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[Cover page]

[Document title]	Annuals 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 20, 2024
[Fiscal year]	36th fiscal year (from April 1, 2023 to March 31, 2024)
[Company name]	TSUBURAYA FIELDS HOLDINGS INC.
[Company name in English]	TSUBURAYA FIELDS HOLDINGS INC.
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Part I [Company information]

[1] [Overview of company]

1. [Key financial data]

(1) Key financial data of group

Fiscal term		32nd	33rd	34th	35th	36th
Fiscal year-end		2020 Mar.	2021 Mar.	2022 Mar.	2023 Mar.	2024 Mar.
Net sales	(Millions of yen)	66,587	38,796	94,900	117,125	141,923
Ordinary profit (loss)	(Millions of yen)	939	(2,032)	3,634	11,218	12,947
Profit (loss) attributable to owners of parent	(Millions of yen)	490	(3,452)	2,471	8,221	11,551
Comprehensive income	(Millions of yen)	(27)	(3,214)	3,046	11,207	11,797
Net assets	(Millions of yen)	34,279	30,443	31,551	41,817	55,845
Total assets	(Millions of yen)	64,317	52,370	70,001	80,893	98,139
Net assets per share	(Yen)	509.31	460.90	469.71	598.18	727.30
Basic earnings (loss) per share	(Yen)	7.39	(52.89)	38.21	126.70	176.56
Diluted earnings per share	(Yen)	-	-	38.09	125.74	176.11
Equity-to-asset ratio	(%)	52.6	56.9	43.4	48.4	48.5
Rate of return on equity	(%)	1.4	(10.9)	8.2	23.7	26.6
Price-earnings ratio	(Times)	19.2	(5.4)	11.8	16.3	9.7
Cash flows from operating activities	(Millions of yen)	(2,427)	3,692	7,980	12,561	5,563
Cash flows from investing activities	(Millions of yen)	876	(1,072)	(1,586)	(7,642)	(4,101)
Cash flows from financing activities	(Millions of yen)	(2,537)	(2,835)	1,385	(725)	(3,145)
Cash and cash equivalents at end of year	(Millions of yen)	24,725	24,510	32,304	36,497	34,814
Number of employees [average number of temporary employees]	(Persons)	1,341 [646]	1,266 [547]	1,193 [357]	1,259 [351]	1,423 [453]

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

2. 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.

3. 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 32nd fiscal year.

(2) Key financial data of reporting company

Fiscal term		32nd	33rd	34th	35th	36th
Fiscal year-end		2020 Mar.	2021 Mar.	2022 Mar.	2023 Mar.	2024 Mar.
Net sales	(Millions of yen)	57,515	29,723	83,604	41,193	9,487
Ordinary profit (loss)	(Millions of yen)	1,516	(3,497)	1,512	5,159	6,633
Profit (loss)	(Millions of yen)	1,091	(4,120)	1,595	5,515	6,326
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	69,400,000	69,400,000
Net assets	(Millions of yen)	34,417	29,779	29,735	35,973	39,325
Total assets	(Millions of yen)	61,316	49,614	63,874	55,717	59,470
Net assets per share	(Yen)	518.59	460.43	459.41	549.36	597.93
Dividend paid per share (interim dividend paid per share)	(Yen) (Yen)	10 (-)	10 (-)	20 (-)	30 (-)	40 (-)
Basic earnings (loss) per share	(Yen)	16.44	(63.11)	24.68	85.00	96.70
Diluted earnings per share	(Yen)	-	-	24.60	84.36	96.45
Equity-to-asset ratio	(%)	56.1	60.0	46.5	64.5	65.8
Rate of return on equity	(%)	3.2	(12.8)	5.4	16.8	16.9
Price-earnings ratio	(Times)	8.6	(4.6)	18.2	24.3	17.6
Payout ratio	(%)	30.4	-	40.5	35.3	41.4
Number of employees [average number of temporary employees]	(Persons)	510 [35]	527 [28]	505 [21]	104 [8]	104 [7]
Total shareholder return (Comparative indicator: TOPIX total return index)	(%) (%)	40.6 (90.5)	82.3 (128.6)	129.8 (131.2)	585.4 (138.8)	495.9 (196.2)
Highest stock price	(Yen)	805	636	1,008	2,109 (4,620)	3,380
Lowest stock price	(Yen)	260	507	427	1,809 (801)	1,070

(Note) 1. Diluted earnings per share is not presented because there were no dilutive shares for the 32nd fiscal periods and it is a basic loss per share. 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 33rd fiscal periods is not stated because the reporting company recorded a loss.

4. 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.

5. 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 32nd 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.

6. 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.

