in accordance with the medium-term plans, measures are taken to ensure that all directors and employees are fully aware of those plans, and efficient business operations are carried out to achieve those targets.

6) Systems for ensuring proper reporting of matters relating to the execution of duties and other operations within the group

a. The reporting company established rules on the management of affiliated companies, requires each company in the group to periodically reports to the reporting company regarding business results, financial status, and other material management information and takes measures to ascertain qualitative issues relating to compliance and risk management.

b. The reporting company works to ensure proper operations by subsidiaries and affiliated companies by engaging in mutual communication daily, seconding officers, exercising its voting rights, and other means.

c. The reporting company established and operates systems to ensure that intra-group transactions are carried out appropriately in accordance with laws and regulations as well as accounting and other social norms.

d. The audit office performs internal audits concerning the status of operations by the reporting company and companies of the group and reports the results to the reporting company’s president and audit & supervisory board and to the presidents of group companies.

e. The reporting company established a department responsible for internal compliance at group companies and created systems to ensure that consultations relating to internal controls between the reporting company and group companies, information-sharing, conveyance of instructions and requests and so on are efficiently carried out.

7) Matters relating to employees in the case where the reporting company’s audit & supervisory board members request the assignment of employees to assist them in the execution of their duties, matters relating to the independence of those employees from directors, and matters relating to ensuring the effectiveness of instructions by the reporting company’s audit & supervisory board members to those employees

a. In the case where the reporting company’s audit & supervisory board members request the assignment of employees to assist them in the execution of their duties, the reporting company appoints those employees. If those employees also work in other departments, prioritize work related audit & supervisory board members.

b. The reporting company perform personnel evaluations, and decisions regarding assignments, treatments, transfers, disciplinary action and so on of those employees are made with the prior approval of the audit & supervisory board members.

8) Systems for reporting to the reporting company’s audit & supervisory board members

a. In the case where a group officer or employee discovers a major violation of laws and regulations, facts that could cause harm to the group, or other material matters relating to business operations, such officer or employee reports to the audit & supervisory board members in a timely manner using appropriate methods. A person who receives a report from such person(s) reports to the audit & supervisory board members without delay.

b. When necessary, audit & supervisory board members can at any time request reports regarding material matters from group officers and employees.

c. Audit & supervisory board members can attend the board of directors meetings of group companies and can attend corporate officer conferences and other important business meetings. Further, audit & supervisory board members may examine relevant documents such as the minutes of such conferences and meetings and may request explanations.

d. The group established an internal reporting system and the reporting company’s director responsible for compliance centrally manages information relating to compliance throughout the group as a whole and periodically reports relevant information to the audit & supervisory board members.

9) Systems for ensuring that persons who report to the reporting company’s audit & supervisory board members are not subject to prejudicial treatment because of such reporting

The reporting company prohibits prejudicial treatment of any person due to that person reporting to the audit & supervisory board members because of such reporting and takes measures to ensure that group officers and employees are fully aware of this policy.

10) Matters relating to policies regarding procedures for prepayment and reimbursement of expenses arising with respect to the execution of duties by the reporting company’s audit & supervisory board members and procedures for other expenses and reimbursement relating to such execution of duties

Expenses and obligations arising from the execution of duties by audit & supervisory board members are efficiently processed, generally without restriction, except in cases where it is determined that the expenses are not necessary for the execution of duties by the audit & supervisory board members.

11) Other systems to ensure that audits by audit & supervisory board members are effectively performed

a. Audit & supervisory board members can at any time request the opportunity to conduct individual interview with group officers and employees and periodically hold meetings with the reporting company’s president, audit office, and accounting auditor for the exchange of opinions.

b. The audit & supervisory board members of group companies hold quarterly group audit & supervisory board to share information, exchange opinions, and so on.

c. Audit & supervisory board members can consult with attorneys, certified public accountants, and other outside professionals when they determine it is necessary for the performance of audits, and the expenses are paid by the reporting company.

12) Systems for the exclusion of anti-social forces

a. The group's fundamental policy is to eliminate all relationships with anti-social forces and organizations, eliminates all participation in management activities by them, and undertakes sound corporate management. Further, in the event of any contact with anti-social forces or organizations, the group deals with them resolutely as an organization.

b. Even in the case where it is discovered that the group has an unintentional relationship with anti-social forces, the group has established systems to promptly eliminate those relationships through the incorporation in agreements and so on of provisions on the exclusion of anti-social forces.

c. The group company executives and employees are thoroughly informed to cut off all relationships with anti-social forces and organizations.

d. A division is specified for dealing with improper demands and the like, and the group works in collaboration with competent police departments and other relevant organizations, works to gather and manage information, and deals with such improper demands with a resolute attitude.

4. Risk management system

In order to establish a system for risk management, we have appointed a director in charge of risk management, and have established risk management rules and other regulations to monitor the status of risks in the marketplace, investing, and disasters, and to respond to them on a company-wide basis.

Regarding the management of legal risk, the Group Business Management Department centrally manages various contracts, and in principle, all important contracts are subject to legal checks by a consulting lower. In this way, the group strives to avoid unforeseen risks.

5. Summary of the contents of the limited liability agreement

Each outside director and each outside audit & supervisory board member has entered into an agreement to limit their liability for damages pursuant to Paragraph 1 of Article 423 of *the Companies Act*, in accordance with the provisions of Paragraph 1 of Article 427 of *the Companies Act*.

The maximum amount of liability for damages under the applicable agreement shall be ¥3 million for each contract or the minimum amount of liability stipulated by law, whichever is higher.

6. Outline of the contents of the officer's liability insurance contract

We have an executive and other liability insurance policy with an insurance company as defined in Article 430-3-1 of the *Companies Act* with director, audit and supervisory board member, corporate officer and administrative employees of our subsidiaries. As an insurance expenses of this policy, we bear the entire amount.

The insurance contract covers compensation for damage and litigation costs that the insured will bear in the event the insured files a claim for compensation for damage from its stockholders or third parties.

In addition, as a measure to ensure that the appropriateness of the performance of duties of the insured is not impaired, the insurance benefits shall not be paid for damages caused by intent or criminal acts committed by the insured.

III) Requirements for a set director constants or director qualification limit in the Articles of Incorporation, etc.

1. Director constants

We have established in the Articles of Incorporation that the number of directors shall not exceed 15.

2. Resolution requirements for election of director

We have established in the article that the resolution for the election of director shall be adopted by a majority of the voting rights of the shareholders present who hold at least 1-third of the voting rights of the shareholders who are entitled to exercise their voting rights. We have also established the Articles of Incorporation that the resolution for the election of director shall not be made by cumulative voting.

3. Liability exemption of director and audit & supervisory board member

We have established in the Articles of Incorporation that liability for damages by failure to perform their duties of the director (including former director) and audit & supervisory board member (including former audit & supervisory board member) are exempted by the resolution of board of director in accordance with the provisions of Paragraph 1 of Article 426 of the *Companies Act* in order to enable them to fully perform their duties expected.

4. Special resolution requirements for Shareholders Meetings

We have established in the Articles of Incorporation that for the purpose of smooth operation of the General Meeting of Shareholders, special resolutions of the General Meeting of Shareholders stipulated in Paragraph 2 of Article 309 of *the Companies Act* shall be adopted by at least 2-thirds of the votes of shareholders present who hold at least 1-third of the voting rights of shareholders who are entitled to exercise their voting rights.

VI) Matters to be resolved at the General Meeting of Shareholders that can be resolved at director

(Acquisition of treasury shares)

To enable us to pursue flexible capital policies, the reporting company's Articles of Incorporation stipulate that we may acquire our own shares by resolution of board of director in accordance with the provisions of Paragraph 2 of Article 165 of *the Companies Act*.

(Interim dividend)

To enable flexible shareholder returns measures, the reporting company's Articles of Incorporation stipulate that interim dividend may be paid on September 30 of each year as a record date by resolution of board of director in accordance with the provisions of Paragraph 5 of Article 454 of *the Companies Act.*

(2) [Directors (and other officers)]

I. Directors (and other officers)

[Male: 15, Female: two (ratio of female directors (and other officers) is 11.8%)

Official title or position	Name	Date of birth	Career summary		Term of Office	Number of shares held
President and Group CEO	Hidetoshi Yamamoto	October 29, 1955	Jun. 1988	Representative director and president at the time of incorporation, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, "the reporting company")	(Note) 3	17,750,000
			Apr. 2000	Outside director, Tokyo Itoi Shigesato Office Co., Ltd. (currently Hobonichi Co., Ltd.) (current position)		
			Jun. 2007	Chairman and CEO, the reporting company		
			Mar. 2012	Director and chairman, BOOOM Corporation (current position)		
			May 2018	Chairman, president and group CEO, the reporting company		
			Jun. 2019	President, Total Workout premium management Inc. (current position)		
			Jun. 2022	President and CEO, the reporting company		
			Aug. 2022	Director and Group CEO, the reporting company (current position)		
			Oct. 2022	Director and chairman, FIELDS CORPORATION (current position)		
Senior managing director	Takayuki Tsukagoshi	October 24, 1962	Apr. 1986	Joined Asahi Advertising Inc.	(Note) 3	-
			Jun. 1991	Joined Disney Home Video Japan (currently The Walt Disney Company (Japan) Ltd.)		
			May 1998	General manager, Sell-through Business Division, Disney Home Video Japan		
			Apr. 2000	President, Buena Vista Home Entertainment Japan Inc. (currently The Walt Disney Company (Japan) Ltd.)		
			Mar. 2008	Director, The Tokuma Memorial Cultural Foundation for Animation (current position)		
			Jun. 2008	Chairman, DEG Japan (The Digital Entertainment Group Japan)		
			Oct. 2009	Committee chairman, MPA/JIMCA: APAC (Anti Piracy Advisory Committee)		
			Mar. 2010	Senior vice president and general Manager, Walt Disney Studios Japan		
			Apr. 2015	Standing committee, EIRIN (Film Classification and Rating Organization)		
			Sep. 2015	Director, Japan Video Software Association		
			Dec. 2015	Vice chairman, Japan Contents Group		
			Jul. 2016	Executive producer, Walt Disney Company (Japan) Ltd		
			Aug. 2017	President and COO, Tsuburaya Productions Co., Ltd.		
			Nov. 2017	Outside director, Hobonichi Co., Ltd. (current position)		
			Apr. 2019	Chairman and CEO, Tsuburaya Productions Co., Ltd. (current position)		
			Jun. 2022	Senior managing director, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, "the reporting company") (current position)		

Official title or position	Name	Date of birth	Career summary		Term of Office	Number of shares held
Director and Group CFO	Kenichi Ozawa	November 20, 1966	Apr. 1990	Joined Saitama Bank K.K.	(Note) 3	80,000
			May 2005	Joined Mizuho Securities Co., Ltd.		
			Sep. 2006	Joined Rakuten, Inc.		
			Oct. 2008	General manager, Accounting Department, Rakuten, Inc.		
			Jan. 2010	Joined FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, “the reporting company”) as deputy division manager, Planning and Administration Division		
			Apr. 2010	Corporate officer, deputy division manager, Planning and Administration Division		
			Jun. 2014	Managing director, the reporting company		
			May 2018	Director, Corporate Strategy Office, the reporting company		
			Apr. 2019	Director, deputy division manager, Group Strategy Division, and general manager, Business Management Department, the reporting company		
			Apr. 2020	Director, division manager, Group Strategy Division, the reporting company		
			Apr. 2021	Director, Division Manager, Group Business Strategy Division		
			Jun. 2022	Director, SPO Entertainment Inc. (current position) Audit & supervisory board member, Digital Frontier Inc. (current position) Audit & supervisory board member, Tsuburaya Productions Co., Ltd. (current position)		
			Aug 2022	Director, in charge of group finance, Division Manager, Group Business Strategy Division (current position)		
			Oct. 2022	Audit & supervisory board member, FIELDS CORPORATION (current position)		

Official title or position	Name	Date of birth	Career summary		Term of Office	Number of shares held
Director and In charge of Group business planning	Takashi Yamamoto	October 2, 1988	Apr. 2012 Apr. 2017 May 2017 May 2018 Apr. 2019 Apr. 2020 Apr. 2021 Oct. 2021 Jun. 2022 Aug. 2022 Oct. 2022 Feb. 2023	Joined BOOOM Corporation Joined FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, "the reporting company") Planning section, Products Department, PS Business Management Division, the reporting company Section manager, Marketing Section, Business Strategy Office, PS Business Management Division, the reporting company General manager, Media Relations Department, Business Management Division, the reporting company General manager, Media Solution Department, Customer Relations Division, the reporting company Corporate officer, deputy division manager, Group Business Management Strategy Division, and general manager, Group Business Planning Department, the reporting company Corporate officer, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division Director, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division Director, in charge of Group business planning, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division Director, in charge of Group business planning, deputy division manager, Group Business Strategy Division (current position) Senior Managing Director, Pachinko Parlors Sales Division, FIELDS CORPORATION Senior Managing Director, Division Manager, Products Development Division, FIELDS CORPORATION (current position)	(Note)3	7,225,600

Official title or position	Name	Date of birth	r		Term of Office	Number of shares held
Director	Ei Yoshida	May 5, 1962	Apr. 1987	Joined the Nittaku Enterprise	(Note) 3	140,000
			Nov. 2000	Managing executive officer, Nittaku Enterprise		
			May 2005	Managing director, G&E Corporation		
			Jun. 2007	President, G&E Corporation		
			Mar. 2010	Representative director and president at the time of incorporation, SOGO MEDIA INC.		
			Apr. 2016	Jointed FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, “the reporting company”) as corporate officer, division manager, PS Business Management Division,		
			Jun. 2016	Senior managing director, division manager, PS Business Management Division, the reporting company		
				Director, SOUGOU MEDIA INC. (current position)		
			Jun. 2017	Director, G&E Corporation (current position)		
			Apr. 2020	Senior managing director, the reporting company		
			Apr.2021	Senior managing director, in charge of Group Business Strategy Division and Pachinko Parlors Sales Division, the reporting company		
			Jun. 2022	Director, in charge of Group Business Strategy Division and Pachinko Parlors Sales Division, the reporting company (current position)		
			Oct. 2022	Director, the reporting company (current position)		
				Representative director, FIELDS CORPORATION (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director	Masayuki Nagatake	January 11, 1969	Apr. 1991 Apr. 1999 Nov. 2001 Apr. 2002 May 2009 Jul. 2011 Feb. 2016 Jan. 2018 Apr. 2019 Jun. 2022	Joined Nomura Asset Management Co., Ltd. Vice president, Goldman Sachs Japan Co., Ltd. Director, Finance and Accounting Department, FAST RETAILING CO., LTD. Chief executive officer, UNIQLO (U.K.) Ltd. Joined TOMY Company, Ltd. Executive officer, TOMY Company, Ltd. President and chief operating officer, TOMY International, Inc. Executive officer, Head of President Office, TOMY Company, Ltd. President and COO, Tsuburaya Productions Co., Ltd. (current position) Director, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 3	80,000
Director	Yusaku Toyoshima	December 20, 1969	Sep. 1995 Oct. 2000 Oct. 2003 Apr. 2006 Jun. 2010 Jul. 2011 Jun. 2022	Joined TYO Inc. Joined Digital Frontier Inc. Director, Digital Frontier Inc. Director, GEMBA, Inc. (current position) Executive Director, Digital Frontier Inc. Director, Digital Frontier (Taiwan) Inc. (current position) COO / President, Digital Frontier Inc. (current position) Director, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 3	-
Director, division manager, Headquarter Administration Division	Hiroyuki Yamanaka	December 23, 1967	May 1989 Apr. 2000 Jun. 2006 Sep. 2018 Apr. 2019 Jun. 2022 Oct. 2022	Joined FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, “the reporting company”) Director, division manager, Administration Division, the reporting company Director, division manager, Planning and Administration Division, the reporting company President, Lucent Pictures Entertainment, Inc. (currently LUCENT, INC.) (current position) Director, division manager, Headquarter Administration Division, the reporting company (current position) Audit & supervisory board member, BOOOM Corporation (current position) Managing Director, division manager, Headquarter Administration Division, FIELDS CORPORATION (current position)	(Note) 3	140,000

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director	Yoriko Aelvoet	February 26, 1962	Apr. 1984 Sep. 1986 Sep. 1989 Oct. 2001 Nov. 2005 Dec. 2015 Jun. 2018 Jun. 2020 Jun. 2022	Joined Mainichi Communications Inc. (currently Mynavi Corporation) Joined Procter & Gamble Far East Inc. (currently The Procter & Gamble Company of Japan Limited) Joined Buena Vista Home Entertainment Inc. (currently The Walt Disney Company (Japan) Ltd.) Served as Marketing Director, etc. General manager and vice president, Disney Publishing Worldwide, Walt Disney International Japan Ltd. (currently The Walt Disney Company (Japan) Ltd.) General manager and vice president for Japan & Korea, Warner Bros. Consumer Products, Warner Japan Entertainment Inc (currently Warner Bros. Japan LLC) President, Bottega Tigre Inc. (current position) Outside audit & supervisory board member, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, “the reporting company”) Outside director, the reporting company Director, the reporting company (current position)	(Note) 3	-
Director (Outside)	Shigesato Itoi	November 10, 1948	Dec. 1979 Jun. 2001	Representative director at the time of incorporation, Tokyo Itoi Shigesato Office Co., Ltd. (currently, Hobonichi Co., Ltd.) (current position) Director (outside), FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 3	160,000
Director (Outside)	Katsuya Shirai	September 8, 1942	Apr. 1968 May 1981 May 1994 May 1999 May 2001 May 2009 May 2014 Jun. 2016 Jun. 2022	Joined SHOGAKUKAN Inc. Chief editor, Big Comics Spirits Director, SHOGAKUKAN Inc. Managing director, SHOGAKUKAN Inc. Senior managing director, SHOGAKUKAN Inc. Director and vice president, SHOGAKUKAN Inc. Chief advisor, SHOGAKUKAN Inc. President and representative director, HERO’S, INC. (current position) Director (outside), FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 3	-

Director (Outside)	Tetsuo Komori	December 1, 1958	Apr. 1984 Dec. 1993 Jun. 2002 Nov. 2003 Jun. 2004 Jun. 2005 Feb. 2006 May 2006 Aug. 2009 Mar. 2015 Oct. 2015 Jun. 2016 Jul. 2021 Jun. 2022	Joined McKinsey & Company Inc. Principal (partner), McKinsey & Company Inc. President, ASCII CORPORATION Chairman and executive director, MediaLeaves, Inc. Management advisor, Unison Capital, Inc. Auditor, TOMOEGAWA CO.,LTD. Outside director, TOMOEGAWA CO., LTD. Director, president and CEO, Kanebo, Ltd. Director CEO and president corporate officer, Kanebo Trinity Holdings, Ltd. (currently Kracie Holdings, Ltd.) Representative director, Kanebo Home Products, Ltd. (currently Kracie Home Products, Ltd.) Representative director, Kanebo Pharmaceuticals, Ltd. (currently Kracie Pharma, Ltd.) Representative director, Kanebo Foods, Ltd. (currently Kracie Foods, Ltd.) Management advisor, Unison Capital Inc. Outside director, Nissen Holdings Co., Ltd. President and representative director, Ken Depot Corporation Outside director (chair of audit & supervisory committee), TOMOEGAWA CO., LTD. (current position) Representative director and president, K.K. Asian Personal Care Holding (currently FineToday Holdings Co., Ltd.) (current position) President and representative director, Fine Today Shiseido Co., Ltd. (currently FineToday Co., Ltd.) (current position) Director (outside), FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 3	-

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director (Outside)	Keiichi Maeda	July 6, 1957	Apr. 1982	Joined DENTSU INC.	(Note) 3	-
			Jul. 1997	General manager, Corporate Planning Office, DENTSU INC.		
			Jan. 2002	Deputy director-General, Corporate Planning Office, DENTSU INC.		
			Jun. 2003	Deputy director-General, Account Planning Solutions Bureau and general manager, Campaign Planning Office, DENTSU INC.		
			Apr. 2010	Director-general, Newspaper Bureau, DENTSU INC.		
			Apr. 2013	Corporate officer, assistant to Head of Domestic Business, and director-general, Business Administration Bureau, DENTSU INC.		
			Jan. 2016	Corporate officer, in charge of Sales/ Olympic Sales Promotion and Digital Sales Promotion, DENTSU INC.		
			Jan. 2017	President, DENTSU LIVE INC.		
				Corporate officer, in charge of Promotion Area, DENTSU INC.		
			Jan. 2020	Executive advisor, Dentsu Group Inc.		
			Jan. 2021	President and representative director, K.K. Gakugeikai		
			Jun. 2022	Director (outside), FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)		
Director (Outside)	Goeun Kim	December 21, 1976	Apr. 1999	Joined CIMA Co., Ltd.	(Note) 3	-
			Mar. 2000	Joined Netprice Co., Ltd.		
			Jun. 2002	Producer, Yahoo Japan Corporation		
			Apr. 2004	Company president, CyberAgent, Inc.		
			Dec. 2005	Manager, Fashion Walker, Inc.		
			Apr. 2012	Co-Founder, president and CEO, HUGG Inc.		
			Sep. 2016	Director and CMO, Japan Taxi Co., Ltd.		
			Sep. 2018	Director, managing executive officer and CMO, Japan Taxi Co., Ltd.		
			Feb. 2019	Corporate officer VP of Business, Merpay, Inc.		
			Jul. 2021	Corporate officer VP of Business Development, Mercari, Inc.		
			Jul. 2022	Director (outside), FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)		
			Sep. 2022	Corporate officer, Timee, Inc. (current position)		
			Feb. 2023	Director, Nihon Toushi K.K (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Audit & supervisory board member (Outside) (Full-time)	Kenichi Ikezawa	December 4, 1947	Apr. 1973 Apr. 1978 Jun. 1988 May 1990 May 1994 Sep. 1997 Sep. 1998 Dec. 2000 Jun. 2001 Jan. 2009 Jun. 2012	Joined Sony Corporation Accounting and Financial Director, Sony France S.A. Senior manager, Budget Section, Accounting Department, Sony Corporation Accounting and Financial director, Sony Corp. of America Administrative director, Sony Corporation of Hong Kong Ltd. General manager, International Accounting Department, Sony Corporation General manager, Accounting Department, Sony Corporation Joined Benesse Corporation as a general manager of Strategy and Planning Department Joined Hermès Japon Co., Ltd. as a corporate officer, Administrative General Manager Joined Oki Data Corporation as an Advisor Outside audit & supervisory board member, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 4	2,000
Audit & supervisory board member (Outside) (Part-time)	Yoshika Furuta	December 10, 1942	Jul. 1980 Jul. 1990 Jul. 1995 Jul. 1999 Jul. 2000 Aug. 2001 Jun. 2003	Chief Clerk, Trial Section 1, Direct Tax Department, National Tax Agency Special officer for Research on Tax, Coordination Division, Tax Bureau, Ministry of Finance Appeals Judge, National Tax Tribunal Deputy Assistant Regional Commissioner, First Taxation Department, Tokyo Regional Taxation Bureau District director, Kyobashi Tax Office Chief, Yoshika Furuta Certified Public Tax Accountant Office (current position) Outside audit & supervisory board member, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 4	-

Audit & supervisory board member (Part-time)	Masakazu Kurihara	January 12, 1960	Apr. 1983 Oct. 1987 May 2007 Jun. 2008 Apr. 2010 Apr. 2011 Apr. 2014 May 2018 Apr. 2019 Apr. 2020 Jun. 2020 Sep. 2020	Joined System Communications, Inc. Joined DENTSU INC. Joined FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, “the reporting company”) as a corporate officer; Division Manager, Communications and Marketing Division Director; division manager, Product Division, the reporting company Managing director; division manager, Development Division, the reporting company Managing director; division manager, Contents Division, the reporting company Managing director; the reporting company Director; Group Management Strategy Division, the reporting company Director; division manager, Group Strategy Division and general manager, Strategy Planning Department, the reporting company Director, the reporting company Outside audit & supervisory board member, the reporting company (current position) Representative director and president, K.K. K&Partners (current position)	(Note) 4	-
Total						25,577,600

(Note) 1. Mr. Shigesato Itoi, Mr. Katsuya Shirai, Mr. Tetsuo Komori, Mr. Keiichi Maeda and Ms. Goeun Kim are outside directors as stipulated in the Companies Act.

2. Mr. Kenichi Ikezawa and Mr. Yoshika Furuta are outside audit & supervisory board members as stipulated in the Companies Act.
3. The term of office of directors is from the close of the annual general meeting of shareholders for the year ended March 31, 2022 to the close of the annual general meeting of shareholders for the year ending March 31, 2024.
4. The term of office of audit & supervisory board members is from the time of the close of the annual general meeting of shareholders for the year ended March 31, 2020, to the time of the close of the annual general meeting of shareholders for the year ending March 31, 2024.
5. Mr, Kenkichi Yoshida resigned at the conclusion of the 35th Annual General Meeting of Shareholders held on June 21, 2023.
6. We have introduced a corporate officer system to ensure appropriate and speedy decision-making at director meetings and efficient business execution.
   The senior corporate officers consist of three members: Mr. Hirokazu Nishikado, Mr. Hideaki Hatanaka and Mr. Tadamasa Oshio, and four corporate officers: Mr. Satoshi Kato, Mr. Tetsuya Matsukawa, Mr. Kei Kurosawa and Mr. Kei Minamitani.

II) Status of outside directors (and other officers)

One of our outside directors held 160,000 shares, and one of our audit & supervisory board members held 2,000 shares at the end of the fiscal year under review. There are no special interests with us.

Functions, roles, and reasons for appointment of the outside directors (and other officers) in corporate governance

<Outside directors>

・Mr. Shigesato Itoi

Outside director, Mr. Shigesato Itoi has a diverse track record of activities, including corporate managers, copywriters and essayist, as well as a wealth of experience and unique ideas. Based on these experiences and ideas, we receive important and useful advice on our creative and management indicators. We have determined him as an outside director that he is an appropriate coaching and supervision of our management and business.

He concurrently assumes the position of representative director of Hobonichi Co., Ltd. However, there are no transactions or other special relationships between us and the company in which he was concurrently appointed.

In addition, he satisfies the independence requirements stipulated by the Tokyo Stock Exchange and the Reporting company's independence criteria, and was designated as an independent officer after judging his appointment would not give rise to conflict of interest with the general shareholders of the reporting company.

・Mr. Katsuya Shirai

Outside director, Mr. Katsuya Shirai has a wealth of experience in corporate management, as well as long experience, knowledge, and networks in the content business. Based on his outstanding insight and abundant experience, we have determined him as an outside director that he is a person who can provide coaching and supervision to evolve “content and digital business,” which is a pillar of our growth strategy from an independent and diversified perspective.

We outsourced consulting services to him, but the amount of business with him is insignificant even from the scale of our business, and there is no special relationship with him.

In addition, he satisfies the independence requirements stipulated by the Tokyo Stock Exchange and the Reporting company's independence criteria, and was designated as an independent officer after judging his appointment would not give rise to conflict of interest with the general shareholders of the Reporting company.

・Mr. Tetsuo Komori

Outside director, Mr. Tetsuo Komori has long been involved in corporate management and possesses advanced knowledge and expertise based on outstanding insight and abundant experience. The Reporting company has determined him as an outside director that he is a person who can properly coach and supervise the Reporting company’s management from an independent and diversified perspective based on his diverse corporate management experience.

We had outsourced consulting services to him, but the amount of business with him is insignificant even from the scale of our business, and there is no special relationship with him.

In addition, he satisfies the independence requirements stipulated by the Tokyo Stock Exchange and the Reporting company's independence criteria, and was designated as an independent officer after judging his appointment would not give rise to conflict of interest with the general shareholders of the Reporting company

・Mr. Keiichi Maeda

Outside director, Mr. Keiichi Maeda, in addition to his experience in corporate management, is familiar with promotional and digital areas and possesses advanced knowledge and expertise based on outstanding insight and abundant experience. Based on his experience, we have determined him as an outside director that he is a person who can provide coaching and supervision to evolve “Content and digital business,” which is a pillar of our growth strategy, from an independent and professional perspective.

In addition, he satisfies the independence requirements stipulated by the Tokyo Stock Exchange and the Reporting company's independence criteria, and was designated as an independent officer after judging his appointment would not give rise to conflict of interest with the general shareholders of the reporting company

・Ms. Goeun Kim

Outside director, Ms. Goeun Kim possesses diverse experience, achievements and values in the digital business. We have determined that she is a person who can provide coaching and supervision to evolve “Content and digital business,” which is the pillar of our growth strategy, from an independent and diversified perspective backed by her abundant experience and innovative ideas.

We outsourced consulting services to her, but the amount of business with her is insignificant even from the scale of our business, and there is no special relationship with her.

In addition, she satisfies the independence requirements stipulated by the Tokyo Stock Exchange and the Reporting company's independence criteria, and was designated as an independent officer after judging her appointment would not give rise to conflict of interest with the general shareholders of the reporting company

<Outside audit & supervisory board members>

・Mr. Kenichi Ikezawa

Outside audit & supervisory board member, Mr. Kenichi Ikezawa has been involved in accounting and finance operations for many years and possesses sufficient insight into Group internal controls that draws on the knowledge and knowledge accumulated through his career. He was appointed based on the judgment that he will be able to provide advice from an independent standpoint.

In addition, he satisfies the independence requirements stipulated by the Tokyo Stock Exchange and the Reporting company's independence criteria, and was designated as an independent officer after judging his appointment would not give rise to conflict of interest with the general shareholders of the reporting company

・Mr. Yoshika Furuta

Outside audit & supervisory board member, Mr. Yoshika Furuta has deep experience in charge of national tax affairs, and was appointed based on the Reporting company’s judgment that he would be able to provide advice from an independent standpoint.

He concurrently holds the post of chief, Yoshika Furuta certified public tax accountant office, but there is no transaction or other special relationship between us and the company in which he was concurrently appointed.

In addition, he satisfies the independence requirements stipulated by the Tokyo Stock Exchange and the Reporting company's independence criteria, and was designated as an independent officer after judging his appointment would not give rise to conflict of interest with the general shareholders of the reporting company

III) Cooperation with supervision or auditing by outside director or outside audit & supervisory board member and internal audits, auditor audits and accounting audits, and relations with internal control divisions

Outside director ensures an effective management oversight system through providing advice to the key decisions, conflict of interest transactions, and overall other management from an independent and objective standpoint for the board of directors. In addition, the committee regularly exchanges views with full-time audit & supervisory board member and other stakeholders at venues other than the board of directors to strengthen its information-gathering capabilities and then gives comments to the board of directors.

Outside audit & supervisory board member attends the audit & supervisory board and other important internal meetings to express its views. It also conducts audits through interviews with various divisions and examines approval documents, enabling it to monitor the status of director’s business execution. In addition, outside audit & supervisory board member attends monthly audit & supervisory board with the audit office, which serves as the internal audit division, and mutually evaluates internal controls and reports and exchanges views on the results of audits. In addition, the audit & supervisory board and the audit office hold quarterly meetings to exchange views with the accounting auditor and attend mid-term and year-end audits by the accounting auditor. In this way, the three parties cooperate with each other to conduct audits.

(3) [Audits]

I) Status of audit by audit & supervisory board members

We are a company with the audit & supervisory board and are composed of one full-time and two part-time audit & supervisory board members. Mr. Kenichi Ikezawa, the chairman of audit & supervisory board and a full-time audit & supervisory board member, has been involved in accounting and finance practices for a considerably long time, and is a veteran in group internal controls that utilized his knowledge and insight cultivated through his career. The Reporting company has elected him in expectation that his broad insight will be reflected in management. Mr. Yoshika Furuta, a part-time audit & supervisory board member, is a veteran of taxation business who has been in charge of national tax operations. The Reporting company has elected him in expectation that his broad insight will be reflected in management. Mr. Masakazu Kurihara, a part-time audit & supervisory board member was appointed to provide advice from a wide range of perspectives based on his advanced knowledge and expertise based on his abundant operational experience in the content and digital business strategy. The reporting company has assigned employees to assist audit & supervisory board members, and when such employees serve concurrently in other departments, their duties related to audit & supervisory board member are given precedence.

Audit & supervisory board member attends the meeting of board of directors and other important internal meetings, offering opinions from a specialist, objective, and diversified perspective. It also conducts auditor audits through interviews with various divisions, examinations of approval documents, audits of internal control systems, and monitoring and verification of the qualifications of accounting auditors. Through these and other means, the Reporting company has established a system that enables it to monitor the status of director’s business execution.

In the fiscal year under review, we held 11 audit & supervisory board members meetings, and the attendance of each individual audit & supervisory board member was as follows.

Name	Number of meetings	Number of times attended
Kenichi Ikezawa	11 times	11 times
Yoshika Furuta	11 times	11 times
Masakazu Kurihara	11 times	11 times

Specific items to be examined for audit & supervisory board are as follows:

i) Auditing policy, auditing plans
ii) Preparing audit reports
iii) Consent to election/dismissal of accounting auditor and remuneration for audit
iv) Development and implementation of internal control systems
v) Key audit considerations (KAM)

The main activities of the full-time audit & supervisory board members are as follows:

i) Attendance at key meetings such as the board of directors
ii) Collaboration with internal audit division
iii) Cooperation with accounting auditors
iv) Investigation of operations and property at business sites
v) Witness of physical inventory taking
vi) Inspection of important approval documents, etc.
vii) Communication with director, etc.

II) Status of internal audit

We have established the internal audit office, which reports directly to president and COO, and is conducted by two people, including one general manager. Based on the internal audit plan, we conduct internal audits of the operation of the internal control system for the entire group and report the results to president, responsible director and audit & supervisory board and the presidents of our group companies. In addition, we share information on the status of timely compliance with the audit & supervisory board in a timely manner to ensure a cooperative system. At the monthly meeting of audit & supervisory board, director and key employees receive individual interviews, and the internal auditing office also attends. In addition, we attend regular meetings of the audit & supervisory board and the accounting auditor to exchange views and strive to ensure adequate cooperation.

III) Status of accounting audit

a. Name of the audit firm

BDO Sanyu & Co.

b. Continuous audit period

From the year ended March 31, 2001

c. Certified public accountants leading the independent financial audit

Nobuhito Iwata

Suzue Masuda

Koichiro Nakanishi

d. Assistants in audit activities

Assistants in our accounting audit activities are three certified public accountants and seven others.

e. Policies and reasons for selection of audit firm

When selecting an audit firm, we comprehensively make judgments by obtaining documents from candidates for accounting auditors regarding the outline of the auditing corporations, the implementation structure of the audit, and the estimated amount of audit fees through interviews, etc. The current accounting auditors were selected with no problems with occupational ethics, independence, quality control systems, etc. and considering audit results, audit plans, etc.

With respect to the dismissal of the accounting auditor, audit & supervisory board shall dismiss the accounting auditor with the consent of all audit & supervisory board member in the event that the accounting auditor falls under any of the circumstances set forth in the respective items of Paragraph 1 of Article 340 of the Companies Act. In such cases, audit & supervisory board member selected by audit & supervisory board will report on the dismissal of the accounting auditor and the reason for the dismissal at the first meeting of shareholders to be called after the dismissal.

In addition to the above, audit & supervisory board decides on the details of the proposal for the removal or non-reappointment of the accounting auditor, taking into account the status of the accounting auditor's performance of duties and the quality of audits. Board of directors proposes the proposal to the general meeting of shareholders based on the decision.

f. Assessment of auditing corporation by audit & supervisory board member and audit & supervisory board

Audit & supervisory board has confirmed and resolved the appropriateness of accounting auditor's assessment and auditing findings. We comprehensively review and evaluate the status of the execution of duties by the accounting auditor based on the "report on the outline of the maintenance and operation of the company's quality control system" and the "report on the results of the audit of the companies act," the Response of "questionnaire on financial results" from audit & supervisory board and the "check sheet on the evaluation of the accounting auditor" from executive division of accounting and finance.

IV) Details of audit fees, etc.

a. Compensation for auditing certified public accountants, etc. (Unit: millions of yen)

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Audit fees	Non-audit fees	Audit fees	Non-audit fees
Reporting company	51	-	61	-
Consolidated subsidiaries	-	-	-	-
Total	51	-	61	-

b. Compensation for the same network as auditing certified public accountants, etc. (excluding a.)

Not applicable.

c. Details of fees based on other significant audit certification services

Not applicable.

d. Policy for determining audit fees

Not applicable, but determined after taking into account the number of days required for audits and other factors.

e. Reasons for audit & supervisory board's consent of the compensation of accounting auditors

Based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan audit & supervisory board members association, audit & supervisory board checks trends in audit hours and fees by audit item, as well as the status of audit plans and results for previous fiscal years. After reviewing the appropriateness of the estimate of audit hours and fees for the current fiscal year, the reporting company has agreed to Article 399-1 of the Companies Act on the fees, etc. of accounting auditors.

(4) [Compensation of officers]

I) Matters pertaining to the policy for determining the amount of remuneration, etc. for officers or the method for calculating remuneration, etc.

Monetary remuneration (fixed remuneration) out of the remuneration of director is, in principle, revised in June of each year, and determined remuneration is paid every month for 12 equal amounts. In addition, the reporting company has adopted bonuses as performance-linked remuneration, which is a monetary remuneration, and share acquisition rights plan (stock remuneration) as non-monetary remuneration.

(Matters concerning the decision-making policy concerning the content of individual remuneration, etc. of director)

Our director's remuneration is based on a remuneration system that takes into results in relation to the Group's sustainable growth and medium-to-long-term objectives for enhancing corporate value and shareholder interests. Our policy is to ensure that the amount of individual remuneration, etc. is appropriate in light of other companies in the same industry, economic and social conditions, and in light of the duties and roles in charge, the performance of each fiscal year, the degree of contribution, and responsibilities, etc. comprehensively. Specifically, it consists of fixed compensation which pays a certain amount of money each month, bonuses which pays money linked to short-term performance, and stock-based compensation which enhances medium-to-long-term performance and motivates sustained improvement in corporate value. Decision-making policies are determined by resolution of board of directors after consultation with directors. The reporting company does not have a retirement benefit plan for director.

(Matters concerning resolutions of the general meeting of shareholders regarding the compensation of director and audit & supervisory board member)

At our 26th Annual General Meeting of Shareholders held on June 18, 2014, the amount of monetary remuneration for our director was resolved to be within ¥1,100 million per annum (of which ¥50 million for outside directors). At the conclusion of the meeting, director had 12 members (including one outside director).

In addition, at our 35th Annual General Meeting of Shareholders held on June 21, 2023, a resolution was passed to introduce share acquisition rights plan, under which share acquisition rights may be allocated as stock remuneration within the amount of the above-mentioned director monetary compensation. The maximum number of shares of share acquisition rights to be allocated in a given fiscal year is 116,000 (including 5,200 shares for outside directors). At the conclusion of the meeting, there are 15 directors (including five outside directors) eligible for awards related to share acquisition rights plan.

In the 32nd Annual General Meeting of Shareholders held on June 17, 2020, we will abolish the granting of restricted shares to our approved directors (excluding outside directors) within the scope of the above-mentioned amount of monetary remuneration for directors in the year ended March 31, 2023, and will not allocate new restricted shares from the year ending March 31, 2024 onward.

At our 17th Annual General Meeting of Shareholders held on June 29, 2005, the amount of monetary remuneration of our audit & supervisory board member was resolved to be no more than ¥50 million per year. The number of audit & supervisory board member at the conclusion of the meeting is three.

(Matters related to performance-linked remuneration, etc.)

As a performance-linked remuneration for our directors, we set consolidated operating profit as a performance indicator for a single fiscal year in order to raise awareness of improved performance for each fiscal year, and pay bonuses in an amount calculated according to the degree of achievement of that target. The reason for choosing operating profit as a performance indicator is because it shows the results of a company's operating activities and we consider that the profit that the management's ability has the most influence.

(Matters concerning non-monetary remuneration, etc.)

As non-monetary compensation for our directors, a resolution was passed at our 35th Annual General Meeting of Shareholders on June 21, 2023 to introduce a share acquisition rights plan that allows us to allocate share acquisition rights as stock options. In order to provide directors with incentives to further motivate them to contribute to the enhancement of corporate value and share the benefits and risks of share price fluctuations with shareholders, and in order to secure highly experienced and talented human resources as outside directors, this plan will be introduced.

Share acquisition rights will be issued after board of directors determines the number of shares to be delivered according to the responsibilities of director subject to the award and concludes a share acquisition rights allocation contract between us and the grantee.

(Matters concerning delegation of determination of the contents of individual remuneration, etc. of directors)

At Hidetoshi Yamamoto, President, determines the specific details of individual compensation for directors based on the resolution of the board of directors.

The content of his authority is the amount of fixed remuneration and bonuses for directors. The reason for delegating this authority is that in evaluating the overall performance, roles and contributions of the Company, etc., he is in a position to control the whole and is best suited. In addition, the amount of remuneration for each director is determined based on his/her appropriate evaluation of his/her duties and roles, performance in each fiscal year, degree of contribution, and responsibilities in light of other companies in the same industry, economic and social conditions, and other factors. When making such decisions, the president must consult with the directors on the basis of the draft prepared by the director in charge, and after receiving the report, determine the specific content. When finalizing the specific content, the director in charge confirms the consistency of the content in accordance with the report. The board of directors has determined that the content of decisions is in accordance with the policy for determining the content of individual compensation for directors.

II) Total amount of remuneration by category of directors (and other officers), total amount of remuneration by type, and the number of recipient directors (and other officers)

Categories of directors (and other officers)	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)			Number of recipient directors (and other officers) (people)
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors excluding outside directors	210	179	31	-	7
Audit & supervisory board member excluding outside audit & supervisory board members	3	3	-	-	1
Outside directors (and other officers)	46	46	-	-	8

(Note) 1. Above, number of recipient directors does not include three non-compensated directors.
2. For one person who was transferred from outside director to director during the current fiscal year, the term of office for outside director is shown as an outside director and the term of office for director is shown as director.

III) Total amount of remuneration paid by group to each director (or other officer)

This information is not presented because there are no persons whose total consolidated remuneration, etc. is ¥100 million or more.

(5) [Shareholdings]

I) Standards and concept for classification of investment shares

We classify investment shares solely for the purpose of receiving profits from changes in the value of the shares or dividends on the shares as investment shares held for pure investment, and other shares as investment shares held for purposes other than pure investment.

II) Investment shares held for purposes other than pure investment

a. Methods to verify the rationality and policies of shareholding and details of verification conducted by the board of directors, etc. regarding the appropriateness of holding individual issues

We may hold cross-shareholdings only to the extent necessary for the purpose of maintaining and strengthening our business relationships and contributing to the enhancement of our corporate value. When holding cross-shareholdings, the Company carefully examines the appropriateness of such holdings by examining, on a case-by-case basis, whether the purpose is appropriate, and whether the benefits and risks associated with such holdings are commensurate with the cost of capital.

In addition, we annually verify the necessity of holding individual cross-shareholdings, the returns and risks from holding them, and economic rationality from a medium-to-long-term perspective, and then disclose a summary of the outcomes after determining whether to continue holding them, including disposal.

The voting rights of cross-shareholdings are assumed to contribute to the enhancement of our medium-to-long-term corporate value, and the possibility of conflicts of interest with us, impairment of shareholder value, etc. is examined, and individual decisions are made for each specific proposal.

b. Number of issues and carrying amount

	Number of issues	Carrying amount (millions of yen)
Shares not listed	5	353
Shares other than those not listed	-	-

(Issues whose number of shares increased in the current fiscal year)

	Number of issues	Carrying amount (millions of yen)	Reasons for the increase in the number of shares
Shares not listed	-	-	
Shares other than those not listed	-	-	

(Number of issues whose shares decreased in the current fiscal year)

	Number of issues	Carrying amount (millions of yen)
Shares not listed	-	-
Shares other than those not listed	-	-

c. Information on the number of shares and carrying amount for each issue of specified investment shares and deemed holdings of shares

Specified investment shares

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding and reason for increase in number of shares	Whether the company holds reporting company's shares
	Number of shares	Number of shares		
	Carrying amount (millions of yen)	Carrying amount (millions of yen)		
Bandai Namco Holdings Inc.	-	100	We held for the purpose of grasping the industry trends of the entertainment business, but due to the revision of the holding classification, it was changed to the net investment purpose.	None
	-	0		
CAPCOM CO., LTD.	-	200	We held for the purpose of grasping the industry trends of the pachinko/pachislot machine business, but due to the revision of the holding classification, it was changed to the net investment purpose.	None
	-	0		
Universal Entertainment Corporation	-	100	We held for the purpose of grasping the industry trends of the pachinko/pachislot machine business, but due to the revision of the holding classification, it was changed to the net investment purpose.	None
	-	0		
SEGA SAMMY HOLDINGS INC.	-	100	We held for the purpose of grasping the industry trends of the pachinko/pachislot machine business, but due to the revision of the holding classification, it was changed to the net investment purpose.	None (Note) 2
	-	0		
Heiwa Corporation	-	100	We held for the purpose of grasping the industry trends of the pachinko/pachislot machine business, but due to the revision of the holding classification, it was changed to the net investment purpose.	Yes
	-	0		
Daikoku Denki Co., Ltd.	-	100	We held for the purpose of grasping the industry trends of the pachinko/pachislot machine business, but due to the revision of the holding classification, it was changed to the net investment purpose.	None
	-	0		
FUJISHOJI Co., Ltd.	-	100	We held for the purpose of grasping the industry trends of the pachinko/pachislot machine business, but due to the revision of the holding classification, it was changed to the net investment purpose.	Yes
	-	0		
GENDAI AGENCY INC.	-	100	We held for the purpose of grasping the industry trends of the pachinko/pachislot machine business, but due to the revision of the holding classification, it was changed to the net investment purpose.	None
	-	0		

(Note) 1. Quantitative effects of shareholding of specified investment shares are difficult to describe. The rationality of holding shares is examined from a medium-to-long-term perspective, including the necessity of holding these shares, returns and risks from holding them, and economic rationality. The board of directors meeting held on June 22, 2022 confirmed that all shares are held for the purpose of meeting in accordance with the holding policy.