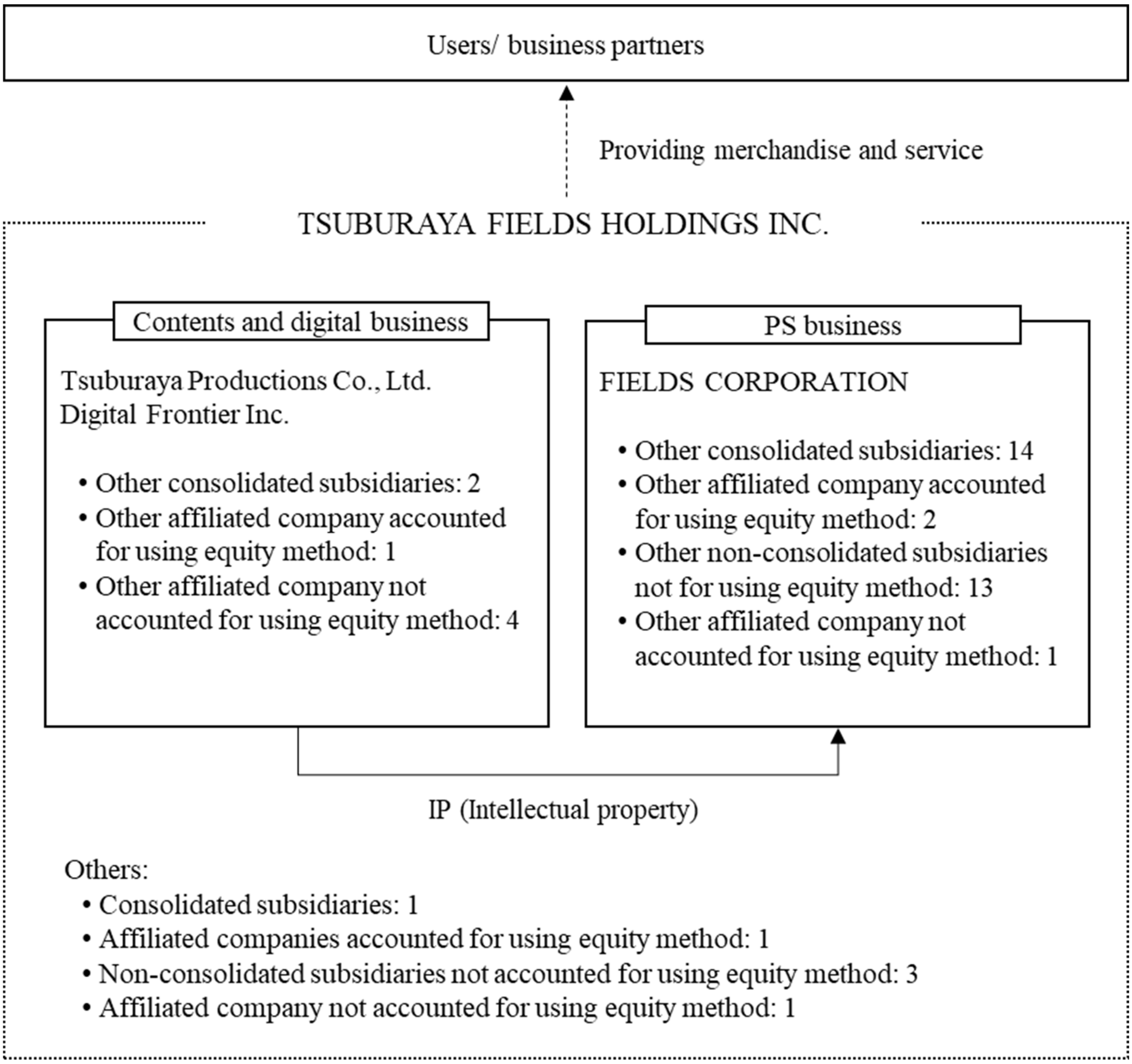
2. [History]

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. (currently Optimize Company, Limited) 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.
Mar. 2024	Made Sophia Co., Ltd. and ACE DENKEN Co., Ltd., a subsidiary through a stock acquisition

3. [Description of business]

Our group (TSUBURAYA FIELDS HOLDINGS INC. and its affiliated companies) consists of TSUBURAYA FIELDS HOLDINGS INC., 40 subsidiaries and six affiliated companies.

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



[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 manufactures and sells own-brand PS machine. In March 2024, the company acquired a 51% share in Sophia Co., Ltd., engaging in pachinko/pachislot machine business, and made it a subsidiary.