2. SEGA SAMMY HOLDINGS INC. does not hold our shares, but its group company Sammy Corporation holds our shares.

III) Investment shares held for pure investment

Classification	Current fiscal year		Previous fiscal year	
	Number of issues	Carrying amount (millions of yen)	Number of issues	Carrying amount (millions of yen)
Shares not listed	-	-	-	-
Shares other than those not listed	11	6,791	5	34

Classification	Current fiscal year		
	Total dividends received (millions of yen)	Total gain (loss) on sale (millions of yen)	Total of valuation gain (loss) (millions of yen)
Shares not listed	-	-	-
Shares other than those not listed	3	12	1,696

IV) Investment shares for which purpose of holding was changed from other than pure investment to pure investment during the current fiscal year

Issue	Number of shares	Carrying amount (millions of yen)
Daikoku Denki Co., Ltd.	2,104,500	6,776
Bandai Namco Holdings Inc.	300	0
CAPCOM CO., LTD.	200	0
Universal Entertainment Corporation	100	0
SEGA SAMMY HOLDINGS INC.	100	0
Heiwa Corporation	100	0
FUJISHOJI Co., Ltd.	100	0
GENDAI AGENCY INC.	100	0

5 [Financial information]

1. Preparation of consolidated financial statements and financial statements

(1) Our consolidated financial statements have been prepared in accordance with “Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements” (Ministry of Finance Regulation No. 28 of 1976).

(2) Our financial statements are prepared based on “Regulations for Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Regulation No. 59 of 1963; hereinafter referred to as the “Financial Statements, etc. regulation”). In addition, we fall under the category of companies submitting special financial statements and prepare financial statements in accordance with the provisions of Article 127 of the Financial Statements, etc. regulation.

2. Audit certification

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year (April 1, 2022, to March 31, 2023) and the financial statements for the fiscal year (April 1, 2022, to March 31, 2023) have been audited by BDO Sanyu & Co.

3. Special measures to ensure appropriateness of consolidated financial statements, etc.

We make special efforts to ensure the appropriateness of our consolidated financial statements. Specifically, the reporting company has joined Financial Accounting Standards Foundation and participated in seminars in order to develop a system that allows for an appropriate understanding of the content of accounting standards, etc., and a system that allows for an accurate response to changes in accounting standards, etc.

1. [Consolidated financial statements, etc.]

(1) [Consolidated financial statements]

I) [Consolidated balance sheet]

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	*2 32,404	*2 36,597
Notes receivable – trade	881	1,733
Accounts receivable – trade	11,334	8,878
Contract assets	474	324
Electronically recorded monetary claims – operating	708	1,957
Merchandise and finished goods	388	339
Work in process	2,874	1,902
Raw materials and supplies	1,831	1,997
Merchandise rights	3,207	1,734
Other	2,615	3,441
Allowance for doubtful accounts	(23)	(37)
Total current assets	56,698	58,868
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2 5,137	*2 5,479
Accumulated depreciation	(3,264)	(3,387)
Buildings and structures, net	1,872	2,091
Machinery, equipment and vehicles	90	96
Accumulated depreciation	(70)	(73)
Machinery, equipment and vehicles, net	20	22
Tools, furniture and fixtures	3,722	3,703
Accumulated depreciation	(3,233)	(3,245)
Tools, furniture and fixtures, net	489	457
Land	*2 1,922	*2 1,929
Construction in progress	233	793
Total property, plant and equipment	4,538	5,295
Intangible assets		
Goodwill	1,623	1,677
Other	859	1,210
Total intangible assets	2,482	2,888
Investments and other assets		
Investment securities	*1 1,429	*1 7,959
Long-term loans receivable	215	681
Deferred tax assets	529	962
Leasehold and guarantee deposits	2,226	2,247
Other	2,210	2,197
Allowance for doubtful accounts	(328)	(207)
Total investments and other assets	6,282	13,841
Total non-current assets	13,303	22,024
Total assets	70,001	80,893

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	13,128	12,402
Short-term borrowings	1,202	*2 6,549
Current portion of long-term borrowings	*2 5,030	*2 2,794
Income taxes payable	608	1,358
Contract liabilities	1,464	1,029
Provision for bonuses	291	273
Provision for bonuses for directors (and other officers)	46	159
Other	6,092	5,923
Total current liabilities	27,864	30,489
Non-current liabilities		
Long-term borrowings	*2 6,530	*2 3,994
Retirement benefit liability	809	862
Asset retirement obligations	800	1,213
Other	2,444	2,515
Total non-current liabilities	10,584	8,585
Total liabilities	38,449	39,075
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,576	7,390
Retained earnings	16,771	24,217
Treasury shares	(1,946)	(1,644)
Total shareholders' equity	30,349	37,912
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18	1,194
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	3	12
Total accumulated other comprehensive income	23	1,208
Share acquisition rights	28	45
Non-controlling interests	1,150	2,651
Total net assets	31,551	41,817
Total liabilities and net assets	70,001	80,893

II) [Consolidated statement of income and consolidated statement of comprehensive income]

[Consolidated statement of income]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Net sales	*1 94,900	*1 117,125
Cost of sales	79,116	91,799
Gross profit	15,784	25,326
Selling, general and administrative expenses		
Advertising expenses	1,021	1,191
Salaries	4,103	4,379
Provision for bonuses	135	200
Retirement benefit expenses	64	68
Outsourcing expenses	828	1,465
Travel and transportation expenses	258	312
Depreciation	415	415
Rent expenses on land and buildings	1,199	1,202
Provision of allowance for doubtful accounts	15	(63)
Amortization of goodwill	252	260
Provision for bonuses for directors (and other officers)	46	159
Other	3,998	4,784
Total selling, general and administrative expenses	12,339	14,376
Operating profit (loss)	3,444	10,950
Non-operating income		
Interest income	2	4
Dividend income	1	5
Purchase discounts	157	129
Share of profit of entities accounted for using equity method	59	90
Distributions from investments	33	21
Other	110	133
Total non-operating income	365	385
Non-operating expenses		
Interest expenses	77	79
Financing expenses	67	4
Provision of allowance for doubtful accounts for subsidiaries and associates	17	6
Other	13	27
Total non-operating expenses	176	116
Ordinary profit (loss)	3,634	11,218

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	304	-
Gain on sale of non-current assets	*2 2	*2 1
Gain on sale of investment securities	231	-
Other	2	0
Total extraordinary income	541	1
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	-	38
Loss on retirement of non-current assets	*3 56	*3 46
Loss on sale of membership	-	7
Loss on litigation	24	-
Losses from coronavirus disease (COVID-19)	*4 46	-
Loss on liquidation of business	*5 105	-
Other	3	0
Total extraordinary losses	234	91
Profit (loss) before income taxes	3,941	11,127
Income taxes – current	698	1,963
Income taxes – deferred	104	(859)
Total income taxes	803	1,103
Profit (loss)	3,137	10,024
Profit attributable to non-controlling interests	666	1,802
Profit attributable to owners of parent	2,471	8,221

[Consolidated statement of comprehensive income]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Profit (loss)	3,137	10,024
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	1,174
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	3	8
Total other comprehensive income	* (91)	* 1,183
Comprehensive income	3,046	11,207
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,377	9,406
Comprehensive income attributable to non-controlling interests	669	1,801

III) [Consolidated statement of changes in equity]

Previous fiscal year (April 1, 2021 to March 31, 2022)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,948	7,579	16,104	(1,946)	29,686
Cumulative effects of changes in accounting policies			(1,441)		(1,441)
Restated balance	7,948	7,579	14,663	(1,946)	28,245
Changes during period					
Dividends of surplus			(323)		(323)
Profit (loss) attributable to owners of parent			2,471		2,471
Purchase of treasury shares					-
Disposal of treasury shares					-
Purchase of shares of consolidated subsidiaries		(3)			(3)
Change in scope of consolidation			(39)		(39)
Change due to new consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	(3)	2,107	-	2,104
Balance at end of period	7,948	7,576	16,771	(1,946)	30,349

	Accumulated other comprehensive income				Share acquisition rights	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 beginning of period	116	1	(0)	117	7	632	30,443
Cumulative effects of changes in accounting policies						(146)	(1,587)
Restated balance	116	1	(0)	117	7	486	28,856
Changes during period							
Dividends of surplus							(323)
Profit (loss) attributable to owners of parent							2,471
Purchase of treasury shares							-
Disposal of treasury shares							-
Purchase of shares of consolidated subsidiaries							(3)
Change in scope of consolidation							(39)
Change due to new consolidation							-
Net changes in items other than shareholders' equity	(98)	0	3	(93)	21	663	591
Total changes during period	(98)	0	3	(93)	21	663	2,695
Balance at end of period	18	1	3	23	28	1,150	31,551

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,948	7,576	16,771	(1,946)	30,349
Cumulative effects of changes in accounting policies					-
Restated balance	7,948	7,576	16,771	(1,946)	30,349
Changes during period					
Dividends of surplus			(646)		(646)
Profit (loss) attributable to owners of parent			8,221		8,221
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(128)	302	173
Purchase of shares of consolidated subsidiaries		(191)			(191)
Change in scope of consolidation					-
Change due to new consolidation		5			5
Net changes in items other than shareholders' equity					
Total changes during period	-	(185)	7,446	301	7,562
Balance at end of period	7,948	7,390	24,217	(1,644)	37,912

	Accumulated other comprehensive income				Share acquisition rights	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 beginning of period	18	1	3	23	28	1,150	31,551
Cumulative effects of changes in accounting policies							-
Restated balance	18	1	3	23	28	1,150	31,551
Changes during period							
Dividends of surplus							(646)
Profit (loss) attributable to owners of parent							8,221
Purchase of treasury shares							(0)
Disposal of treasury shares							173
Purchase of shares of consolidated subsidiaries							(191)
Change in scope of consolidation							-
Change due to new consolidation							5
Net changes in items other than shareholders' equity	1,175	(0)	8	1,184	17	1,500	2,702
Total changes during period	1,175	(0)	8	1,184	17	1,500	10,265
Balance at end of period	1,194	1	12	1,208	45	2,651	41,817

IV) [Consolidated statement of cash flows]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	3,941	11,127
Depreciation	737	781
Amortization of goodwill	252	260
Increase (decrease) in allowance for doubtful accounts	18	(106)
Increase (decrease) in provision for bonuses	3	(18)
Increase (decrease) in provision for bonuses for directors (and other officers)	31	113
Increase (decrease) in retirement benefit liability	41	(19)
Interest and dividend income	(4)	(9)
Purchase discounts	(157)	(129)
Share of loss (profit) of entities accounted for using equity method	(59)	(90)
Interest expenses	77	79
Investments in capital depreciation	361	797
Loss (gain) on sale of shares of subsidiaries and associates	(304)	38
Loss (gain) on sale of investment securities	(231)	-
Decrease (increase) in trade receivables	(7,644)	551
Decrease (increase) in inventories	666	2,330
Loss (gain) on sale of non-current assets	(2)	(1)
Decrease (increase) in accounts receivable - other	(585)	(229)
Decrease (increase) in prepaid expenses	55	(3)
Decrease (increase) in advances paid	3	(90)
Increase (decrease) in trade payables	9,433	(631)
Increase (decrease) in relating to paid-in transactions	(170)	(1,105)
Increase (decrease) in accounts payable - other	240	676
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	486	797
Increase (decrease) in deposits received	602	(640)
Other, net	526	(632)
Subtotal	8,321	13,844
Interest and dividends received	5	9
Interest paid	(77)	(79)
Income taxes refund (paid)	(268)	(1,213)
Net cash provided by (used in) operating activities	7,980	12,561

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(943)	(812)
Proceeds from sale of property, plant and equipment	2	4
Purchase of intangible assets	(243)	(531)
Purchase of investment securities	(70)	(5,126)
Proceeds from sale of investment securities	492	79
Proceeds from redemption of investment securities	109	-
Purchase of shares of subsidiaries and associates	(10)	-
Proceeds from sale of shares of subsidiaries and associates	502	273
Payments for investments in capital	(1,475)	(1,012)
Loan advances	(0)	(483)
Proceeds from collection of loans receivable	56	18
Payments of leasehold and guarantee deposits	(0)	(25)
Proceeds from refund of leasehold and guarantee deposits	109	14
Other, net	(113)	(42)
Net cash provided by (used in) investing activities	(1,586)	(7,642)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	946	5,349
Repayments of long-term borrowings	(4,063)	(5,051)
Proceeds from long-term borrowings	4,858	-
Dividends paid	(322)	(645)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(9)	(486)
Other, net	(24)	109
Net cash provided by (used in) financing activities	1,385	(725)
Effect of exchange rate change on cash and cash equivaler	0	(0)
Net increase (decrease) in cash and cash equivalents	7,779	4,193
Cash and cash equivalents at beginning of period	24,510	32,304
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	14	-
Cash and cash equivalents at end of period	* 32,304	* 36,497

[Notes]

(Notes on the going concern assumption)

Not applicable.

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 19

Principal consolidated subsidiaries

Tsuburaya Productions Co., Ltd.
Digital Frontier Inc.
Digital Frontier (Taiwan) Inc.
GEMBA Inc.
FIELDS CORPORATION
BOOOM Corporation
MICRO CABIN INC.
SEPTECH CORPORATION
CROSSALPHA CORPORATION
SPIKY CORPORATION
SHINNICHI TECHNOLOGY CORPORATION
F CORPORATION
NANASHOW CORPORATION
FutureScope Corp.
Fields Jr. Corporation
LUCENT, INC
PachinkoPachislot Information Station, Inc.
Total Workout premium management Inc.

During the fiscal year under review, FIELDS CORPORATION and 2 other companies were included in the scope of consolidation as a result of a corporate split (incorporation-type company split). FIELDS CORPORATION is a specified wholly-owned subsidiary of the reporting company.

(2) Names of major non-consolidated subsidiaries

TOKYO PREMIUM DINING, INC.
Meta Field Inc.
APE Inc. and six other companies

During the fiscal year under review, Professional Management Co., Ltd. changed its name to Meta Field Inc.

Reason for exclusion from scope of consolidation

The non-consolidated subsidiaries are small companies, and the total assets and total net sales, profit and loss (proportionate share) and retained earnings (proportionate share) have no material impact on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: two

Names of major affiliates accounted for by the equity method

SOUGOU MEDIA INC.
SPO Entertainment Inc.

In the fiscal year under review, Kadokawa Haruki Corporation, which was an equity method affiliate, was excluded from the scope of the equity method because all of its shares were sold.

(2) Names of major non-consolidated subsidiaries and affiliates not accounted for by the equity method

TOKYO PREMIUM DINING, INC.
Meta Field Inc.
GLAMOROUS co., ltd.
APE Inc.
G&E Corporation
VIRTUAL LINE STUDIOS CORPORATION and six other companies

Reasons for not applying the equity method

Companies not accounted for by the equity method are excluded from the scope of application of the equity method because their impact on profit (amount corresponding to equity) and retained earnings (amount corresponding to equity) is negligible and immaterial as a whole.

(3) Other specific information if deemed necessary about application of equity method

For equity-method affiliates whose fiscal year-end differs from the consolidated fiscal year-end, financial statements based on the provisional settlement of accounts of the relevant company are used.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

The fiscal year-end of consolidated subsidiaries is the same as the consolidated fiscal year-end.

4. Disclosure of accounting policies

(1) Valuation standards and methods for significant assets

I) Securities

Other securities

Other than shares, etc. without market price

Market value method (Unrealized gains and losses are included directly in net assets. Cost of securities sold is determined by the moving-average method.)

Shares without market price, etc.

Cost determined by the moving-average method

II) Inventory Assets

Inventory Assets held for ordinary sale

Valuation standards are based on the cost method (a method of writing down the book value due to a decline in profitability).

a. Merchandise and finished goods

The reporting company
Used PS machine
Specific identification method
Other
Moving-average method
Consolidated subsidiaries
Used PS machine
Specific identification method
Other
Weighted average method

b. Work in process

Consolidated subsidiaries
Specific identification method

c. Raw materials
The reporting company
Moving-average method
Consolidated subsidiaries
Weighted average method
d. Supplies
The reporting company and consolidated subsidiaries
Last cost method
e. Merchandising rights
The reporting company and consolidated subsidiaries
Specific identification method

(2) Depreciation methods for significant depreciation assets

I) Property, plant and equipment

Declining-balance method for us and our domestic consolidated subsidiaries

However, buildings (excluding buildings accessories) acquired on or after April 1, 1998 and buildings accessories and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives of the major assets are as follows:

Buildings and structures 3-50 years

Machinery, equipment and vehicles 7-15 years

Tools, furniture and fixtures 2-20 years

II) Intangible assets

Straight-line method

Software for internal use is depreciated using the straight-line method over its estimated useful life (not exceeding 10 years).

III) Long-term prepaid expenses

Straight-line method

(3) Accounting standards for significant provisions

I) Allowance for doubtful accounts

To provide for losses due to bad debt, the reporting company accrues an estimated uncollectible amount for general receivables based on historical bad debt ratios, and for specific receivables for which there is some concern regarding collectability, an estimated uncollectible amount is accrued.

II) Provision for bonuses

To provide for payment of bonuses to employees, the reporting company and certain consolidated subsidiaries provide for the portion of the estimated amount to be paid in the current fiscal year.

III) Provision for bonuses for directors (and other officers)

To provide for payment of bonuses to directors, the reporting company and certain consolidated subsidiaries provide for the payment of bonuses in accordance with the amounts expected to be paid in the fiscal year under review.

(4) Accounting method for retirement benefits

I) Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute expected retirement benefits to the period up to the end of the current fiscal year.

II) Amortization of actuarial gains and losses and prior service costs

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over five years, which is shorter than the average remaining years of service of the eligible employees.

III) Adoption of simplified method by small enterprises, etc.

Certain consolidated subsidiaries apply the simplified method for calculating retirement benefit liability and retirement benefit expenses using the retirement benefit obligation as the amount that would be required if all employees voluntarily terminated their employment at the end of the fiscal year.

(5) Accounting standards for significant revenues and expenses

Revenue recognition for us and our consolidated subsidiaries includes goods and services that are transferred at a point in time and goods and services that are transferred over a period of time. For goods and services that are transferred at one point in time, revenue is primarily related to the sale of Pachinko and pachislot (hereinafter, “PS”) machines and is recognized when the PS machines are shipped to the pachinko halls. For goods and services that will be transferred over a period of time, revenue is recognized based on the input method, primarily for trustee contracts, for which there is revenue on the trustee contract and a reasonable estimate of progress can be made.

Details of major performance obligations in major businesses and the normal time at which revenue is recognized are as follows:

I) Revenues from the sale of PS machines

Revenue generated from contracts between us and our certain subsidiaries, and our customers is primarily derived from the sale of PS machines to pachinko halls. In the purchase and sale agreement with the pachinko halls, the risk of loss is transferred to the pachinko halls when the PS machine is shipped to the pachinko halls. Therefore, we have determined that the delivery of the PS machine to the pachinko halls, which is our and and our certain subsidiaries’ performance obligation, will be completed at that time.

For transactions in which we and our certain subsidiaries are the sole distributor, i.e., transactions in which we and our certain subsidiaries exclusively sell the game machines manufactured by the machine manufacturer, we have determined that it is our and our certain subsidiaries’ performance obligation to provide such machines ourselves and are the principal, and therefore we recognize as revenue the payments we make for the game machines sold to the pachinko halls at the time we ship the machines to the pachinko halls, which is the customer.

For transactions in which we and our certain subsidiaries are not the sole distributor, i.e., transactions in which a portion of the PS machines manufactured by the PS machine manufacturer is sold on behalf of the PS machine manufacturer, we have determined that it is our and our certain subsidiaries' performance obligation and an agent to arrange for such machines to be provided by the PS machine manufacturer, and therefore we recognize as revenue the amount of the agency commission received from the PS machine manufacturer, which is the customer, when the machines are shipped to the PS machine.

II) Revenues from licensing agreements for use of commercialization rights

Revenues from licensing agreements for the use of merchandising rights acquired and held by us and certain consolidated subsidiaries are deducted from the purchase price of the merchandising rights of the PS machines for which we and our certain subsidiaries are the sole distributor, because we have determined that the merchandising rights are paid to PS machine manufacturers that fall under the repurchase agreements, the paid portion is deducted from the purchase price at the time of sale of the applicable PS machines.

(6) Method and period of amortization of goodwill

Goodwill is amortized on a straight-line basis over a reasonable number of years not exceeding 10 years, based on an individual estimate of the length of time that the benefits will be realized.

(7) Scope of cash and cash equivalents of consolidated statement of cash flows

Consists of cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are exposed to insignificant risk of changes in value.

(8) Other important matters for preparation of consolidated financial statements

Accounting for non-deductible consumption taxes on assets

Non-deductible consumption taxes and local consumption taxes related to assets are accounted for as expenses in the current consolidated fiscal year.

(Notes - Significant accounting estimates)

1. Valuation of goodwill (1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Unit: millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Goodwill	1,623	1,677

(2) Information on the content of significant accounting estimates for identified items

I) Calculation method

The grouping of assets in determining whether to recognize an impairment loss and in measuring the impairment loss is made at the smallest unit that generates cash flows that are generally independent of the cash flows of other assets or asset groups, and goodwill is grouped into multiple assets or asset groups related to the business to which the goodwill is attributable. Goodwill is grouped into larger units (cash-generating units) that are the sum of several assets or groups of assets related to the business to which the goodwill relates plus the goodwill. Goodwill is amortized each period, but if there is an indication of impairment, the reporting company determines whether an impairment loss should be recognized, and if so, the amount is measured and recognized in the consolidated financial statements net of the amount of such loss.

II) Assumptions used in significant accounting estimates

The recognition of impairment loss is evaluated based on the recoverable amount in the cash-generating unit, including goodwill. Goodwill relates to consolidated subsidiaries engaged in the development and manufacture of PS machines. The recoverable amount of goodwill is calculated based on discounted future cash flows based on business plans. Significant estimation elements of this business plan are PS machine sales plans and manufacturing plans. The business plan includes estimates based on assumptions made in accordance with historical sales results and available information.

III) Effect of significant accounting estimates on the consolidated financial statements for the following fiscal year

The business plan may be affected by factors such as consumer preferences, the state of procurement of raw materials, and the PS machine industry environment, and any changes in the assumptions made could result in an impairment of goodwill, which could impact the consolidated financial statements for the following fiscal year.

2. Recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

(Unit: millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Deferred tax assets	529	962
Amount prior to offsetting with deferred tax liabilities	616	1,600

(2) Information on the content of critical accounting estimates pertaining to identified items

I) Calculation method

We record deferred tax assets for deductible temporary differences and tax loss carryforwards to the extent that we believe they will be effective in reducing our future tax liability.

The reporting company determines its recoverability based on estimates of taxable income before temporary differences and deductions based on future profitability.

II) Assumptions used in critical accounting estimates

The recorded amount of deferred tax assets is calculated by estimating taxable income based on our business plan for the following fiscal year and by the outcome of future recovery scheduling.

Our business plan includes operating revenue estimates for management and planning guidance (business administration) for each subsidiary based on the business plan of the Group subsidiary.

Such estimates include ratio setting assumptions about operating revenue's acceptance policy and the manner and scope of its receipt.

The most significant of PS operating subsidiary's business plan is pachinko/pachislot machine's sales plan (sales volume and sales prices), which includes estimates based on ratio setting assumptions in accordance with historical sales results and available information.

III) Effect of significant accounting estimates on the consolidated financial statements for the following fiscal year

Our business plans may be affected by changes in operating revenue's estimation policy, and the business plans of PS operating subsidiary may be affected by consumer preferences, PS machine industry conditions, and raw materials sourcing conditions. The business plans of each group company may have a significant impact on the judgment of the recoverability of deferred tax assets if there is a change in the assumptions made in ratio setting, which may affect the consolidated financial statements for the following fiscal year.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Calculation of Market Value)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied from the beginning of the fiscal year under review, and the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied in the future in accordance with the transitional treatment stipulated in Article 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the consolidated financial statements.

Regarding the notes on investment trusts in "Notes to Financial Instruments" regarding the breakdown of financial instruments by fair value level, items related to the previous fiscal year are not stated in accordance with Article 27-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

(Notes - Changes in presentation)

(Notes -Consolidated statement of cash flows)

In the previous fiscal year, "Decrease (increase) in accounts receivable – other" and "Increase (Decrease) in liabilities related to paid-in transactions" which were included in "Other, net" under "Net cash provided by (used in) operating activities" were presented separately from the current fiscal year due to an increase in their monetary materiality.

"Increase (decrease) in merchandise rights," which was presented separately under "Net cash provided by (used in) operating activities" in the previous fiscal year, has been revised from the viewpoint of more appropriate presentation and included in "Decrease (increase) in inventories" from the current fiscal year.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Consequently, in statement of cash flows for the previous fiscal year, ¥ (230) million presented in "Other, net" under "Net cash provided by (used in) operating activities" has been reclassified as ¥ (585) million of "Decrease (increase) in accounts receivable – other", ¥ (170) million of "Increase (decrease) in liabilities related to paid-in transactions" and ¥526 million of "Other, net." ¥ (197) million of "Increase (decrease) in merchandise rights" and ¥ 864 million of "Decrease (increase) in inventories" have been reclassified as ¥666 million of "Decrease (increase) in inventories."

Purchase of shares of subsidiaries not resulting in change in scope of consolidation, which was included in Other, net under Net cash provided by (used in) financing activities in the previous fiscal year, has been presented separately from the current fiscal year due to an increase in its monetary materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Consequently, the ¥ (33) million included in "Other, net" under "Net cash provided by (used in) financing activities" in statement of cash flows for the previous fiscal year has been reclassified as ¥ (9) million in the "Purchase of shares of subsidiaries not resulting in change in scope of consolidation" and ¥ (24) million in "Other, net."

(Changes in accounting estimates)

During the fiscal year under review, estimates of asset retirement obligations, which is recorded as an obligation to restore properties to their original condition associated with real estate lease contracts, were revised as new information on the costs of restoring properties to their original condition was obtained. The increased amount of ¥412 million due to the change in estimate has been added to asset retirement obligations balance prior to the change.

These changes in estimates were made at the end of the fiscal year under review, so there was no impact on the reporting company's earnings for the fiscal year under review.

(Notes - Consolidated balance sheet)

*1Items related to unconsolidated subsidiaries and affiliates are as follows:

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Investments in securities (shares)	991	769

*2Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral and secured liabilities of the consolidated companies

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Buildings	637	611
Land	1,674	1,674
Total	2,311	2,286

(Note) The above amounts are based on loan agreements entered into between the consolidated companies and financial institutions, and are subject to revolving mortgages.

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Short-term borrowings	-	349
Current portion of long-term borrowings	80	472
Long-term borrowings	2,173	1,887
Total	2,253	2,708

(2) Assets pledged as collateral for loans of companies other than consolidated companies

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Time deposits	100	100
Total	100	100

3. Contingent liabilities

Our certain subsidiaries provide guarantees on the price of PS machines when our certain subsidiaries sell PS machines on behalf of manufacturers.

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
GAIA Co., Ltd.	36	85
Nikko Syouji Co., Ltd	—	36
K.K. Live GARDEN	—	35
K.K Palazzo Kichijoji East	—	26
K.K KYORAKU Kanko	—	25
Nikko Entertainment Co., Ltd	—	22
DAIMATSU.	—	21
K.K. ROYAL	0	19
Asahi Shoji K.K.	18	19
K.K. The Palazzo Tokyo Plaza	—	16
Others	192	297
Total	249	607

4. Overdraft agreement and syndicated term loan agreement

Our group enters into overdraft agreements, syndicated term loan agreements with banks with which we do business to ensure efficient procurement of working capital. Undisbursed loans outstanding at the end of the current consolidated fiscal year under these agreements are as follows:

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Total amount of overdraft limits and term loans	16,200	16,200
Loan balance	5,023	9,004
Net amount	11,177	7,195

The syndicated term loan agreements described above contain the following financial covenants (although the covenants differ from contract to contract, major items are described):

I) Maintaining the total amount of net assets in the consolidated balance sheets and non-consolidated balance sheets as of the end of each consolidated fiscal year at 75% or more of the greater of the amount as of the end of the fiscal year immediately preceding the relevant fiscal year or as of the end of the fiscal year ended March 2021.

II) Ordinary losses on the consolidated statements of income and non-consolidated statements of income as of the last day of the fiscal year ended March 2022 and each subsequent fiscal year shall not be recorded for two consecutive fiscal years.

(Consolidated statement of income)

*1 Revenue from contracts with customers

Revenues from contracts with customers and other revenues are not presented separately. The amount of revenue arising from contracts with customers is described in “Notes to consolidated financial statements (revenue recognition relationship) 1. Breakdown of revenue from contracts with customers.”

*2 Details of gain on sales of non-current assets are as follows.

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Buildings and structures	―	0
Machinery and equipment	0	0
Tools, furniture and fixtures	1	0
Total	2	1

*3 Details of loss on retirement of non-current assets are as follows.

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2022)	Current consolidated fiscal year (April 1, 2021 to March 31, 2023)
Buildings and structures	31	34
Tools, furniture and fixtures	1	4
Software	23	6
Other	―	0
Total	56	46

*4 Losses from coronavirus disease (COVID-19)

Previous fiscal year (April 1, 2021, to March 31, 2022)

In line with the declaration of an emergency issued by the government due to the impact of the COVID-19, our group temporarily suspended operations at some of our business sites in the fiscal year under review. The Reporting company judged that the personnel expenses incurred during the leave to be extraordinary and recorded a total of ¥46 million in the consolidated financial statements as “Losses from coronavirus disease (COVID-19)” under extraordinary losses.

Current fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

*5 Loss on business liquidation

Previous fiscal year (April 1, 2021, to March 31, 2022)

As a result of the withdrawal of certain new businesses from our Group, the amount of contractual losses incurred has been recorded as a loss on business liquidation as an extraordinary loss.

Current fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

(Notes – Concerning consolidated statement of comprehensive income)

* Reclassification adjustments and deferred income taxes related to other comprehensive income

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities		
Gain (loss) in the year	116	1,706
Reclassification adjustments	(254)	(13)
Before tax effect adjustment	(137)	1,692
Tax effects	(42)	517
Valuation difference on available-for-sale securities	(95)	1,174
Foreign currency translation adjustment		
Gain (loss) in the year	0	0
Reclassification adjustments	-	-
Before tax effect adjustment	0	0
Tax effects	-	-
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans		
Gain (loss) in the year	11	11
Reclassification adjustments	(8)	(2)
Before tax effect adjustment	3	8
Tax effects	-	—
Remeasurements of defined benefit plans	3	8
Total other comprehensive income	(91)	1,183

(Notes - Consolidated statement of changes in equity)

Previous fiscal year (April 1, 2021, to March 31, 2022)

1. Notes regarding issued shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	34,700,000	-	-	34,700,000

2. Notes regarding treasury shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	2,368,300	-	-	2,368,300

3. Notes regarding share acquisition rights

Company Name	Breakdown	Class of shares	Number of shares to be used (shares)				Balance at the ending of current consolidated fiscal year (millions of yen)
			Beginning of the current consolidated fiscal year	Increase	Decrease	Year-end	
Reporting Company	Share acquisition rights as the first stock option	-	-	-	-	-	28
Total			-	-	-	-	28

4. Notes regarding dividend

(1) Dividends paid

Resolution	Class of shares	Total dividends (millions of yen)	Dividends per share (yen)	Base date	Effective date
June 16, 2021 Annual Shareholders' Meeting	Common shares	323	10	March 31, 2021	June 17, 2021

(2) Dividends for which the effective date of distribution fall in the following consolidated fiscal year out of those which the base date belongs to the current consolidated fiscal year

Resolution	Class of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share(yen)	Base date	Effective date
June 22, 2022 Annual Shareholders' Meeting	Common shares	646	Retained earnings	20	March 31, 2022	June 23, 2022

(Note) On March 22, 2023, we conducted a 2-for-1 stock split of our common share. Dividends with a record date of March 31, 2022 are based on the number of shares before the stock split.

Current fiscal year (From April 1, 2022 to March 31, 2023)

1. Issue related to outstanding shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated financial year
Common shares	34,700,000	34,700,000	-	69,400,000

(Note) 1. On March 22, 2023, we conducted a 2-for-1 stock split of our common share.

2. (Overview of variable events)

Increase due to stock split 34,700,000 shares

2. Notes regarding treasury shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated financial year
Common shares	2,368,300	2,038,982	405,900	4,001,382

(Note) 1. On March 22, 2023, we conducted a 2-for-1 stock split of our common share.

2. (Overview of variable events)

Increase due to purchase of odd-lot shares 191 shares (before stock split)

Increase due to stock split 2,038,791 shares

Decrease due to exercise of share acquisition rights 405,900 shares

(329,700 shares pre-split and 76,200 shares post-split)

3. Notes regarding share acquisition rights

Company Name	Breakdown	Class of shares	Number of shares to be used (shares)				Balance at the ending of current consolidated fiscal year (millions of yen)
			Beginning of the current consolidated fiscal year	Increase	Decrease	Year-end	
Reporting Company	Share acquisition rights as the first stock option	-	-	-	-	-	2
	Share acquisition rights as the second stock option	-	-	-	-	-	43
Total			-	-	-	-	45

4. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 22, 2022 Annual Shareholders' Meeting	Common shares	646	20	March 31, 2022	June 23, 2022

(Note) On March 22, 2023, we conducted a 2-for-1 stock split of our common share. Dividends with a record date of March 31, 2022 are based on the number of shares before the stock split.

(2) Dividends for which the effective date of distribution fall in the following consolidated fiscal year out of those which the base date belongs to the current consolidated fiscal year

Resolution	Class of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 21, 2023 Annual Shareholders' Meeting	Common shares	1,961	Retained earnings	30	March 31, 2023	June 22, 2023

(Matters concerning consolidated statement of cash flows)

* Relation between cash and cash equivalents at the end of year and the amounts stated in consolidated balance sheet is as follows:

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Cash and deposits	32,404	36,597
Time deposits with maturities of more than three months	(100)	(100)
Cash and cash equivalents	32,304	36,497

(Notes - Leases)

1.Operating leases

(Borrower side)

Future minimum lease payments under non-cancelable operating leases

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Due within one year	221	255
Over one year	142	370
Total	363	626

(Notes - Financial instruments)

1. Matters relating to financial instruments

(1) Policy for financial instruments

Our Group's policy is to invest temporary surplus funds mainly in financial assets with high safety.

The Reporting company's policy is to procure short-term working capital through bank borrowings and to make appropriate judgments regarding medium-to long-term financing in light of the use of funds and market conditions.

In addition, the Reporting company does not enter into derivative transactions for speculative purposes.

(2) Details and risks of financial instruments

Notes receivable, accounts receivable and electronically recorded monetary claims represent trade receivables arising from normal operating activities and are exposed to customer credit risk. Investment securities are primarily equity securities held for net investment purposes and are exposed to changes in market prices. Loans are mainly loans to affiliated companies and are exposed to the credit risk of the borrowers. Lease and guarantee deposits consist primarily of leasehold deposits under office lease agreements, which expose the lessor to credit risk.

Notes and accounts payable represent trade payables arising from normal operating activities, all of which are due within one year. Borrowings are mainly for the purpose of raising funds necessary for working capital, and some of these borrowings are exposed to interest rate fluctuation risk. Income taxes payable consist of payables related to income taxes, inhabitants' taxes and enterprise taxes, all of which are due within one year.

(3) Risk management for financial instruments

I) Monitoring of credit risk (the risk that customers or counterparties may default)

Regarding notes receivable, accounts receivable and electronically recorded monetary claims, each business division manages due dates and balances for each counterparty in accordance with the Monetary claim management regulations, and strives to identify concerns about collection at an early stage due to deterioration in financial conditions, etc. The headquarter administration division monitors the financial condition of borrowers and strives to identify concerns about loan recovery at an early stage due to deterioration in the financial condition and other factors.

II) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

With respect to investment securities, in accordance with the Fund Investment Management Regulations, the headquarter administration division regularly monitors the market value and the financial position of the issuing company, and continuously reviews the status of holdings in consideration of the relationship with the client company. The headquarter administration division monitors market interest rate trends from time to time for interest rate risk on borrowings.

III) Management of liquidity risk related to financing (the risk that payments may not be made when due)

Based on reports from each department, the Administrative Division prepares and updates cash flow plans in a timely manner to manage liquidity risk.

(4) Supplementary explanation of the fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the use of different assumptions may change the fair value.

(5) Concentration of credit risk

Not applicable.

2. Matters concerning fair value of financial instruments

Consolidated balance sheet recorded, fair value and the difference between them are as follows.

Previous fiscal year ended March 31, 2022 (Unit: millions of yen)

Classification	Carrying amount	Fair value	Difference
(1) Investment securities			
Other securities	84	84	-
(2) Long-term loans receivable	215		
Allowance for doubtful accounts (*3)	(160)		
	55	55	0
(3) Lease and guarantee deposits	2,226	2,222	(4)
Total assets	2,366	2,362	(4)
(1) Long-term borrowings (including current portion of long-term borrowings)	11,560	11,561	0
Total liabilities	11,560	11,561	0

(*1) "Cash and deposits," "Notes receivable," "Accounts receivable," "Electronically recorded monetary claims," "Notes and accounts payable-trade," "Short-term loans payable," and "Income taxes payable" are omitted because they are cash and because their fair values approximate their carrying values because of their short maturities.

(*2) Equity securities without market quotations are not included in "(1) Investment securities." The carrying amounts of these financial instruments are as follows:

Classification	Previous fiscal year (millions of yen)
Shares not listed	353
Shares of subsidiaries	90
Shares of affiliated companies	901
Total	1,344

(*3) Allowance for doubtful accounts recorded separately in long-term loans receivable is deducted.

Fiscal year ended March 31, 2023 (Unit: millions of yen)

Classification	Carrying amount	Fair value	Difference
(1) Investment securities			
Other securities(*3)	6,836	6,836	—
(2) Long-term loans receivable	681		
Allowance for doubtful accounts (*4)	(159)		
	522	522	0
(3) Lease and guarantee deposits	2,247	2,214	(33)
Total assets	9,607	9,573	(33)
(1) Long-term borrowings (including current portion of long-term borrowings)	6,788	6,789	0
Total liabilities	6,788	6,789	0

(*1) "Cash and deposits," "Notes receivable," "Accounts receivable," "Electronically recorded monetary claims," "Notes and accounts payable-trade," "Short-term loans payable," and "Income taxes payable" are omitted because they are cash and because their fair values approximate their carrying values because of their short maturities.

(*2) Equity securities without market quotations are not included in "(1) Investment securities." The carrying amounts of these financial instruments are as follows:

Classification	Previous fiscal year (millions of yen)
Shares not listed	353
Shares of subsidiaries	90
Shares of affiliated companies	679
Total	1,122

(*3) The reporting company considers the base value of investment trusts to be the fair value in accordance with generally accepted accounting principles for investment trusts and includes such investment trusts.

(*4) Allowance for doubtful accounts recorded separately in long-term loans receivable is deducted.

(Note 1) Redemption schedule for monetary receivables and securities with maturity dates after the consolidated balance sheet date

Previous fiscal year ended March 31, 2022 (Unit: millions of yen)

Classification	Within one year	Over one year Within five years	Over five years Within ten years	Over ten years
Cash and deposits	32,404	-	-	-
Notes receivable	881	-	-	-
Accounts receivable	11,320	14	-	-
Electronically recorded monetary claims	708	-	-	-
Long-term loans receivable (*1)	-	55	-	-
Total assets	45,314	69	-	-

(*1) ¥160 million, which is not expected to be redeemed, is not included in long-term loans receivable.
(*2) Leasehold and guarantee deposits is not included in the above amounts because the repayment date is not fixed.

Current fiscal year ended March 31, 2023 (Unit: millions of yen)

Classification	Within one year	Over one year Within five years	Over five years Within ten years	Over ten years
Cash and deposits	36,597	-	-	-
Notes receivable	1,733	-	-	-
Accounts receivable	8,878	-	-	-
Electronically recorded monetary claims	1,957	-	-	-
Long-term loans receivable (*1)	—	522	-	-
Total assets	49,166	522	-	-

(*1) ¥159 million, which is not expected to be redeemed, is not included in long-term loans receivable.
(*2) Leasehold and guarantee deposits is not included in the above amounts because the repayment date is not fixed.

(Note 2) Maturities of long-term debt and other interest-bearing debt after the consolidated balance sheet date

Previous fiscal year ended March 31, 2022 (Unit: millions of yen)

Classification	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	1,202	-	-	-	-	-
Long-term borrowings	5,030	2,712	1,621	162	1,701	331
Total	6,232	2,712	1,621	162	1,701	331

Current fiscal year ended March 31, 2023 (Unit: millions of yen)

Classification	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	6,549	—	—	—	—	—
Long-term borrowings	2,794	1,662	203	1,743	118	265
Total	9,343	1,662	203	1,743	118	265

3. Breakdown of the fair value of financial instruments by level

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs to the determination of fair value:

Level 1 fair values: Inputs for determining observable fair values that are determined by quoted prices for the assets or liabilities subject to such fair values that are formed in active markets

Level 2 Fair Value: Fair value calculated using inputs for determining fair value other than Level 1 inputs that are observable fair value

Level 3 Fair Values: Fair values calculated using inputs for determining market values that are not observable

If the Reporting company uses multiple inputs that are significant to the determination of fair value, the reporting company categorizes fair value into the level in which each of these inputs has the lowest priority in determining fair value.

(1) Financial instruments recorded in the consolidated balance sheets at fair value

Previous consolidated fiscal year (March 31, 2022)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	54	-	-	54
Total assets	54	-	-	54

(Note) Fair value of investment trusts, etc. is not included in the above. The amount on the consolidated balance sheet of investment trusts, etc. is 30 million yen.

Current consolidated fiscal year (March 31, 2023)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	6,827	-	-	6,827
Total assets	6,827	-	-	6,827

(Note) In accordance with generally accepted accounting principles, investment trusts for which the base value of investment trusts is deemed to be fair value are not included. The consolidated balance sheet of this investment trusts is ¥9 million.

(2) Financial instruments other than financial instruments included in the consolidated balance sheets at fair value

Previous consolidated fiscal year (March 31, 2022)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	55	—	55
Leasehold and guarantee deposits	—	2,222	—	2,222
Total assets	—	2,277	—	2,277
Long-term borrowings (including current portion of long-term borrowings)	—	11,561	—	11,561
Total liabilities	—	11,561	—	11,561

Current consolidated fiscal year (March 31, 2023)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	522	—	522
Leasehold and guarantee deposits	—	2,214	—	2,214
Total assets	—	2,736	—	2,736
Long-term borrowings (including current portion of long-term borrowings)	—	6,789	—	6,789
Total liabilities	—	6,789	—	6,789

(Note) Description of valuation techniques used to determine fair value and inputs for determining fair value

Investment securities

Fair values of listed stocks are valued using quoted prices. Listed stocks are traded in an active market and, therefore, their fair values are classified as level 1 fair values.

Long-term loans receivable

The fair value of long-term loans receivable is calculated using the discounted present value method based on an appropriate indicator, such as future cash flows and yields on government bonds, plus a credit spread, and is classified as a level 2 fair value.

Leasehold and guarantee deposits

The fair value of these assets is calculated by the discounted present value method based on reasonable estimates of the expected timing of repayment and appropriate indicators such as future cash flows and yields on government bonds and is classified as level 2 fair value.

Long-term borrowings (including current portion of long-term borrowings)

The fair value of these instruments is determined using the discounted present value method based on the sum of principal and interest, the remaining term of the debt, and an interest rate adjusted for credit risk, and is classified as level 2 fair value.

(Notes - Securities)

1. Other available-for-sale securities

Previous consolidated fiscal year (March 31, 2022)

(Unit: millions of yen)

Classification	Carrying amount	Acquisition cost	Difference
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	47	8	39
Others	20	20	0
Subtotal	68	28	40
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	6	7	(0)
Others	9	10	(0)
Subtotal	16	17	(1)
Total	84	45	39

Current consolidated fiscal year (March 31, 2023)

(Unit: millions of yen)

Classification	Carrying amount	Acquisition cost	Difference
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	6,821	5,102	1,718
Others	—	—	—
Subtotal	6,821	5,102	1,718
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	5	7	(1)
Others	9	10	(0)
Subtotal	15	17	(1)
Total	6,836	5,119	1,716

2. Other available-for-sale securities sold during the fiscal year

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Unit: millions of yen)

Classification	Proceeds from sales	Total gain on sales	Total in loss on sales
Shares	492	242	-
Other	-	-	-
Total	492	242	-

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: millions of yen)

Classification	Proceeds from sales	Total gain on sales	Total in loss on sales
Shares	60	12	—
Other	20	—	0
Total	80	12	0

(Notes - Retirement benefits)

1. General outline of the retirement allowance system adopted

The reporting company and certain domestic consolidated subsidiaries have adopted defined benefit plans, including lump-sum payment plans.

The retirement lump-sum payment plans of certain consolidated subsidiaries calculate net defined benefit liability and retirement benefits using the simplified method.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans for which the simplified method is applied)

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Retirement benefit obligation at beginning of year	685	705
Service cost	69	67
Interest expenses	0	1
Actuarial differences arising	(11)	(11)
Retirement benefits payable	(38)	(22)
Retirement benefit obligation at end of year	705	740

(2) A reconciliation of the beginning and ending balances of net defined benefit liability under the plans for which the simplified method is applied

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Net defined benefit liability at beginning of year	85	103
Retirement benefit expenses	19	20
Benefits paid	(1)	(83)
Net defined benefit liability at end of year	103	122

(3) Reconciliation between the ending balance of retirement benefit obligations and the net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheets

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Retirement benefit obligations of unfunded plans	809	862
Net amount of liabilities and assets recorded in the consolidated balance sheets	809	862
Obligations for retirement pay	809	862
Net amount of liabilities and assets recorded in the consolidated balance sheets	809	862

(NOTE) Includes plans that apply the simplified method.

(4) Amount of retirement benefit expenses and its breakdown

(Millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Service cost	69	67
Interest expenses	0	1
Amortization of actuarial loss	(8)	(2)
Retirement benefit expenses calculated by the simplified method	19	20
Retirement benefit expenses for defined benefit plan	81	85

(5) Adjustments for retirement benefit

The breakdown of items (before tax effect) recorded in adjustments for retirement benefit is as follows:

(Millions of yen)

	Previous consolidated fiscal year (April 1, 2021to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Differences in the mathematical calculations	(3)	(8)
Total	(3)	(8)

(6) Cumulative adjustment of retirement

The components of remeasurements of cumulative adjustment of retirement benefit (before tax effect) are as follows:

(Millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Unrecognized actuarial loss	(3)	(12)
Total	(3)	(12)

(7) Items for calculating base actuarial differences

Principal actuarial assumptions

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Discount rate	0.15%	0.30%
Expected rate of salary increase	0.90%	0.90%

(Notes to stock options, etc.)

1. Cost of stock options and the title of the account

	Previous consolidated fiscal year	Current consolidated fiscal year
Share-based remuneration expenses of SG&A expenses	21 million yen	65 million yen

2. Details, size and changes of stock options

(1) Details of stock options

i. FIELDS CORPORATION (currently TSUBURAYA FIELDS HOLDINGS INC.) first share acquisition rights (December 2020)

Details as of the end of the current consolidated fiscal year are described as follows. There are no changes to these matters as of the end of the month prior to the month in which Securities Report was submitted (as of May 31, 2023).

Date of resolution	November 13, 2020
Category and number of grantees (people)	Six corporate officers of FIELDS CORPORATION 43 employees of FIELDS CORPORATION Three affiliates director and corporate officers of our subsidiaries3 Eight employees of our subsidiaries
Number of stock options by type of stock	Common stock 801,200 shares
Grant date	December 1, 2020
Vesting conditions	To continue to work from the grant date (December 1, 2020) through the vesting date (November 13, 2022) and being in any position of an officer or employee of the reporting company or any of affiliates at the time of exercise
Requisite service period	Not specified
Exercise period	November 14, 2022 to November 13, 2030
Number of share acquisition rights by type of stock	4,006 (Note 1)
Type, content, and number of shares subject to stock acquisition rights (shares)	Common stock 801,200 (Note 1)
Amount to be paid upon exercise of subscription rights (yen)	366 (Note 2)
Issue price and amount incorporated in capital when shares are issued upon exercise of subscription rights to shares (yen)	Issue price 471.8 Amount to be included in capital (Note 3)
Terms of exercise of share acquisition rights	If share acquisition rights holder surrenders share acquisition rights, it cannot be exercised. The other conditions shall be as set forth in share acquisition rights allocation agreement between the reporting company and share acquisition rights

	holder.
Assignment of share acquisition rights	Purchase of share acquisition rights by assignment shall be subject to approval by a resolution of our Board of Director meeting.
Issuance of share acquisition rights for organizational restructuring	(Note 4)

* Figures are converted to the number of shares after a share split dated March 22, 2023 (a ratio of 2 for 1 common share).

(Note) 1. The class of shares subject to share acquisition rights shall be our common shares, and the number of shares subject to the respective share acquisition rights (hereinafter, "number of granted shares") shall be 200 shares. However, provided that in the event that we effect a share split (including gratuitous allotment of shares of our common stock; hereinafter the same with respect to the description of the share split) or a share consolidation after the date on which the offering of share acquisition rights is resolved at our director meeting (hereinafter, "allocation date"), the number of granted shares shall be adjusted according to the following formula, and any fraction less than one share resulting from the adjustment shall be discarded.

$$\text{Number of granted shares after adjustment} = \text{Number of granted shares before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

Other where we merge or split on, or in cases where adjustments in the number of granted shares are required in accordance with these cases after the allocation date, we may appropriately adjust the number of granted shares to the extent reasonable.

2. If we carry out the following (1) or (2) with respect to our common shares after the allocation date, the amount paid per share to be delivered by exercising each share acquisition rights (hereinafter, "the exercise price") shall be adjusted according to the formula set forth below respectively, and any fraction less than one ¥1 resulting from the adjustment shall be rounded up.

(1) In the event we effect a share split or consolidation of shares

$$\text{Exercise price after the adjustment} = \text{Exercise price before the adjustment} \times \frac{1}{\text{Ratio of stock split or share consolidation}}$$

(2) If we issue new shares or make a disposal of treasury shares at a price below market value (other than as a result of the sale of treasury shares pursuant to the provisions of section 194 of the companies act (requests for sale of shares less than 1 unit by holders of less than 1 unit), the conversion of securities convertible into or convertible into our common shares or the exercise of share acquisition rights (including those attached to bonds with share acquisition rights) that are able to request the delivery of our common shares)

$$\text{Exercise price after the adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Subscription price per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

3. Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights

(1) The amount of share capital to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be one-half of the limit for the increase of share capital calculated in accordance with clause 1 of article 17 of the corporate accounting regulation, and any fraction less than one ¥1 resulting from the calculation shall be rounded up to the nearest ¥1.

(2) The amount of legal capital surplus to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be the amount obtained by subtracting the increased amount of share capital as set forth in (1) above from the increase limit amount of share capital as set forth in (1) above.

4. In the event that we effect a merger (limited to the case where we become a split company as a result of a merger), an absorption-type demerger or an incorporation-type demerger (limited to the case where we become a split company respectively), a share-for-share exchange or a share transfer (each of which shall be limited to the case where we become a wholly-owned subsidiary company) (hereinafter collectively referred to as "organizational restructuring"), the effective date of the merger, the date on which the absorption-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the incorporation-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the share-for-share exchange becomes effective in connection with the share transfer, and the date of incorporation of the parent corporation which is incorporated by share transfer. With respect to the holders of the rights to subscribe for new shares who hold the rights to subscribe for new shares (hereinafter referred to as the "remaining rights to subscribe for new shares") immediately prior to the same, share options of the stock company listed in (a) to (e) of item (viii) of paragraph (1) of article 236 of the companies act (hereinafter referred to as the "company subject to realignment") shall be delivered respectively. Provided, however, that share acquisition rights of the reporting company subject to reorganization shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan in accordance with the following items:

(1) Number of share acquisition rights of companies subject to reorganization to be issued
The same number of remaining share acquisition rights held by share acquisition rights shall be delivered respectively.

(2) Class of shares of the reorganized companies which are the object of Share acquisition rights
The type of stock shall be common stock of the reporting company to be reorganized.

(3) Number of shares of the reorganized companies that are the object of Share acquisition rights
Determination shall be made in accordance with the "type, content, and number of shares subject to share acquisition rights (shares)" in the table, taking into consideration the conditions of the organizational restructuring act, etc.

(4) The value of the property to be contributed at the time of exercise of share acquisition rights
The value of the assets to be contributed for each exercise of share acquisition rights to be delivered shall be the amount obtained by multiplying the realigned exercise price, which is calculated by adjusting the exercise price set forth in the "Amount paid in at exercise of share acquisition rights (yen)" in the table, after taking into account the terms of the reorganization, by the number of shares of the reorganized company which is the object of the said share acquisition rights as determined in accordance with (3) above.

(5) Term during which share acquisition rights can be exercised
The date of commencement of the period during which share acquisition rights specified in "The exercise period" in the table may be exercised and the date of entry into force of the reorganization action, whichever is later, shall be the date of expiration of the period during which share acquisition rights specified in "The exercise period" in the table may be exercised.

(6) Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights

Determined in accordance with Note 3.

(7) Limitation of purchase of share acquisition rights by assignment

Purchase of share acquisition rights by assignment shall be approved by a resolution of director meeting of the reorganized companies.

(8) Purchase of share acquisition rights provisions

If any of the following items I to II is approved at our general meeting of shareholders (if a resolution of our director meeting is not required, then we may obtain share acquisition rights free of charge on a date to be separately determined by our director meeting).

I. Proposal to approve the merger agreement in which we will become the non-surviving company

II. Proposals to approve a split agreement or split plan in which we will become a split company

III. Proposal to approve the share exchange agreement or the share transfer plan in which we will become a wholly owned subsidiary

IV. Proposal for approval of amendments to the articles of incorporation to create a provision that, as a feature of all shares issued by us, our approval shall be required for the acquisition of such shares by transfer

V. Share acquisition rights proposals for approval of amendments to articles of incorporation that require our approval for acquisition of shares of such class by transfer as a feature of the classes of shares contemplated by the transfer, or that establish provisions on the acquisition of all of such classes of shares by resolution of shareholders meetings

VI. Proposal for approval of consolidation of shares with respect to shares of the class subject to share acquisition rights (limited to cases where the number obtained by multiplying the share unit representing such class of shares by the share consolidation ratio yields a fraction of less than 1)

VII. Proposal for approval of a demand for sale of shares by a specially controlling shareholder pursuant to the provisions of paragraph (1) of article 179-3 of the companies act

(9) Other terms of exercise of share acquisition rights

Determined in accordance with “Terms of exercise of share acquisition rights” in the table.

ii. TSUBURAYA FIELDS HOLDINGS INC. share acquisition rights

Details as of the end of the current consolidated fiscal year are described as follows. There are no changes to these matters as of the end of the month prior to the month in which Securities Report was submitted (as of May 31, 2023).

Date of resolution	November 25, 2020
Category and number of grantees (people)	60 employees of TSUBURAYA FIELDS HOLDINGS 22 affiliates director and corporate officers of our subsidiaries3 566 employees of our subsidiaries
Number of stock options by type of stock	Common stock 530,400 shares
Grant date	December 12, 2022
Vesting conditions	To continue to work from the grant date (December 12, 2022) through the vesting date (November 25, 2024) and being in any position of an officer or employee of the reporting company or any of affiliates at the time of exercise
Requisite service period	Not specified
Exercise period	November 26, 2024 to November 25, 2032
Number of share acquisition rights by type of stock	2,652 (Note 1)
Type, content, and number of shares subject to stock acquisition rights (shares)	Common stock 530,400 (Note 1)
Amount to be paid upon exercise of subscription rights (yen)	2,510 (Note 2)
Issue price and amount incorporated in capital when shares are issued upon exercise of subscription rights to shares (yen)	Issue price 3,517 Amount to be included in capital (Note 3)
Terms of exercise of share acquisition rights	(1) A stock option holder must be in a position of an officer or employee of the reporting company or the reporting company’s associated companies (in this paragraph, “associated company” means an associated company as stipulated in the “Regulation on the Terminology, Forms, and Preparation Methods of

	Financial Statements, etc.") when exercising his/her stock options; provided, however, that this shall not apply if a Share Option Holder retires from his/her position as an officer at the reporting company or the reporting company's associated companies due to the expiration of his/her term of office, if a stock option holder forfeits the position of an employee at the reporting company or the reporting company's associated companies due to retirement or the reporting company circumstances, or if the reporting company deems there as otherwise being any justifiable reason. (2) If share acquisition rights holder surrenders share acquisition rights, it cannot be exercised. The other conditions shall be as set forth in share acquisition rights allocation agreement between the reporting company and share acquisition rights holder.
Assignment of share acquisition rights	Purchase of share acquisition rights by assignment shall be subject to approval by a resolution of our Board of Director meeting.
Issuance of share acquisition rights for organizational restructuring	(Note 4)

* Figures are converted to the number of shares after a share split dated March 22, 2023 (a ratio of 2 for 1 common share).

(Note) 1. The class of shares subject to share acquisition rights shall be our common shares, and the number of shares subject to the respective share acquisition rights (hereinafter, "number of granted shares") shall be 200 shares. However, provided that in the event that we effect a share split (including gratuitous allotment of shares of our common stock; hereinafter the same with respect to the description of the share split) or a share consolidation after the date on which the offering of share acquisition rights is resolved at our director meeting (hereinafter, "allocation date"), the number of granted shares shall be adjusted according to the following formula, and any fraction less than one share resulting from the adjustment shall be discarded.

$$\text{Number of granted shares after adjustment} = \text{Number of granted shares before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

Other where we merge or split on, or in cases where adjustments in the number of granted shares are required in accordance with these cases after the allocation date, we may appropriately adjust the number of granted shares to the extent reasonable.

2. If we carry out the following (1) or (2) with respect to our common shares after the allocation date, the amount paid per share to be delivered by exercising each share acquisition rights (hereinafter, "the exercise price") shall be adjusted according to the formula set forth below respectively, and any fraction less than one ¥1 resulting from the adjustment shall be rounded up.

(1) In the event we effect a share split or consolidation of shares

$$\text{Exercise price after the adjustment} = \text{Exercise price before the adjustment} \times \frac{1}{\text{Ratio of stock split or share consolidation}}$$

(2) If we issue new shares or make a disposal of treasury shares at a price below market value (other than as a result of the sale of treasury shares pursuant to the provisions of section 194 of the companies act (requests for sale of shares less than 1 unit by holders of less than 1 unit), the conversion of securities convertible into or convertible into our common shares or the exercise of share acquisition rights (including those attached to bonds with share acquisition rights) that are able to request the delivery of our common shares)

$$\text{Exercise price after the adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Subscription price per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

3. Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights

(1) The amount of share capital to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be one-half of the limit for the increase of share capital calculated in accordance with clause 1 of article 17 of the corporate accounting regulation, and any fraction less than one ¥1 resulting from the calculation shall be rounded up to the nearest ¥1.

(2) The amount of legal capital surplus to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be the amount obtained by subtracting the increased amount of share capital as set forth in (1) above from the increase limit amount of share capital as set forth in (1) above.

4. In the event that we effect a merger (limited to the case where we become a split company as a result of a merger), an absorption-type demerger or an incorporation-type demerger (limited to the case where we become a split company respectively), a share-for-share exchange or a share transfer (each of which shall be limited to the case where we become a wholly-owned subsidiary company) (hereinafter collectively referred to as "organizational restructuring"), the effective date of the merger, the date on which the absorption-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the incorporation-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the share-for-share exchange becomes effective in connection with the share transfer, and the date of incorporation of the parent corporation which is incorporated by share transfer. With respect to the holders of the rights to subscribe for new shares who hold the rights to subscribe for new shares (hereinafter referred to as the "remaining rights to subscribe for new shares") immediately prior to the same, share options of the stock company listed in (a) to (e) of item (viii) of paragraph (1) of article 236 of the companies act (hereinafter referred to as the "company subject to realignment") shall be delivered respectively. Provided, however, that share acquisition rights of the reporting company subject to reorganization shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan in accordance with the following items:

(1) Number of share acquisition rights of companies subject to reorganization to be issued

The same number of remaining share acquisition rights held by share acquisition rights shall be delivered respectively.

(2) Class of shares of the reorganized companies which are the object of Share acquisition rights
The type of stock shall be common stock of the reporting company to be reorganized.

(3) Number of shares of the reorganized companies that are the object of Share acquisition rights
Determination shall be made in accordance with the “type, content, and number of shares subject to share acquisition rights (shares)” in the table, taking into consideration the conditions of the organizational restructuring act, etc.

(4) The value of the property to be contributed at the time of exercise of share acquisition rights
The value of the assets to be contributed for each exercise of share acquisition rights to be delivered shall be the amount obtained by multiplying the realigned exercise price, which is calculated by adjusting the exercise price set forth in the “Amount paid in at exercise of share acquisition rights (yen)” in the table, after taking into account the terms of the reorganization, by the number of shares of the reorganized company which is the object of the said share acquisition rights as determined in accordance with (3) above.

(5) Term during which share acquisition rights can be exercised
The date of commencement of the period during which share acquisition rights specified in “The exercise period” in the table may be exercised and the date of entry into force of the reorganization action, whichever is later, shall be the date of expiration of the period during which share acquisition rights specified in “The exercise period” in the table may be exercised.

(6) Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights

Determined in accordance with Note 3.

(7) Limitation of purchase of share acquisition rights by assignment

Purchase of share acquisition rights by assignment shall be approved by a resolution of director meeting of the reorganized companies.

(8) Purchase of share acquisition rights provisions

If any of the following items I to II is approved at our general meeting of shareholders (if a resolution of our director meeting is not required, then we may obtain share acquisition rights free of charge on a date to be separately determined by our director meeting).

I. Proposal to approve the merger agreement in which we will become the non-surviving company
II. Proposals to approve a split agreement or split plan in which we will become a split company
III. Proposal to approve the share exchange agreement or the share transfer plan in which we will become a wholly owned subsidiary
IV. Proposal for approval of amendments to the articles of incorporation to create a provision that, as a feature of all shares issued by us, our approval shall be required for the acquisition of such shares by transfer
V. Share acquisition rights proposals for approval of amendments to articles of incorporation that require our approval for acquisition of shares of such class by transfer as a feature of the classes of shares contemplated by the transfer, or that establish provisions on the acquisition of all of such classes of shares by resolution of shareholders meetings
VI. Proposal for approval of consolidation of shares with respect to shares of the class subject to share acquisition rights (limited to cases where the number obtained by multiplying the share unit representing such class of shares by the share consolidation ratio yields a fraction of less than 1)
VII. Proposal for approval of a demand for sale of shares by a specially controlling shareholder pursuant to the provisions of paragraph (1) of article 179-3 of the companies act

(9) Other terms of exercise of share acquisition rights

Determined in accordance with “Terms of exercise of share acquisition rights” in the table.

(Additional information)

Items to be described in “[4] [Information about reporting company] 1. [Company’s shares, etc.] (2) [Share acquisition rights] I) [Employee stock option plans]” are summarized in the notes to stock options, etc.

(2) Size and changes of stock options

Stock options that existed in the fiscal year under review (ended March 31, 2023) are covered. The number of stock options has been converted to the number of shares.

I. Number of stock options

	FIELDS CORPORATION (currently TSUBURAYA FIELDS HOLDINGS INC.) First share acquisition rights (December 2020)	TSUBURAYA FIELDS HOLDINGS INC. share acquisition rights
Date of resolution	November 13, 2020	November 25, 2022
Before vesting (shares)		
End of the previous consolidated fiscal year	801,200	－
Granted during the year	－	530,400

Forfeited during the year	15,000	15,600
Vested during the year	786,200	—
Outstanding at the end of the year	—	514,800
After vesting (shares)		
End of the previous consolidated fiscal year	—	—
Vested during the year	786,200	—
Exercised during the year	735,600	—
Forfeited during the year	—	—
Outstanding at the end of the year	50,600	—

* Figures are converted to the number of shares after a share split dated March 22, 2023 (a ratio of 2 for 1 common share).

II. Information on the unit price

	FIELDS CORPORATION (currently TSUBURAYA FIELDS HOLDINGS INC.) First share acquisition rights (December 2020)	TSUBURAYA FIELDS HOLDINGS INC. share acquisition rights
Date of resolution	November 13, 2020	November 25, 2022
Exercise price (yen)	366	2,510
Average stock price at exercise (yen)	2,953.87	—
Fair value per share at grant date (yen)	106.8	1,007

* Figures are converted to the number of shares after a share split dated March 22, 2023 (a ratio of 2 for 1 common share).

3. Method of estimating the fair value of stock options granted in the current fiscal year

(1) Valuation techniques used Black-Scholes model

(2) Basic figures and estimating method

Stock price volatility (Note 1)	46.575%
Estimated remaining term (Note 2)	Six years
Estimated dividend (Note 3)	¥20/shares
Risk free rate (Note 4)	0.165%

(Note) 1. The figure is calculated based on the annual rate and the daily stock price for the last six years.
2. The figure is calculated based on the number of years from the allocation date to the midpoint of the exercise period.
3. The figure is calculated based on the dividend paid one year ago (¥20 for the fiscal year ended March 31, 2022).
4. The figure is estimated based on the annual rate and yields on government bonds on December 12, 2022 (remaining term: six years).

4. Method of estimating the fair value of stock options granted in the current fiscal year

As it is difficult to reasonably estimate the number of forfeitures in the future, the reporting company adopts a method that reflects only the actual number of forfeitures.

(Notes - Tax effect accounting)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Deferred tax assets		..
Provision for retirement benefits	252	298
Allowance for doubtful accounts	284	245
Provision for bonuses and provision for bonuses for directors (and other officers)	132	105
Loss on valuation of investment securities	26	28
Loss on valuation of advance payments	85	86
Loss on devaluation of merchandising rights	147	238
Accrued business office tax	65	141
Excess depreciation expense disallowed for tax purpose	211	157
Asset retirement obligations	252	406
Unrealized income	213	191
Loss carryforwards (Note 2)	9,742	9,021
Other	548	600
Subtotal of deferred tax assets	11,964	11,519
Valuation allowance for tax loss carryforwards (Note 2)	(9,637)	(7,893)
Valuation allowance for total deductible temporary differences	(1,710)	(2,025)
Subtotal of valuation allowance (Note 1)	(11,348)	(9,919)
Total of deferred tax assets	616	1,600
Deferred tax liabilities		
Refundable business office tax	0	—
Valuation difference on available-for-sale securities	12	530
Asset retirement costs	74	199
Total deferred tax liabilities	87	730
Net deferred tax assets (liabilities)	528	870

(Note) 1. The valuation allowance decreased by ¥1,429 million. The decrease is primarily attributable to the valuation allowance for tax loss carryforwards decreased by ¥1,743 million and allowance for total deductible temporary differences increased by ¥314 million.

2. Amount of tax loss carryforwards and deferred tax assets by expiration date

End of previous fiscal year (March 31, 2022)

(Unit: millions of yen)

	Within one year	Over one year Within 2 years	Over 2 years Within 3 years	Due after three years Within 4 years	Due after four years Within 5 years	Over five years	Total
Tax loss carryforwards (a)	262	345	170	2,500	1,651	4,812	9,742
Valuation allowance	(227)	(345)	(170)	(2,500)	(1,651)	(4,742)	(9,637)
Deferred tax assets	34	-	-	-	-	70	(b)104

(a) Tax loss carryforwards are calculated by multiplying the statutory tax rate.

(b) The reporting company does not recognize a valuation allowance for the portion of such tax loss carryforwards that it believes will be recoverable due to anticipated future taxable income.

Current consolidated fiscal year (March 31, 2023)

(Unit: millions of yen)

	Within one year	Over one year Within 2 years	Over 2 years Within 3 years	Due after three years Within 4 years	Due after four years Within 5 years	Over five years	Total
Tax loss carryforwards (c)	345	155	1,854	1,646	1,390	3,627	9,021
Valuation allowance	(345)	(131)	(796)	(1,646)	(1,390)	(3,583)	(7,893)
Deferred tax assets	-	24	1,058	-	-	44	(d) 1,127

(c) Tax loss carryforwards are calculated by multiplying the statutory tax rate.

(d) Regarding the tax loss carryforwards of ¥9,021 million (amount statutory tax rate is multiplied), deferred tax assets of ¥1,127 million is recorded. Deferred tax assets of ¥1,058 million is recognized for a portion of the reporting company’s tax loss carryforwards of ¥7,081 million (multiplied by the statutory tax rate). The tax loss carryforwards for which the deferred tax assets were recognized are considered collectible based on the estimated taxable income before temporary differences based on the future profitability of the reporting company based on the business plan for the next fiscal year, and no valuation allowance is recognized.

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate when there is a major difference between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting

	End of previous fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Statutory tax rate	30.6 %	30.6 %
(Adjustment)		
Per capita inhabitant tax	1.4 %	0.5 %
Items that are not permanently deductible, such as entertainment expenses	0.7 %	0.6 %
Amortization of goodwill	2.0 %	0.7 %
Increase in valuation allowance	(4.7) %	(3.4) %
Net losses carried forward	(3.3) %	(15.3) %
Foreign tax credit	(6.7) %	(4.3) %
Other	0.5 %	0.5 %
Effective income tax rate	20.4 %	9.9 %

(Notes - business combination)

(Transactions under common control)

Transition to a holding company structure through an incorporation-type company split

Based on the resolution of director meeting held on May 18, 2022 and the 34th annual general meeting of shareholders held on June 22, 2022, we implemented an incorporation-type company split with an effective date of October 3, 2022. Accordingly, our corporate name was changed to “TSUBURAYA FIELDS HOLDINGS INC.” on the same date.

(1) Summary of transactions

I. Name of the subject business and the content of the business

Name and description of business: PS machine planning/development/sales business (including ancillary business)

II. Date of business combination

October 3, 2022

III. Statutory form of business combination

New incorporation-type company split in which we became a spin-off company and the newly established “FIELDS CORPORATION” as a successor company

IV. Name following business combination

FIELDS CORPORATION (our consolidated affiliate)

V. Summary of other transactions

In October 2022, we integrated our group companies under the holding company TSUBURAYA FIELDS HOLDINGS INC. and shifted to a new structure to realize our corporate philosophy of The Greatest Leisure for All People.

In an environment where the value of Intellectual Property (IP) is expected to increase further in the future, under the holding company structure, we have revised the single segment centered on IP and established a business structure with two core business segments: the content and digital business segment, which is responsible for the dynamic promotion of growth potential, and PS business segment, which is responsible for profitability.

The establishment of a holding company structure has also made it possible for the group to implement flexible decision-making and management strategies. The holding company plays mainly the following roles.

i. Strategic investments and business alliances

We will strategically invest in businesses such as digital businesses and create and nurture globally competitive IP. The holding company is also responsible for promoting business alliances and capital tie-ups with companies that seek to generate synergies.

ii. Maximization of the group’s corporate value

The holding company will formulate and promote aggressive and innovative management strategies, and support each operating company under these strategies to encourage the creation and expansion of group synergies. Through these efforts, we will strive to maximize the group’s corporate value.

(2) Accounting method

The transaction is accounted for as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

(Notes - Asset retirement obligations)

Asset retirement obligations reported in the consolidated balance sheet

(1) Summary of asset retirement obligations

This is an obligation to restore properties to their original status in accordance with the real estate lease agreements related to the head office, branches, and stores.

(2) Calculation method of the amount of the asset retirement obligation

The estimated period of use is estimated as the amortization period for major fixed assets for each leased property, and the discount rate is calculated as the amount of asset retirement obligations using the yield of government bonds according to the useful life.

(3) Increase (decrease) in total asset retirement obligations

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Balance at beginning of year	895	800
Liabilities incurred due to the acquisition of property, plant and equipment	1	11
Accretion expense	1	1
Increase (decrease) due to changes in estimates	17	412
Decrease due to fulfillment of asset retirement obligations	(40)	(1)
Increase/decrease in others	(74)	(0)
Balance at end of year	800	1,224

(4) Changes in estimates of the amount of asset retirement obligations

In this fiscal year, the reporting company changed its estimates of asset retirement obligations recorded as obligation to restore properties to their original status in accordance with the real estate lease agreements.

Details are set forth in “Notes to consolidated financial statements (changes in estimates), Consolidated financial statements, etc., “Part V [Financial information].”

(Notes - Real estate for lease, etc.)

Previous fiscal year (April 1, 2021, to March 31, 2022)

Status of rental real estate and matters relating to market value

Disclosure is omitted because the total amount of rental properties is immaterial.

Current fiscal year (April 1, 2022 to March 31, 2023)

Status of rental real estate and matters relating to market value

Disclosure is omitted because the total amount of rental properties is immaterial.

(Notes - Revenue recognition)

1.Information disaggregating revenue from contracts with customers

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Unit: millions of yen)

	Reportable segments			Other (Note)	Total
	Content and digital business	PS business	Total		
Goods and services transferred at any one time	5,284	82,343	87,627	2,333	89,961

Goods and services transferred over a period of time Revenue from contracts with customers	3,566	1,372	4,939	—	4,939
Sales to customers	8,851	83,715	92,567	2,333	94,900
Goods and services transferred at any one time Goods and services transferred over a period of time	8,851	83,715	92,567	2,333	94,900

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

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: millions of yen)

	Reportable segments			Other (Note)	Total
	Content and digital business	PS business	Total		
Goods and services transferred at any one time Goods and services transferred over a period of time	10,437	99,603	110,041	2,290	112,332
Revenue from contracts with customers	3,591	1,202	4,793	—	4,793
Sales to customers	14,029	100,805	114,835	2,290	117,125
Goods and services transferred at any one time Goods and services transferred over a period of time	14,029	100,805	114,835	2,290	117,125

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

2.Underlying information to understand the revenues from contracts with customers

The information underlying the understanding of revenue arising from contracts with customers is set forth in "Notes to Consolidated Financial Statements (Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements)," 4. Accounting Policies, (5) Basis of Presentation of Significant Revenues and Expenses" in the Notes to Consolidated Financial Statements.

3. Information to understand the amount of revenue for the current fiscal year and the following fiscal year and beyond

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(1) Amounts outstanding of contract assets and liabilities

(Unit: millions of yen)

	Previous Consolidated Fiscal Year	
	Balance at beginning of year	Balance at end of year
Receivables arising from contracts with customers	5,564	12,924
Contract assets	228	474
Contract liabilities	863	1,464

Contract assets relate to the right to compensation for productions that are progressing as of the end of the fiscal year in the planning and development of PS machines and the planning and production of video productions. Contract assets are reclassified to receivables arising from contracts with customers when delivery of the production is completed and the right to consideration becomes unconditional, and such consideration is billed and received in accordance with the terms of each contract.

Contract liabilities primarily relate to advances received from customers in the planning and development of PS machines and the planning and production of video products. The contract liability is reversed as revenue is recognized.

Of the revenue recognized during the fiscal year under review, the amount included in contractual liabilities as of the beginning of the fiscal year was 558 million yen.

The change in contract assets was primarily due to revenue recognition (increase in contract assets) and reclassification to trade receivables (decrease). The change in contractual liabilities was primarily due to advances received (an increase in contractual liabilities) and revenue recognition (decrease).

Due to performance obligations satisfied (or partially satisfied) in prior periods, the amount of revenue recognized in the current fiscal year (primarily transaction price changes) is immaterial.

(2) Transaction price allocated to the remaining performance obligations

We and our consolidated subsidiaries applied the practical expedient method in the notes to the transaction price allocated to the remaining performance obligations and have not included in the notes for contracts with an original expected term of one year or less.

The unmet (or partially unmet) performance obligation is 1,876 million yen at the end of the current fiscal year.

The reporting company expects that substantially all such performance obligations will be recognized as revenue within one year after the end of the fiscal year.

Current fiscal year (from April 1, 2022 to March 31, 2023)

(1) Amounts outstanding of contract assets and liabilities

(Unit: millions of yen)

	Current Consolidated Fiscal Year	
	Balance at beginning of year	Balance at end of year
Receivables arising from contracts with customers	12,924	12,568
Contract assets	474	324
Contract liabilities	1,464	1,029

Contract assets relate to the right to compensation for productions that are progressing as of the end of the fiscal year in the planning and development of PS machines and the planning and production of video productions. Contract assets are reclassified to receivables arising from contracts with customers when delivery of the production is completed and the right to consideration becomes unconditional, and such consideration is billed and received in accordance with the terms of each contract.

Contract liabilities primarily relate to advances received from customers in the planning and development of PS machines and the planning and production of video products. The contract liability is reversed as revenue is recognized.

Of the revenue recognized during the fiscal year under review, the amount included in contractual liabilities as of the beginning of the fiscal year was 1,268 million yen.

The change in contract assets was primarily due to revenue recognition (increase in contract assets) and reclassification to trade receivables (decrease). The change in contractual liabilities was primarily due to advances received (an increase in contractual liabilities) and revenue recognition (decrease).

Due to performance obligations satisfied (or partially satisfied) in prior periods, the amount of revenue recognized in the current fiscal year (primarily transaction price changes) is immaterial.

(2) Transaction price allocated to the remaining performance obligations

We and our consolidated subsidiaries applied the practical expedient method in the notes to the transaction price allocated to the remaining performance obligations and have not included in the notes for contracts with an original expected term of one year or less.

The unmet (or partially unmet) performance obligation is 57 million yen at the end of the current fiscal year.

The reporting company expects that approximately 25% of such performance obligations will be recognized as revenue within one year after the end of the fiscal year, and the remaining 75% within two years thereafter.

(Notes - Segment information, etc.)

[Segment Information]

1. Outline of any reporting segment

The reporting segments of the reporting company are components of the Group for which separate financial data is available and which are regularly reviewed by board of directors to determine resource allocation and assess performance.

Our group comprises segments by products and services handled by the operating companies. We have two reportable segments: content and digital, and PS.

The content and digital business segment plans, produces, and distributes visual products and engages in merchandise and advertising licensing. PS segment plans, develops, manufactures, and sells PS machine.

In each business, the company which serves as the business controlling company is the center of planning and promoting business strategies in Japan and overseas.

As a result of the transition to a holding company structure, from the Q3 of the current fiscal year, the reporting company has changed its financial reporting from a single segment to two reportable segments: “Content and digital” and “PS.”

Segment information for the previous fiscal year is prepared based on the classification of reporting segments for the current fiscal year.

2. Methods of measuring net sales, profit (loss) and assets etc. of reporting segments

The accounting method for the reporting segments is almost the same as “Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements.”

Income of reporting segments is based on operating profit.

3. Information on net sales and profit (loss) and assets etc.by reporting segment

Previous fiscal year (April 1, 2021, to March 31, 2022)

(Unit: millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	8,851	83,715	92,567	2,333	94,900	—	94,900
Intersegment net sales or transfers	254	—	254	1	255	(255)	—
Total	9,105	83,715	92,821	2,335	95,156	(255)	94,900
Segment profit	1,465	1,750	3,216	92	3,308	136	3,444
Segment assets	8,160	62,564	70,725	2,030	72,755	(2,754)	70,001
Other items							
Depreciation	246	391	638	99	737	—	737
Amortized amount of goodwill	—	252	252	—	252	—	252
Investment amount to equity-method affiliates	—	33	33	681	715	—	715
Increase in property, plant and equipment and intangible assets additions	938	302	1,240	8	1,249	—	1,249

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

2. Adjusted amounts are as follows.

(1) ¥136 million for adjustment to segment profit includes ¥136 million for the elimination of intersegment transactions.

(2) ¥ (2,754) million for adjustment to segment assets includes ¥ (2,754) million for the elimination of intersegment transactions.

3. Segment profit is adjusted with operating profit of consolidated statement of income.

Current fiscal year (April 1, 2022 to March 31, 2023)

(Unit: millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	14,029	100,805	114,835	2,290	117,125	—	117,125
Intersegment net sales or transfers	503	3	506	14	521	(521)	—
Total	14,532	100,808	115,341	2,305	117,646	(521)	117,125
Segment profit	4,378	7,714	12,092	75	12,168	(1,218)	10,950
Segment assets	13,019	44,835	57,854	1,416	59,271	21,621	80,893
Other items							
Depreciation	343	359	703	32	735	45	781
Amortized amount of goodwill	—	260	260	—	260	—	260
Investment amount to equity-method affiliates	—	36	36	454	491	—	491
Increase in property, plant and equipment and intangible assets additions	867	344	1,211	9	1,220	305	1,526

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

2. Adjusted amounts are as follows.

(1) ¥ (1,218) million for adjustment to segment profit includes ¥ (26) million for the elimination of intersegment transactions and ¥ (1,191) million for corporate expenses that are not allocated to individual reporting segments.

(2) ¥21,621 million for adjustment to segment assets includes ¥ (8,693) million for the elimination of intersegment transactions and ¥30,315 million for corporate assets not allocated to the respective reporting segments.

(3) ¥45 million for adjusted amount of depreciation is depreciation related to corporate assets not allocated to reporting segments.

(4) ¥305 million for adjusted amount to the increase in property, plant and equipment and intangible assets relates to corporate assets that is not allocated to reporting segments.

3. Segment profit is adjusted with operating profit of consolidated statement of income.

[Related Information]

Previous fiscal year (April 1, 2021, to March 31, 2022)

1. Information for each product and service

Disclosure is omitted because the same information is described on segment information.

2. Information for each region

(1) Revenues from external customers

Disclosure is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information for each of main customers

This information is omitted because there are no external customers that account for 10% of net sales on the consolidated statements of income.

Current fiscal year (From April 1, 2022 to March 31, 2023)

1. Information for each product and service
Disclosure is omitted because the same information is described on segment information.

2. Information for each region
(1) Net sales
Disclosure is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment
Disclosure is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information for each major customer
This information is omitted because there are no external customers that account for 10% of net sales on the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]
Previous fiscal year (April 1, 2021, to March 31, 2022)
Not applicable.

Current fiscal year (April 1, 2022, to March 31, 2023)
Not applicable.

[Information on amortization of goodwill and unamortized balance by reportable segment]
Previous fiscal year (April 1, 2021, to March 31, 2022)

(Unit: millions of yen)

	Reportable segments			Other	Whole company/ Elimination	Total
	Content and digital business	PS business	Total			
Balance at end of period	―	1,623	1,623	―	―	1,623

(Note) Amortization of goodwill is omitted because the same information is described on segment information.

Current fiscal year (April 1, 2022, to March 31, 2023)

(Unit: millions of yen)

	Reportable segments			Other	Whole company/ Elimination	Total
	Content and digital business	PS business	Total			
Balance at end of period	―	1,677	1,677	―	―	1,677

(Note) Amortization of goodwill is omitted because the same information is described on segment information.

[Information on gain on negative goodwill by reportable segment]
Previous fiscal year (April 1, 2021, to March 31, 2022)
Not applicable.

Current fiscal year (April 1, 2022, to March 31, 2023)
Not applicable.

[Notes - Related parties]

Previous fiscal year (April 1, 2021, to March 31, 2022)

1. Related party transactions

(1) Transactions between the company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to Companies), etc. of the company submitting consolidated financial statements

Not applicable.

(b) Unconsolidated subsidiaries and affiliates of the company submitting consolidated financial statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Type	Company name or person's name	Address	Share capital or investments in capital (millions of yen)	Business activities or occupation	Holding ratio of voting rights, etc. (%)	Relationship with related parties	Details of transactions	Transaction amount (millions of yen)	Item	Balance at end of year (millions of yen)
Companies in which major shareholders own a majority of the voting rights	Villa Home Estate LLC (Note 1)	Ota-ku, Tokyo	0	Management consulting services	-	Entrustment of business (Advice on overall management)	Business consignment expenses (Notes 2, 3)	38	Prepaid expenses	42
									Long-term prepaid expenses	41

Transaction terms and policy for deciding transaction terms

(Note) 1. Villa Home Estate LLC is the company in which Masayuki Nagatake, an executive of Tsuburaya Productions Co., Ltd., a subsidiary of the reporting company, and his close relatives directly own 100% of the voting rights.

2. Outsourcing expenses are determined after consultation between the two companies, taking into account the content of outsourcing operations.

3. As for the outsourcing contract, the total contract amount of ¥208 million (including tax) for the contract period from April 2019 to March 2024 has been paid in advance in the previous fiscal year.

(2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to companies) etc. of the company submitting consolidated financial statements

Not applicable.

(b) Subsidiaries and affiliates of the company submitting consolidated financial Statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Not applicable.

2. Notes to the parent company and significant affiliates

Not applicable.

Current fiscal year (From April 1, 2022 to March 31, 2023)

1. Related party transactions

(1) Transactions between the company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to companies), etc. of the company submitting consolidated financial statements

Not applicable.

(b) Unconsolidated subsidiaries and affiliates of the company submitting consolidated financial statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Type	Company name or person's name	Address	Share capital or investments in capital (millions of yen)	Business activities or occupation	Holding ratio of voting rights, etc. (%)	Relationship with related parties	Details of transactions	Transaction amount (millions of yen)	Item	Balance at end of year (millions of yen)
Companies in which major shareholders own a majority of the voting rights	Villa Home Estate LLC (Note 2)	Ota-ku, Tokyo	0	Management consulting services	-	Entrustment of Business (Advice on overall management)	Business consignment expenses (Notes 2, 3)	76	-	-
Board member	Yusaku Toyoshima	-	-	Director of the reporting company	-	Purchase of shares of subsidiaries and associates	Purchase of shares of subsidiaries and associates (Note 4)	56	-	-

Transaction terms and policy for deciding transaction terms

(Note) 1. Villa Home Estate LLC is the company in which Masayuki Nagatake, an executive of Tsuburaya Productions Co., Ltd., a subsidiary of the reporting company, directly owns 100% of the voting rights.

2. Outsourcing expenses are determined after consultation between the two companies, taking into account the content of outsourcing operations.

3. Outsourcing contract has been ended in June 2022.

4. The transaction price was determined through discussions, taking into consideration the results of a share value calculation by an independent third party.

(2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to companies), etc. of the company submitting consolidated financial statements

Not applicable.

(b) Subsidiaries and affiliates of the company submitting consolidated financial statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Not applicable.

2. Notes to the parent company and significant affiliates

Not applicable.

(Notes - Per share information)

Item	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Net assets per share	¥469.71	¥598.18
Profit (loss) per share	¥38.21	¥126.70
Diluted profit (loss) per share	¥38.09	¥125.74

(Note) 1. On March 21, 2023, we conducted a 2-for-1 stock split of our common share. Per share information is calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.
2. The basis for calculating profit per share is as follows:

Item	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Profit per share or loss per share		
Profit (loss) attributable to owners of parent (millions of yen)	2,471	8,221
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit (loss) attributable to owners of parent attributable to common stock (millions of yen)	2,471	8,221
Average number of shares of common stock outstanding during the period (shares)	64,663,400	64,891,355
Diluted profit (loss) per share		
Adjustment of profit attributable to owners of parent (millions of yen)	—	—
Increase in common stock (shares)	209,120	497,578
Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect	-	

(Significant subsequent events)

Not applicable.

V. [Annexed detailed schedules]

[Annexed detailed schedule of corporate bonds]

Company Name	Stock	Date of publication	Balance at the beginning of the year (millions of yen)	Balance at the end of the year (millions of yen)	Interest rate (%)	Collateral	Maturity date
Digital Frontier Inc.	Digital Frontier Inc. 1st unsecured bonds	November 30, 2020	129	108 (21)	0.31	Unsecured bonds	November 30, 2027
Total	—	—	129	108 (21)	—	—	—

(Note) 1. Figures in parentheses in the column of “Balance at the end of the current fiscal year” represent the amount scheduled to be redeemed within one year.

2. Total amount of redemption schedule for each year within five years after the consolidated closing date

(Unit: millions of yen)

Within one year	Due in 1-2 years	Due after two years through three years	Due after three years through four years	Due after four years through five years
21	21	21	21	24

[Annexed detailed schedule of asset retirement obligations]

Classification	Opening balance (millions of yen)	Closing balance (millions of yen)	Average interest rate (%)	Due date
Short-term borrowings	1,202	6,549	0.33	-
Current portion of long-term borrowings	5,030	2,794	0.85	-
Long-term borrowings (excluding current portion)	6,530	3,994	0.69	April 30, 2024 to September 30, 2031
Total	12,762	13,337	—	-

(Note) 1. “Average interest rate” is the weighted average interest rate of borrowings and other borrowings at the end of the fiscal year.

2. Aggregate annual maturities of long-term borrowings (excluding current portion) within five years after the consolidated closing date

(Unit: millions of yen)

Classification	Within one-two years	Within two-three years	Within three-four years	Within four-five years
Long-term debt	1,662	203	1,743	118

[Schedule of asset retirement obligations]

Statements are omitted because the items to be included in the detailed statements are included in the notes as set forth in Article 15-23 of the consolidated financial statements regulation.

(2) [Others]

Quarterly information for the current consolidated fiscal year

	Q1 of current fiscal year (April 1, 2022 to June 30, 2022)	H1 of current fiscal year (April 1, 2022 to September 30, 2022)	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	33rd fiscal period Fiscal year (April 1, 2022 to March 31, 2023)
Net sales (millions of yen)	8,243	42,230	89,607	117,125
Profit (loss) before income taxes (millions of yen)	285	3,747	9,738	11,127
Profit (loss) attributable to owners of parent (millions of yen)	(209)	2,536	5,646	8,221
Profit per share (yen)	(3.23)	39.22	87.19	126.70

	Q1 of current fiscal year (April 1, 2022 to June 30, 2022)	Q2 of current fiscal year (July 1, 2022 to September 30, 2022)	Q3 of current fiscal year (October 1, 2022 to December 31, 2022)	Q4 of current fiscal year (January 1, 2023 to March 31, 2023)
Profit (loss) per share (yen)	(3.23)	42.46	47.89	39.44

(Note) On March 21, 2023, we conducted a 2-for-1 stock split of our common share. Per share information is calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

2 [Financial statements]

(1) [Financial statements]

I. [Balance sheet]

(Millions of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	*2 29,073	*2 20,241
Notes receivable - trade	875	-
Accounts receivable - trade	*1 10,168	-
Trade accounts receivable	-	*1 1,964
Electronically recorded monetary claims - operating	708	-
Merchandise and finished goods	332	-
Raw materials and supplies	61	0
Merchandising rights	3,427	-
Short-term loans receivable	0	-
Advance payments	1,214	-
Prepaid expenses	328	210
Other	*1 790	*1 349
Allowance for doubtful accounts	(2)	-
Total current assets	46,979	22,766
Fixed assets		
Property, plant and equipment		
Buildings	764	376
Structures	1	-
Vehicles	0	-
Tools, furniture and fixtures	123	38
Land	0	0
Total property, plant and equipment	889	415
Intangible assets		
Software	525	1
Other	155	293
Total intangible assets	681	295
Investments and other assets		
Investment securities	389	7,145
Shares of subsidiaries and associates	5,389	22,269
Investments in capital	5	-
Long-term loans receivable from subsidiaries and affiliates	7,562	1,590
Distressed receivables	53	-
Long-term prepaid expenses	44	0
Deferred tax assets	-	534
Leasehold and guarantee deposits	*1 2,335	747
Other	*1 212	100
Allowance for doubtful accounts	(669)	(147)
Total investments and other assets	15,323	32,240
Total non-current assets	16,894	32,951
Total assets	63,874	55,717

(Millions of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	*1 11,892	-
Short-term borrowings	1,000	6,000
Short-term borrowings to subsidiaries and affiliates	4,043	8,045
Current portion of long-term borrowings	4,900	2,234
Accounts payable-other	*1 786	*1 546
Accrued expenses	21	5
Income taxes payable	406	525
Accrued consumption taxes	364	292
Contract liabilities	49	-
Deposits received	34	12
Unearned revenue	17	17
Provision for bonuses	125	29
Provision for bonuses for directors (and other officers)	31	60
Lease obligations	3	2
Others	3,082	5
Total current liabilities	26,759	17,775
Long-term liabilities		
Long-term borrowings	3,699	1,465
Provision for retirement benefits	709	115
Long-term guarantee deposits	*1 2,322	*1 27
Asset retirement obligations	636	355
Lease obligations	10	5
Deferred tax liabilities	0	-
Total long-term liabilities	7,379	1,968
Total liabilities	34,138	19,744
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus		
Legal capital surplus	7,994	7,994
Total capital surplus	7,994	7,994
Retained earnings		
Legal retained earnings	9	9
Other retained earnings		
General reserve	20,000	20,000
Retained earnings brought forward	(4,298)	441
Total retained earnings	15,710	20,451
Treasury shares	(1,946)	(1,644)
Total shareholders' equity	29,707	34,750
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(0)	1,176
Total valuation and translation adjustments	(0)	1,176
Share acquisition rights	28	45
Total net assets	29,735	35,973
Total liabilities and net assets	63,874	55,717

II. [Statement of income]

(Millions of yen)

	Previous fiscal year (April 1, 2021 To March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Net sales	*1 83,604	*1 35,194
Operating revenue		
Management fee income	-	*1 5,698
Outsourcing service income	-	*1 300
Total operating revenue	-	5,998
Total net sales and operating revenue	83,604	41,193
Cost of sales	*1 73,261	*1 30,122
Gross profit	10,342	11,070
Selling, general and administrative expenses	*2 9,031	*1 4,490
Operating expenses	-	*1 1,473
Total selling, general and administrative expenses and operating expenses	*2 9,031	*2 5,963
Operating profit (loss)	1,311	5,106
Non-operating income		
Interest income	*1 93	*1 66
Dividend income	0	3
Purchase discounts	157	58
Distributions from investments	*1 33	10
Others	*1 51	*1 21
Total non-operating income	336	160
Non-operating expenses		
Interest expenses	*1 82	*1 95
Provision of allowance for doubtful accounts of subsidiaries and associates	17	6
Financing expenses	29	4
Others	*1 5	*1 2
Total non-operating expenses	135	107
Ordinary profit (loss)	1,512	5,159
Extraordinary gains		
Gain on sale of shares of subsidiaries and associates	302	-
Gain on sale of non-current assets	-	0
Gain on sales of investment securities	231	-
Total extraordinary income	534	0
Extraordinary loss		
Loss on retirement of non-current assets	36	32
Loss on valuation of shares of subsidiaries and associates	1	67
Loss on valuation of shares of subsidiaries and associates	1	-
Losses from coronavirus disease (COVID-19)	30	-
Loss on liquidation of business	105	-
Others	1	7
Total extraordinary loss	176	107
Profit (loss) before income taxes	1,870	5,051
Income taxes - current	291	589
Income taxes - deferred	(17)	(1,054)
Total income taxes	274	(464)
Profit (loss)	1,595	5,515

III. [Statement of Changes in Net Assets]

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
					Total capital surplus		
	Share capital	Legal capital surplus	Total capital surplus	Legal capital surplus	General reserve	Retained earnings brought forward	Legal capital surplus
Balance at beginning of period	7,948	7,994	7,994	9	20,000	(4,333)	15,675
Cumulative effect due to changes in accounting policies						(1,237)	(1,237)
Balance at the beginning of the year reflecting changes in accounting policies	7,948	7,994	7,994	9	20,000	(5,571)	14,438
Change during the year							
Dividend of surplus						(323)	(323)
Profit						1,595	1,595
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	1,272	1,272
Balance at end of period	7,948	7,994	7,994	9	20,000	(4,298)	15,710

	Shareholders' equity		Valuation and translation adjustments			
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Share-acquisition rights	Total net assets
Balance at beginning of period	(1,946)	29,672	100	100	7	29,779
Cumulative effect due to changes in accounting policies		(1,237)				(1,237)
Balance at the beginning of the year reflecting changes in accounting policies	(1,946)	28,435	100	100	7	28,542
Change during the year						
Dividend of surplus		(323)				(323)
Profit		1,595				1,595
Purchase of treasury shares		-				-
Disposal of treasury shares		-				-
Net changes in items other than shareholders' equity			(100)	(100)	21	(79)
Total changes during period	-	1,272	(100)	(100)	21	1,193
Balance at end of period	(1,946)	29,707	(0)	(0)	28	29,735

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
					Other retained earnings		
	Paid-in Capital	Legal capital surplus	Total capital surplus	Legal reserve	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	7,948	7,994	7,994	9	20,000	(4,298)	15,710
Cumulative effect due to changes in accounting policies							
Balance at the beginning of the year reflecting changes in accounting policies	7,948	7,994	7,994	9	20,000	(4,298)	15,710
Change during the year							
Dividend of surplus						(646)	(646)
Profit						5,515	5,515
Purchase of treasury shares							
Disposal of treasury shares						(128)	(128)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	4,740	4,740
Balance at end of period	7,948	7,994	7,994	9	20,000	441	20,451

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Other securities Variance from valuation	Evaluation and conversion Total differences		
Balance at beginning of period	(1,946)	29,707	(0)	(0)	28	29,735
Cumulative effect due to changes in accounting policies		-				-
Balance at the beginning of the year reflecting changes in accounting policies	(1,946)	29,707	(0)	(0)	28	29,735
Change during the year						
Dividend of surplus		(646)				(646)
Profit		5,515				5,515
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	302	173				173
Net changes in items other than shareholders' equity			1,177	1,177	17	1,194
Total changes during period	301	5,042	1,177	1,177	17	6,237
Balance at end of period	(1,644)	34,750	1,176	1,176	45	35,973

[Notes]

(Matters relating to going concern assumption)

Not applicable.

(Significant accounting policies)

1.Valuation standards and methods for assets

(1) Securities

I. Subsidiaries and affiliates

Cost determined by the moving-average method

II. Available-for-sale securities

Other than shares, etc. without market price

Market value method (Unrealized gains and losses are included directly in net assets. Cost of securities sold is determined by the moving-average method.)

Shares without market price, etc.

Cost determined by the moving-average method

(2) Inventories

Inventories held for sale in the ordinary course of business

Valuation standards are based on the cost method (a method of writing down the book value due to a decline in profitability).

Merchandise

Used game machines

Specific identification method

Others

Moving average method

Raw materials

Moving average method

Supplies

Last cost method

Merchandising rights

Specific identification method

2. Depreciation method of fixed assets

(1) Property, plant and equipment

Declining balance method

However, the straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.

The estimated useful lives of the major assets are as follows:

Buildings 3-15 years

Tools, furniture and fixtures 3 to 20 years

(2) Intangible assets

Fixed amount method

Software for internal use is amortized using the straight-line method over its estimated useful life (not exceeding 10 years).

(3) Long-term prepaid expenses

Fixed amount method

3. Accounting standards for allowance

(1) Allowance for doubtful accounts

The allowance for doubtful receivables is provided for possible losses on doubtful receivables based on the historical write-off ratio for general receivables and on an estimate of uncollectible amounts for specific doubtful receivables based on the collectability of individual receivables.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, the amount to be borne in the current fiscal year out of the estimated amount to be paid is accrued.

(3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors, the amount corresponding to the current fiscal year is recorded based on the estimated amount to be paid in the current fiscal year.

(4) Provision for retirement benefits

Provision for retirement benefits for employees is provided based on the estimated retirement benefit obligation at the end of the fiscal year under review.

Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period (five years) which is shorter than the average remaining years of service of the eligible employees.

4. Accounting standards for revenues and expenses

Details of major performance obligations in major businesses and the normal time at which revenue is recognized are as follows:

(1) Revenues from business management

The revenue is from management and planning guidance to the reporting company’s subsidiaries, and the reporting company has a performance obligation to provide management guidance to the subsidiaries over the contract period based on the contract with the subsidiaries.

Therefore, the reporting company has determined that the performance obligation is satisfied over the contract period and recognizes revenue over the contract period.

(2) Revenues from consignment of business activities

The revenue is from the provision of administrative, legal, accounting and finance services to the reporting company’s subsidiaries and others. The reporting company has a performance obligation to provide management guidance to the subsidiaries over the contract period based on the contract with the subsidiaries.

Therefore, the reporting company has determined that the performance obligation is satisfied over the contract period and recognizes revenue over the contract period.

(3) Revenues from the sale of PS machines

Revenue generated from contracts between us and our customers is primarily derived from the sale of PS machines to pachinko halls. In the purchase and sale agreement with the PS parlor, the risk of loss is transferred to the PS parlor when the PS machine is shipped to the PS parlor. Therefore, we have determined that the delivery of the PS machine to the PS parlor, which is our performance obligation, will be completed at that time.

For transactions in which we are the sole distributor, i.e., transactions in which we exclusively sell the game machines manufactured by the machine manufacturer, we have determined that it is our performance obligation to provide such machines ourselves and are the principal, and therefore we recognize as revenue the payments we make for the game machines sold to the PS halls at the time we ship the machines to the PS parlor, which is the customer.

For transactions in which we are not the sole distributor, i.e., transactions in which a portion of the PS machines manufactured by the PS machine manufacturer is sold on behalf of the PS machine manufacturer, we have determined that it is our performance obligation and an agent to arrange for such machines to be provided by the PS machine manufacturer, and therefore we recognize as revenue the amount of the agency commission received from the PS machine manufacturer, which is the customer, when the machines are shipped to the PS machine.

(4) Revenues from licensing agreements for use of commercialization rights

Revenues from licensing agreements for the use of merchandising rights that we acquire and hold are deducted from the purchase price of the merchandising rights of the PS machines for which we are the sole distributor, because we have determined that the merchandising rights are paid to PS machine manufacturers that qualify as repurchase agreements, payable payments are deducted from the purchase price at the time of sale of the applicable PS machines.

5. Other significant matters forming the basis for preparation of financial statements

(1) Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differs from these methods of accounting in the consolidated financial statements.

(2) Accounting for non-deductible consumption taxes on assets

Non-deductible consumption taxes and local consumption taxes related to assets are accounted for as expenses in the current fiscal year.

(Significant accounting estimates)

1. Evaluation of investments in and loans to affiliated companies

(1) Amounts recorded in the financial statements for the current fiscal year

(Unit: millions of yen)

	Previous fiscal year	Current fiscal year
Deferred tax assets	—	534
Amount before offsetting deferred tax liabilities	51	1,114

(2) Information on the content of significant accounting estimates for identified items

I. Calculation method of the amount

We record deferred tax assets to the extent it is considered likely to reduce future tax liabilities arising from future deductible temporary differences and tax loss carryforwards. The recoverability of these assets is assessed based on estimates of future taxable income, considering temporary differences and other factors related to future profitability.

II. Assumptions used in significant accounting estimates

The recorded amount of deferred tax assets is calculated by estimating taxable income based on our business plan for the following fiscal year and by the outcome of future recovery scheduling.

Our business plan includes operating revenue estimates for management and planning guidance (business administration) for each subsidiary based on the business plan of the Group's subsidiary. Such estimates include ratio setting assumptions about operating revenue's acceptance policy and the manner and scope of its receipt.

The most significant of PS operating subsidiary's business plan is pachinko/pachislot machine's sales plan (sales volume and sales prices), which includes estimates based on ratio setting assumptions based on historical sales results and available information.

III. Effect of significant accounting estimates on the financial statements for the following fiscal year

The reporting company's business plan may be affected by changes in operating revenue estimation policies, and business plan of PS business subsidiaries may be affected by factors such as consumer preferences, PS machine industry environment and the state of raw material procurement, etc. The business plans of the group companies may have a significant impact on the determination of the recoverability of deferred tax assets if there is a change in the assumptions set, which may affect the financial statements for the following fiscal year.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition)

The reporting company has adopted the "Implementation Guidance on Fair Value Accounting Standard" (ASBJ Statement No. 31, March 31, 2020, hereinafter, the "Implementation Guidance on Fair Value Accounting Standard") from the beginning of the current fiscal year. In accordance with the transitional treatment stipulated in Article 27-2 of the Implementation Guidance on Fair Value Accounting Standard, we will apply the new accounting policy stipulated in the Implementation Guidance on Fair Value Accounting Standard in the future. There is no impact on the financial statements.

(Changes in Presentation Method)

On October 3, 2022, we shifted to a holding company structure through an incorporation-type company split. Accordingly, revenues from Management fee income in and after the transition date are recorded as "operating revenue" and the corresponding expenses are recorded as "operating expenses."

(Changes in accounting estimate)

During the fiscal year under review, estimates of Asset retirement obligations, which is recorded as an obligation to restore properties to their original condition associated with real estate lease contracts, have been revised in conjunction with obtaining new information on the costs of restoring properties to their original condition. The increased amount of ¥117 million due to the change in estimate has been added to Asset retirement obligations balance prior to the change.

These changes in estimates were made at the end of the fiscal year under review, and therefore there was no impact on earnings for the fiscal year under review.

(Notes to Balance Sheet)

1. Credits and debits to affiliated companies

Amounts of monetary receivables or payables to such affiliated companies other than those stated separately are as follows:

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Short-term monetary claims	130 million yen	2,215 million yen
Long-term monetary claims	307 million yen	— million yen
Short-term monetary liabilities	225 million yen	140 million yen
Long-term monetary liabilities	7 million yen	7 million yen

*2. Secured assets

Assets pledged as collateral for loans of other companies

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Time deposits	100 million yen	100 million yen
Total	100 million yen	100 million yen

3. Contingent liabilities

(1) We provide a warranty on PS machine price from manufacturer to pachinko halls when acting as PS machine sales agent.

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
GAIA CORPORATION	36 million yen	— million yen
SHOUEI PROJECT INC	23 million yen	— million yen
Asahi Shoji Co., Ltd.	18 million yen	— million yen
OHTE CO.,LTD.	12 million yen	— million yen
Taisei Tourism Co., Ltd.	11 million yen	— million yen
MICADO GLOBAL INC.	7 million yen	— million yen
Corona World Co., Ltd.	7 million yen	— million yen
Keiai Co., Ltd.	7 million yen	— million yen
Hyakutan Co., Ltd.	5 million yen	— million yen
		million yen
ICHIROKU SHOJI HOLDINGS CO., LTD.	5 million yen	—
Others	113 million yen	— million yen
Total	249 million yen	— million yen

(2) We provide a guarantee of loans on financial institutions of other companies as follows:

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
LUCENT, INC.	1,930 million yen	1,850 million yen
Total	1,930million yen	1,850 million yen

4. Overdraft facility agreement and syndicated term loan agreement

We enter into overdraft facility agreements and syndicated term loan agreements with banks with which we do business to ensure efficient procurement of working capital. The balance of undrawn lines of credit under these agreements as of the end of the current fiscal year is as follows:

(Unit: millions of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Maximum Overdraft Amount and Total Term Borrowings outstanding	15,100	15,100
	4,500	8,132
Net amount	10,600	6,967

The syndicated term loan agreements described above contain the following financial covenants (although the covenants differ from contract to contract, major items are described):

(1) Maintain total amount of consolidated balance sheet and non-consolidated net assets in balance sheet at 75% or more of the greater of the amount as of the end of the fiscal year immediately preceding the relevant fiscal year or as of the end of the fiscal year ended March 31, 2021.

(2) Consolidated statement of income and non-consolidated ordinary loss on the last day of the fiscal year ended March 31, 2022 and each subsequent fiscal year shall not be posted for two consecutive fiscal years.

(Statement of income)

*1. Operating transactions and non-business transactions with affiliated companies are as follows:

(Unit: millions of yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Amount of transactions from operating transactions		
Net sales	241	215
Operating revenue	-	5,980
Purchases	7,235	5,376
Other	582	277
Non-operating transactions	116	165

*2. Major items and amounts of selling, general and administrative expenses are as follows:

(Unit: millions of yen)

	Prior taxable year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Advertising expenses	739	231
Salaries	3,134	1,870
Provision for bonuses	96	25
Provision for directors' bonuses	31	60
Rent expenses on land and buildings	1,287	773
Outsourcing expenses	667	554
Depreciation	274	169
Provision for allowance for doubtful accounts	1	0
Retirement benefit expenses	65	38
Approximate percentage		
Selling expenses	68.0%	49.6%
General and administrative expenses	32.0%	50.4%

(Securities)

Previous fiscal year (March 31, 2022)

Equity securities issued by subsidiaries and affiliated companies are not stated at fair value because they do not have quoted market prices and it is extremely difficult to determine fair value.

Balance sheet recorded for investments in subsidiaries and affiliates whose fair value is not readily determinable are as follows:

Classification	Previous fiscal year (millions of yen)
Investments in subsidiaries	4,894
Investments in affiliates	495
Total	5,389

Current fiscal year (March 31, 2023)

Equity securities issued by subsidiaries and affiliated companies are not stated at fair value because they do not have quoted market prices for equity securities issued by subsidiaries and affiliated companies.

Balance sheet recorded for investments in subsidiaries and affiliates for which market quotations are not available are as follows:

Classification	Current fiscal year (millions of yen)
Investments in subsidiaries	22,269
Investments in affiliates	—
Total	22,269

(Notes - Tax effect accounting)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(Unit: millions of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Deferred tax assets		
Provision for retirement benefits	217	35
Allowance for doubtful accounts	205	45
Accrued bonuses to directors and corporate auditors	47	8
Loss on valuation of investment securities	26	26
Loss on devaluation of merchandising rights	147	—
Valuation loss on shares of affiliates	939	213
Assets for capital gain or loss adjustment	—	377
Shares of subsidiaries on corporate division	—	1,258
Loss on valuation of advance payments	85	—
Allowable limit of deductible depreciation expenses	176	6
Asset retirement obligations	195	108
Tax loss carryforwards	7,625	7,081
Other	536	57
Subtotal deferred tax assets	10,204	9,221
Valuation allowance for tax loss carryforwards	(7,625)	(6,023)
Valuation allowance for total deductible temporary differences	(2,527)	(2,083)
Subtotal valuation allowance	(10,153)	(8,107)
Total deferred tax assets	51	1,114
Deferred tax liabilities		
Asset retirement costs	51	59
Valuation difference on available-for-sale securities	0	520
Total deferred tax liabilities	51	579
Net amount of deferred tax assets (liabilities)	(0)	534

2. Breakdown of significant differences between the statutory tax rate and the effective tax rate of income taxes after application of tax-effect accounting by major items that caused the differences

(%)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Statutory tax rate	30.6	30.6
(Adjustment)		
Per capita inhabitant tax	2.5	0.5
Expenses not deductible for income tax purposes	1.3	0.9
Increase/ decrease in valuation allowance	(8.3)	(11.0)
Utilization of net losses carried forward	(12.6)	(31.7)
Other	1.1	1.4
Effective income tax rate	14.7	(9.2)

(Notes - business combination)

Transactions under common control

The notes are omitted because the information is identical to that presented in “Notes - business combination.”

(Revenue Recognition)

Underlying information to understand revenues

As described in “Notes to Financial Statements (Significant Accounting Policies) 4. Accounting standards for revenues and expenses.”

(Significant Subsequent Events)

Not applicable.

IV. [Annexed detailed schedules]

[Annexed detailed schedule of property, plant and equipment, etc.]

(Unit: millions of yen)

Types of assets	Balance at the beginning of the year	Increase during the year	Decrease during the year	Amortization during the year	Balance at the end of the fiscal year	Accumulated depreciation or Accumulated amortization at the end of the year
Property, plant and equipment						
Buildings	764	125	427	86	376	462
Structures	1	—	0	0	—	—
Vehicles	0	—	0	—	—	—
Tools, furniture and fixtures	123	20	61	43	38	238
Land	0	—	—	—	0	—
Total property, plant and equipment	889	146	490	129	415	701
Intangible assets						
Software	525	170	631	62	1	—
Other	155	328	190	—	293	—
Total intangible assets	681	499	821	62	295	—

(Note) 1. Major items of increase during the fiscal year under review are as follows.
Intangible fixed assets (other) System construction cost ¥275 million
2. Major components of decrease during the year were as follows:
Decrease of software due to company split ¥630 million

[Annexed detailed schedule of provision]

(Unit: millions of yen)

Classification	Opening balance	Increased during current term	Decreased during current term	Closing balance
Allowance for doubtful accounts	672	6	530	147
Provision for bonuses	125	29	125	29
Provision for directors’ bonuses	31	60	31	60
Liability for retirement benefits	709	38	632	115

(2) [Details of Major Assets and Liabilities]

This information is omitted because the consolidated financial statements have been prepared.

(3) [Others]

Not applicable.

6 [Outline of share-related administration of reporting company]

Fiscal year	From April 1 to March 31
Annual Shareholders' Meeting	During June
Record Date	March 31
Record date for distribution of surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase of shares less than one unit	
Handling office	(Special Account) Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited, 8-4, Izumi 2-chome, Suginami-ku, Tokyo
Custodian of shareholder register	(Special Account) Sumitomo Mitsui Trust Bank, Limited, 8-4, Izumi 2-chome, Suginami-ku, Tokyo
Handling agency	-
Purchase commission	The amount separately specified as the amount equivalent to the commission for the entrustment of the sale and purchase of shares
Posting of Public Notices	Electronic public notice However, if we are unable to use electronic public notice due to an accident or other unavoidable reason, we will publish it in the Nikkei. Our website is (https://www.fields.biz/ir/e/).
Benefits to shareholders	Not applicable.

(Note) Shareholders of the reporting company may not exercise rights other than the following rights with respect to the shares less than one unit held by the reporting company:
Rights set forth in Article 189, Paragraph 2 of the Corporation Act
Right to file a claim in accordance with the provision of Article 166, Paragraph 1 of the Corporation Act
Right to receive allocation of shares offered or share purchase rights offered in proportion to the number of shares held

7 [Reference information of the reporting company]

1 [Information of the parent company, etc. of the reporting company]

We have no parent company, etc.

2 [Other reference information]

The following documents have been submitted between the start date of the current fiscal year and the filing date of the securities report.

(1) Securities Report, its attached documents, and confirmation documents

34th fiscal period (from April 1, 2021 to March 31, 2022) filed with the Director-General of the Kanto Local Finance Bureau on June 16, 2021.

(2) Internal control report

34th fiscal period (from April 1, 2021 to March 31, 2022) filed with the Director-General of the Kanto Local Finance Bureau on June 16, 2021.

(3) Quarterly Report and Confirmation Report

The first quarter of the 35th fiscal period (from April 1, 2022 to June 30, 2022) Submitted to the Director, Kanto Local Finance Bureau on August 8, 2022.

The second quarter of the 35th fiscal period (from July 1, 2022 to September 30, 2022) Submitted to the Director, Kanto Local Finance Bureau on November 19, 2022.

The third quarter of the 35th fiscal period (from October 1, 2022 to December 31, 2022) Submitted to the Director, Kanto Local Finance Bureau on February 14, 2023.

(4) Extraordinary report

Extraordinary report pursuant to Article 19 (2) (ix)-2 (Decision on Incorporation-type Company Split) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2022.

Extraordinary report pursuant to Article 19 (2) (iii) (changes in specific subsidiaries) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2023.

(5) Securities registration statement and its attached documents

Issuance of share acquisition rights in accordance with the stock option plan Submitted to the Director, Kanto Local Finance Bureau on November 25, 2022.

(6) Amended statement of securities registration statement

Amended statement (amended statement of the above (5) securities registration statement) Submitted to the Director, Kanto Local Finance Bureau on December 13, 2022.

Part II [Information on Guarantor Companies, etc. of the Reporting Company]

Not applicable.

Independent Auditors' Report and Internal Control Audit Report

June 21, 2023

TSUBURAYA FIELDS HOLDINGS INC.
To the Board of Directors

BDO Sanyu & Co.

Tokyo Office

Designated member Engagement Partner	Certified Public Accountant	Nobuhito Iwata
Designated member Engagement Partner	Certified Public Accountant	Suzue Masuda
Designated member Engagement Partner	Certified Public Accountant	Koichiro Nakanishi

<Audit of financial statements>

Audit opinion

We have audited the consolidated financial statements (i.e., consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, significant items that form the basis for the preparation of consolidated financial statements, other notes, and consolidated schedules) for the year from April 1, 2022 to March 31, 2023 of TSUBURAYA FIELDS HOLDINGS INC. set forth in “Financial information” in order to provide audit certification pursuant to the provisions of Article 193-2(1) of Financial Instruments and Exchange Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2023, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis of audit opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities in the auditing standards are described in "Auditor's Responsibility in the Audit of Consolidated Financial Statements." We are independent from the reporting company and its consolidated subsidiaries in accordance with the Code on Professional Ethics in Japan. We are also responsible for the other ethical conducts as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those that the auditor has determined are particularly important as professional experts in the audit of the consolidated financial statements for the current fiscal year. The key audit matters are those that were addressed in the course of performing the audits and in the formation of audit opinions on the consolidated financial statements as a whole, and we do not express an opinion on these matters individually.

<table>
<tr><th colspan="2">Grouping and assessment of goodwill related to subsidiaries developing and manufacturing pachinko/pachislot machine</th></tr>
<tr><th>Details of Major Audit Considerations and Reasons for Determination</th><th>Audit response</th></tr>
<tr><td>The reporting company group has established a management policy that places the content business as a cornerstone of its growth strategy. In addition to the conventional PS business, it has actively pursued investments in digital business and accumulated the necessary knowledge and know-how to promote this business. In light of the anticipated improvement and expansion of the business environment, as well as the further advancement of digital technology and the increasing value of intellectual property (IP), the reporting company transitioned to a holding company structure on October 3, 2022, and changed its name to “TSUBURAYA FIELDS HOLDINGS INC.”
Currently, the main businesses of the reporting company group are the content and digital business and PS business (the 2 largest businesses).
In the transition to a holding company structure, converted its PS business into a consolidated subsidiary through a company split through a new incorporation-type company split, and in addition, in order to maximize the Group's corporate value, the reporting company is reorganizing its subsidiaries in relation to PS business.
This reorganization also includes a subsidiary that develops and manufactures Pachinko/pachislot machine, and the related Goodwill is included in Goodwill balance of ¥1,677 million recorded in the consolidated Balance sheet for the current fiscal year.
[Notes] As stated in (Significant accounting estimates), goodwill is grouped in units of more than one assets or asset group plus goodwill related to the business to which goodwill belongs, and amortized annually. However, if indicators of impairment are identified, the need for Impairment losses recognition needs to be assessed.
Although the same grouping method should be continuously adopted as a general rule, the reporting company group is reviewing the grouping in the current fiscal year because the facts have changed due to this series of organizational restructuring.
In addition, changes in the scope or manner of use of assets or assets group do not give rise to changes that significantly reduce the recoverable amount, and assets group, including goodwill, has determined that there is no indication of impairment.
The transition to a holding company structure and organizational restructuring implemented in the current fiscal year represent significant judgments regarding the future business policies of the reporting company group and reflect management's intentions and the ability to act.

Based on the above, we judged that the impact of the reorganization on goodwill grouping, including the transition to a holding company structure and the objectives of the organizational restructuring, the examination of judgments regarding how the sources of excess earnings power expected at the time of goodwill were passed on within the consolidated group, and the examination of whether there were any indications of impairment of assets group, including goodwill, were particularly significant in the audits of the consolidated financial statements for the fiscal year under review, and therefore constituted “Major Audit Considerations.”</td><td>In considering Goodwill grouping and assessment of our Pachinko/pachislot machine developers and manufacturers, we primarily performed the following auditing procedures:
・ Discussions were held with management on the objectives of the transition to a holding company structure, including a change in the company name, and the Group's reorganization and future business policies. Minutes of the relevant Director meetings and press releases were also inspected. By this, the purpose of this series of corporate restructuring was understood.
・ Regarding the reorganization between consolidated subsidiaries related to PS business, We grasped the specific details, and understood the roles played by each company, changes in the workflow, and the status of changes in the personnel system.
・ We confirmed whether the changes in the roles of each Group company were consistent with the objectives of the organizational restructuring and whether the changes were reasonable in light of PS business climate, including regulatory requirements, based on actual pachinko/pachislot machine applications and sales results. In addition, the movement status of personnel was confirmed by organizational charts, etc.
・ Due to the transition to a holding company structure and reorganization among consolidated subsidiaries related to PS business, we understood how the sources of excess earnings power expected at the time of Goodwill were transferred within the consolidated group, and examined whether the change in grouping implemented by the reporting company group was reasonable.
The accuracy of the calculations was reviewed to determine whether the operating income (loss) of Assets group, including the post-change Goodwill used to determine indicators of impairment, was aggregated according to the post-change grouping.
・ After changing groupings, we reviewed Assets group, including Goodwill, for indicators of impairment.
・ [Notes] Examined whether descriptions of (Significant accounting estimates) are exhaustive and appropriate.</td></tr>
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<table>
<tr><td colspan="2">Application of Accounting Standard for Revenue Recognition etc. to agency sales</td></tr>
<tr><th>Details of Major Audit Considerations and Reasons for Determination</th><th>Audit response</th></tr>
<tr><td>

[Notes] As described in (Segment Information, etc.), PS business net sales was ¥100,808 million, which accounted for a very significant percentage of the consolidated statement of income for the current fiscal year. PS business net sales consists mainly of pachinko/pachislot machine distributors and agency sales.

The reporting company and certain of its consolidated subsidiaries recognize revenue from transactions in which the reporting company and certain of its consolidated subsidiaries become general sales agency as stated in [Notes] (Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements) 4. Accounting Policies (5) Accounting Policies of the reporting company and certain of its consolidated subsidiaries: For transactions in which the reporting company and certain of its consolidated subsidiaries exclusively sell Pachinko/pachislot machine manufactured by Pachinko/pachislot machine manufacturer, the reporting company and certain of its consolidated subsidiaries are required to provide such Pachinko/pachislot machine by themselves, and the reporting company and certain of its consolidated subsidiaries have determined that the reporting company is the principal and therefore the reporting company and certain of its consolidated subsidiaries are the principal. Therefore, the reporting company and certain of its consolidated subsidiaries recognize revenue from Pachinko/pachislot machine sold to pachinko and pachislot parlors when the reporting company ships Pachinko/pachislot machine to its customers.

In addition, the reporting company and certain of its consolidated subsidiaries deducted from their purchase prices Merchandise rights of Pachinko/pachislot machine to be general sales agency at the time of sales of the applicable Pachinko/pachislot machine as it was determined that it was a paid-in transaction with Pachinko/pachislot machine manufacturer that qualified as a repurchase agreement.

In addition, the reporting company and certain of its consolidated subsidiaries deducted from their purchase prices Merchandise rights of Pachinko/pachislot machine to be general sales agency at the time of sales of the applicable Pachinko/pachislot machine as it was determined that it was a paid-in transaction with Pachinko/pachislot machine manufacturer that qualified as a repurchase agreement.

・Determining to identify contracts (customers) related to Agency sales

・Judgment of the principal agent in Agency sales

・Judgment of Agency sales performance obligations and satisfaction of performance obligations

・Determining whether or not a Merchandise licensing agreement falls under a paid payment transaction

In making these judgments, the reporting company and certain of its consolidated subsidiaries not only referred to in Agency sales contract but also considered a wide range of matters, including Pachinko/pachislot machine sales practices, business relationships, including Pachinko/pachislot machine manufacturer and pachinko and pachislot parlors, and the roles and changes played by the reporting company and certain of its consolidated subsidiaries in these transactions, as well as the workflow of these companies.

Since the amount of PS business Net sales is significant and the impact of management's judgment upon the application of revenue recognition accounting standards, etc. is extremely significant, it is necessary to continue to pay attention to

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In reviewing the application of the Revenue Recognition Accounting Standards to Agency sales and other significant judgments made by the reporting company and certain of its consolidated subsidiaries in conformity with those standards, the reporting company performed the following auditing procedures principally:

・We checked Pachinko/pachislot machine sales industry practices, business relationships including Pachinko/pachislot machine manufacturer and pachinko parlors and the appearance, the roles played by companies and consolidated subsidiaries related to PS business in the relevant transactions, and the changes that were grasped in the previous fiscal year. We also asked the management to understand whether there were any significant changes in the facts in the current fiscal year.

・Regarding the contract and related contract related to Agency sales, the contract and related documents were reviewed to confirm the contractual relationship and confirm whether there were any material changes.

・We reviewed and checked the regulations and practices of Pachinko/pachislot machine sales industries, such as the business flow of publicly available related regulations and transactions, and transaction vouchers, and confirmed whether there were any material changes in the facts.

・Based on the understanding and confirmation of the roles played by the contractual relationships, business relationships, companies and some consolidated subsidiaries in the transactions described above, the judgment of the principal and agent, the judgment of the time when the performance obligations and performance obligations were satisfied, and the judgment of whether Merchandise licensing agreements constitute paid-for-use transactions continued to be rational.

・Pachinko/pachislot machine sales were checked for new business partners and commercial distribution, and management's judgments regarding the application of revenue recognition standards were examined for compliance with these standards.

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</table>

whether there are any significant changes in the facts that serve as the basis for making judgments, and whether there are any applications to new customers or commercial distribution. Based on the above, we have determined that the application of the Revenue Recognition Accounting Standards, etc. to Agency sales is particularly significant in the audit of the consolidated financial statements for the fiscal year under review and falls under the category of "Major Audit Considerations."	

Recoverability of deferred tax assets in TSUBURAYA FIELDS HOLDINGS INC.	
Details of Major Audit Considerations and Reasons for Determination	Audit response
As described in the section entitled "Grouping and assessment of goodwill related to subsidiaries developing and manufacturing pachinko/pachislot machine," the reporting company Group transitioned to a holding company structure on October 3, 2022. As a result, as a holding company, the reporting company is responsible for promoting strategic business alliances and capital tie-ups, and for formulating and promoting management strategies to support each operating company and maximize the value of the group. Operating revenue of the reporting company consists of providing management and planning (business administration) and other services (outsourcing) to each subsidiary, as well as services such as general affairs, legal affairs, and accounting and finance. The Companies recorded Deferred tax assets of ¥962 million in the consolidated Balance sheet for the fiscal year under review. Of this amount, TSUBURAYA FIELDS HOLDINGS INC.'s Deferred tax assets is ¥534 million, as described in 2 [Financial Statements] [Notes] (Tax Effect Accounting), of which deferred tax assets is ¥1,058 million, after deducting valuation provisions of ¥6,023 million for tax loss carryforwards of ¥7,081 million. The Corporation determines the recoverability of Deferred tax assets based on, among other things, its consideration of corporate classification as set forth in the Implementation Guidance on Recoverability of Deferred tax assets (ASBJ Guidance No. 26), consideration of the sufficiency of future taxable income, and scheduling of the expected future reversal of deductible temporary differences. The determination of the recoverability of Deferred tax assets for deductible temporary differences and tax loss carryforwards is based on estimates of taxable income before deductible temporary differences based on future profitability. The estimation of taxable income before deduction of temporary differences based on future earning power is based on the business plan for the following consolidated fiscal year. However, as the reporting company is a pure holding company, the main assumption is the amount of operating revenue for the guidance (business administration) of management and planning, etc. for the respective subsidiaries. Operating revenue for such business administration depends on the business plans of the respective subsidiaries, and it is the business plans of PS business subsidiaries that have a significant impact. The most significant impact on the business plans of PS operating subsidiary is pachinko/pachislot machine sales plan, where sales volume and sales prices are key assumptions and data. This operating revenue entails management's significant intention and ability to implement the concepts of business administration, the methods to be received, and the scope to be	In evaluating the recoverability of Deferred tax assets under TSUBURAYA FIELDS HOLDINGS INC., we primarily performed the following auditing procedures: ・Discussions were held with top management regarding the reporting company's approach to Operating revenue (business administration), the methods to be received, and the scope to be received. Minutes of the relevant Director meetings and contracts were inspected. ・We asked management to understand trends in PS business and the methods used to estimate the pretax taxable income before temporary differences based on the reporting company's future profitability, as well as the significant assumptions and data employed. ・It was confirmed that the Group-wide business plan was resolved by Director Council. ・To assess the effectiveness of management's estimation process, we compared the prior years' business plans and results of our major PS operating subsidiaries. ・Regarding management's outlook on trends in PS business marketplace, we compared the outlook by external research organizations, etc. and confirmed the trends. ・Based on the historical performance of the group companies and trends in PS business market. the reporting company's judgment on corporate classification based on the "Implementation guidance on recoverability of deferred tax assets" was examined. ・The sales plan of Pachinko/pachislot machine, which is the most significant in the business plan of PS business, was compared and reviewed with the sales results in the previous fiscal year for the number of units sold and the unit sales price, which are important assumptions. In particular, we confirmed whether the sales volume is consistent with the market trend of PS business. ・We examined the completeness and accuracy of sales results (sales volume and unit price) in previous years, which are important data prepared by management. ・[Notes] Examined whether descriptions of (critical accounting estimates) are exhaustive and appropriate.

received. In addition, the business plans of PS operating subsidiary are affected by consumer preferences, pachinko/pachislot machine market conditions, and the status of Raw materials procurement. As a result, the business plans are subject to subjective judgments by management and involve uncertainties. Based on the above, we have concluded that the assessment of the recoverability of deferred tax assets under TSUBURAYA FIELDS HOLDINGS INC. is particularly significant in the audit of the consolidated financial statements for the fiscal year under review and falls under the category of "Major Audit Considerations."	

Other information

The other information contained in the security report includes the consolidated financial statements and financial statements and the information other than the reports of these audits. Management is responsible for preparing and disclosing other information. audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of Director's duties in the development and operation of the reporting process for the content of other information.

Our opinion on these consolidated financial statements does not include an opinion of other information, and we do not express an opinion on this other information.

Our responsibility in the audit of the consolidated financial statements is to review, in the course of reading and reading other information, whether there are material differences between other information presentation and the consolidated financial statements or the knowledge that we have obtained in the audit and to determine whether there are any other significant errors in the presentation of other information besides such material differences.

We are required to report any material errors in the statements contained in other information on the basis of the work performed.

There are no matters to be reported by the reporting company regarding the content of other information.

Management and Auditor and the Board of Directors' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements based on the going concern assumption and for disclosing matters relating to a going concern in accordance with accounting principles generally accepted in Japan.

Audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of Director's duties in the design and operation of the financial reporting process.

Auditor's Responsibility for the Audit of Consolidated Financial Statements

The auditor is responsible for expressing an opinion on the consolidated financial statements based on the audits performed by the auditor with reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. A misstatement is deemed to be material when it may occur due to fraud or error and is reasonably expected to affect user decisions in the consolidated financial statements, either individually or in the aggregate.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

・ The auditor identifies and assesses the risks of material misstatement, whether due to fraud or error. We will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
・ The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal control relevant to the audit to design audit procedures that are appropriate in the circumstances.

- The auditor evaluates the appropriateness of the accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of the related notes.
- The auditor concludes whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and whether, based on the audit evidence obtained, there is significant uncertainty regarding events or circumstances that raise substantial doubt about the entity's ability to continue as a going concern. If there is significant uncertainty regarding the reporting company's ability to continue as a going concern, the reporting company is required to issue cautionary statements in its audit reports with respect to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements with respect to material uncertainty are not appropriate, to express an opinion on the exclusion from the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
- The auditor shall evaluate whether the presentation and notes to the consolidated financial statements conform with accounting principles generally accepted in Japan. It also evaluates the presentation, composition and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- The auditor obtains sufficient and appropriate audit evidence regarding the financial information of the reporting company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The auditors are responsible for the instructions, oversight, and implementation of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to audit & supervisory board member and audit & supervisory board on the scope and timing of the planned audits, significant audit findings, including material weaknesses in internal controls identified in the audit process, and other matters required by the audit criteria.

The auditor reports to audit & supervisory board member and audit & supervisory board on compliance with the professional ethical standards in our country regarding independence, and on matters that are reasonably likely to affect the auditor's independence, and on any safeguards that are in place to eliminate or mitigate disincentives.

Among the matters discussed with audit & supervisory board member and audit & supervisory board, the auditor shall determine that the matters considered particularly significant in the audit of the consolidated financial statements for the current fiscal year are major audit considerations and shall be included in the audit report. Provided, however, that this shall not be stated in the event that it is prohibited from publicly announcing such matters pursuant to laws and regulations, or in the event that the auditor determines that such matters should not be reported because it is reasonably expected that the disadvantage arising from the reporting in the audit report will exceed the public interest, although it is extremely limited, such matters shall not be stated.

<Internal Control Audit>

Audit Opinion

We have audited TSUBURAYA FIELDS HOLDINGS INC.'s report on internal control as of March 31, 2023, to provide an audit attestation under the provisions of Section 193-2, 2, of Financial Instruments and Exchange Act.

In our opinion, the internal control report referred to above, which states that the internal control over financial reporting as of March 31, 2022 is effective, present fairly, in all material respects, the results of the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis of Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities in the standards for auditing internal control over financial reporting are described in "Auditor's Responsibility in Auditing Internal Control." We are independent of the reporting company and its consolidated subsidiaries in accordance with the Code on Professional Ethics in Japan and are responsible for the ethical conduct of other as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Auditor and Auditor Committee for Internal Control Reports

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

The responsibilities of Auditor and the Board of Auditor are to monitor and verify the design and operation of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility for Internal Control Audits

The auditor is responsible for expressing an opinion on the internal control report from an independent standpoint in the internal control audit report, with reasonable assurance as to whether the internal control report is free of material misstatement based on the audit of internal control conducted by the auditor.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

・ The auditor performs audit procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the Internal Control Report. The procedures for auditing internal control are selected and applied, in the judgment of the auditor, based on the significance of the impact on the reliability of financial reporting.

・ The auditor considers the overall presentation of the internal control report, including statements made by management regarding the scope, procedures and results of evaluation of internal control over financial reporting.

・ The auditor obtains sufficient and appropriate audit evidence regarding the results of the assessment of internal control over financial reporting in the Internal Control Report. The auditor is responsible for directing, supervising, and implementing the audit of the internal control report. The auditor is solely responsible for the audit opinion.

The auditor shall report to audit & supervisory board member and audit & supervisory board on the scope and timing of the planned audits of internal controls, the results of the internal control audits, material weaknesses to be disclosed in the identified internal controls, the results of the remediation, and other matters required by the standards for auditing internal controls.

The auditor reports to audit & supervisory board member and audit & supervisory board on compliance with the professional ethical standards in our country regarding independence, and on matters that are reasonably likely to affect the auditor's independence, and on any safeguards that are in place to eliminate or mitigate disincentives.

Interests

The reporting company and consolidated subsidiaries have no interest in the Auditing Corporation or Operating Partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

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* 1. The above is a computerized version of the matters stated in the original audit report, which are retained separately by the company submitting annual securities reports.

2.XBRL are not included in the scope of auditing.

Independent Auditors' Report

June 21, 2023

TSUBURAYA FIELDS HOLDINGS INC.
To the Board of Directors

BDO Sanyu & Co.

Tokyo Office

Designated member Engagement Partner	Certified Public Accountant	Nobuhito Iwata
Designated member Engagement Partner	Certified Public Accountant	Suzue Masuda
Designated member Engagement Partner	Certified Public Accountant	Koichiro Nakanishi

Audit Opinion

We have audited the accompanying financial statements of TSUBURAYA FIELDS HOLDINGS INC. (i.e., Balance sheet, Statement of income, Statement of changes in equity, significant accounting policies, other notes and supplementary schedules) for the 35th fiscal year from April 1, 2022 to March 31, 2023, which are listed in the caption "Accounting Condition" in order to attest to our audit under Article 193-2-1.
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TSUBURAYA FIELDS HOLDINGS INC. as of March 31, 2023, and the consolidated results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities in the auditing standards are described in "Auditor's Responsibility in the Audit of Financial Statements." We are independent of the reporting company and are responsible for the ethical conduct of other as an auditor in accordance with the Code on Professional Ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those that the auditor has determined are particularly important as professional experts in the audit of the financial statements for the current fiscal year. The key audit matters are those that were addressed in the course of conducting an audit of the financial statements as a whole and in the formation of audit opinions, and we do not express an opinion on these matters individually.

Application of revenue recognition accounting standards to agency sales
The reasons why the auditor decided on this matter as the main consideration in the audit and the response in the audit are the same as the main consideration “Recoverability of deferred tax assets in TSUBURAYA FIELDS HOLDINGS INC.” in the audit in the audit report of the consolidated financial statements, and therefore the description is omitted.

Recoverability of deferred tax assets
The reporting company group has adopted a management policy that places the content business as the cornerstone of its growth strategy. In addition to the existing PS business, it has actively pursued investments in digital business and accumulated the necessary knowledge and expertise to promote this business. With expectations of improving and expanding the business environment, as well as the anticipated further advancement of digital technology and increased value of intellectual property (IP), the reporting company transitioned to a holding company structure on October 3, 2022, and changed its name to "TSUBURAYA FIELDS HOLDINGS INC." As a result, the reporting company's role as a holding company involves promoting strategic business alliances and capital partnerships, formulating and implementing management strategies to support each subsidiary company, and maximizing the value of the group as a whole. The reporting company's operating revenue is composed of providing guidance (management supervision) on management and planning to each subsidiary, as well as offering services (business outsourcing) in general affairs, legal affairs, accounting, and finance. Regarding these matters, the auditor has omitted the description since the content and reasons for determining the significant auditing matters, as well as the auditing procedures, are the same as those stated in the audit report of the consolidated financial statements concerning the significant auditing matter of "recoverability of deferred tax assets in TSUBURAYA FIELDS HOLDINGS INC.

Other information

The other information contained in the security report includes the consolidated financial statements and financial statements and the information other than the reports of these audits. Management is responsible for preparing and disclosing other information. Audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of director’s duties in the development and operation of the reporting process for the other information.

Our opinion on these financial statements does not include another opinion of other information, and we do not express an opinion on this other information.

Our responsibility in the audit of the financial statements is to review, in the course of reading and reading other information, the material differences between other information presentation and our financial statements or the knowledge that we have obtained in the audit and to pay attention to whether there are any other significant errors in other information presentation.

We are required to report any material errors in the statements contained in other information on the basis of the work performed.

There are no matters to be reported by the reporting company regarding the content of other information.

Management's and audit & supervisory board member’ and audit & supervisory board’ and board's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements based on the going concern assumption and for disclosing if it is necessary to disclose matters relating to a going concern based on accounting principles generally accepted in Japan.

Audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of Director's duties in the design and operation of the financial reporting process.

Auditor's Responsibility in the Audit of Financial Statements

The responsibility of the auditor is to express an opinion on the financial statements based on the audit performed by the auditor from an independent standpoint in the audit report based on reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error. A misstatement is deemed to be material when it may occur due to fraud or error and is reasonably expected to affect user decisions in the financial statements, either individually or in the aggregate.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

・ The auditor identifies and assesses the risks of material misstatement, whether due to fraud or error. We will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
・ The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the internal control. However, in performing risk assessments, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
・ The auditor evaluates the appropriateness of the accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of the related notes.
・ The auditor concludes whether it is appropriate for management to prepare the financial statements on a going concern basis and whether, based on the audit evidence obtained, there is significant uncertainty regarding events or circumstances that raise substantial doubt about the entity's ability to continue as a going concern. If there is significant uncertainty regarding the reporting company's ability to continue as a going concern, the audit report is required to draw attention to the notes to the financial statements. Alternatively, if the notes to the financial statements regarding material uncertainties are not appropriate, the reporting company is required to express an opinion on the financial statements with an exclusion. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
・ The auditor will evaluate whether the financial statement presentation and notes are in accordance with accounting principles generally accepted in Japan, as well as the presentation, composition and content of the financial statements, including the related notes, and whether the financial statements fairly present the underlying transactions and accounting events.

The auditor reports to audit & supervisory board member and audit & supervisory board on the scope and timing of the planned audits, significant audit findings, including material weaknesses in internal controls identified in the audit process, and other matters required by the audit criteria.

The auditor reports to audit & supervisory board member and audit & supervisory board on compliance with the professional ethical standards in our country regarding independence, and on matters that are reasonably likely to affect the auditor's independence, and on any safeguards that are in place to eliminate or mitigate disincentives.

The auditor shall determine the matters discussed with audit & supervisory board member and audit & supervisory board that were considered particularly significant in the audit of the financial statements for the current fiscal year as major audit considerations and shall be included in the audit report. Provided, however, that this shall not be stated in the event that it is prohibited from publicly announcing such matters pursuant to laws and regulations, or in the event that the auditor determines that such matters should not be reported because it is reasonably expected that the disadvantage arising from the reporting in the audit report will exceed the public interest, although it is extremely limited, such matters shall not be stated.

Interests

Our firm and engagement partners have no interest in the reporting company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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* 1. The above is a computerized version of the matters stated in the original audit report, which are retained separately by the company submitting annual securities reports.
2. XBRL are not included in the scope of auditing.