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	Planning and production of CG etc.	100	Two concurrent board members Borrowing of funds
Optimize Company, Limited (Note 4)	Shibuya-ku, Tokyo	60	Providing of various content and information distribution services through the Internet	100	-
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	Five 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	Development and manufacturing of PS machine	100 [100]	Business management
SPIKY CORPORATION	Shibuya-ku, Tokyo	100	Development and manufacturing of 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	Development and manufacturing of 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
Sophia Co., Ltd. (Note 7)	Kiryu-shi, Gunma	100	Development and manufacturing of PS machine	51.01	-
ACE DENKEN Co., Ltd. (Note 7)	Taito-ku, Tokyo	95	Manufacture and sale of hall facilities. Development and manufacturing of PS machines	51.01 [51.01]	-
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
(Two 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	Import/export and sales of right of films, TV dramas and others Planning, developing and operating media services etc. Management of movie theaters	31.81	A concurrent board member
Daikoku Denki Co., Ltd	Nagoya-shi, Aichi	674	Development, manufacturing, and sales of equipment for pachinko halls Development and manufacturing of hardware for PS machines	20.01	-

* PS: pachinko/pachislot machine

(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	¥125,826 million
	2) Ordinary income	¥859 million
	3) Net income	¥1,406 million
	4) Net assets	¥21,505 million
	5) Total assets	¥35,286 million

4. Optimize Company, Limited changed its trade name from FutureScope Corp. on June 30, 2023.
5. Following the acquisition of additional shares of Daikoku Denki Co., Ltd. during the fiscal year under review, the Company has been included in the scope of affiliates accounted for by the equity method.
6. ACE DENKEN Co., Ltd. is the company submitting the annual securities report.
7. Following the acquisition of additional shares of Sophia Co., Ltd. during the fiscal year under review, the Company and its subsidiary Ace Denken Co., Ltd. have been included in the scope of consolidation.

5. [Employees]

(1) Information about consolidated subsidiaries

As of March 31, 2024

Segment name	Number of employees
Content and digital business	418 [56]
PS business	800 [375]
Other	101 [15]
Company-wide (common)	104 [7]
Total	1,423 [453]

(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 in [].
2. All "Corporate (common)" categories are employees of the reporting company.

(2) Information about reporting company

As of March 31, 2024

Number of employees (people)	Average age (years)	Average length of service (years)	Average annual salary (thousand yen)
104 [7]	43.8	12.3	7,287

(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 in [].
2. Average annual salary include bonus and non-standard pay.
3. Since all employees of the reporting company belong to the holding company, the disclosure of information by segment is omitted.

(3) Labor union information

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

(4) Percentage of female employees in management positions and wages of men and women

I) Reporting company

Current fiscal year			
Percentage of female employees in management positions (%) (Note 1)	Difference in wages between male and female employees (%)		
	Total employees	Regular employees	Part-time employees Fixed-term employees
5.0	-	-	-

(Note) 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	-	60.2	65.3 (Note 2)	46.1
Total Workout premium management Inc.	16.7 (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. Under TSUBURAYA FIELDS HOLDINGS INC 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

Content and digital segment

In order to grow the content and digital business in medium-to-long-term, we will focus on building a foundation for this business in the next fiscal year and implement a variety of measures.

Visual products are one of the cornerstones of our global strategy. We will aggressively promote video planning in multimedia areas such as movies, distribution and television, and game, as well as collaboration with global titles, and will develop businesses that further strengthen Ultraman branding. In conjunction with this, we aim to maximize monetization by providing character merchandise and servicing to broaden the customer experience.

Netflix movie Ultraman: Rising was distributed worldwide on June 14, 2024. This new Ultraman story, featuring the themes of “parents and children” and “families” that can be enjoyed by all generations, provides us with an opportunity to expand our fan base globally, not only to our Ultraman enthusiasts until now, but also in North America and elsewhere. In order to avoid missing this chance, we will proactively develop various merchandise tailored to the work in cooperation with partner companies, mainly in the domestic market and North America.

The new ULTRAMAN ARC program will begin broadcasting and distribution in July at the same time worldwide.

In 2024, we will begin sales of the new Ultraman Card Game with full participation. In order to ensure successful deployment of this merchandise, we plan to conduct a large-scale advertising campaign.

In order for Ultraman to continue to be a long-loved character in the future, it is essential to cultivate and expand a new base of fans who are interested in Ultraman based on video products. To this end, we will continue our efforts to expand the scope of Ultraman at domestic and overseas live events and at Chinese theme parks.

The world’s VFX market is expected to be worth approximately ¥10 trillion in 2030. At the 96th Academy Awards, Godzilla1.0 was the first Japanese film to receive the Visual Effects Award, attracting global attention for Japanese VFX technologies.

Digital Frontier Inc. will develop a content production system for the global market from a long-term perspective for dramatic growth in the future.

As a result of the above, in the fiscal year ending March 2025, we forecast a net sales of ¥18 billion (up 17.4% YoY) and operating profit of ¥4 billion (up 5.8% YoY) to actively invest in advertising expenses.

PS business segment

In the face of diversifying leisure activities, pachinko parlors are expected to undergo major changes in order to contribute to the creation of an affluent local community. Currently, the introduction of smart PS machine enables pachinko hall to free space designs for island facilities and PS machine units, and in March 31 2024, we acquired shares in Sophia Co., Ltd., including ACE DENKEN Co., Ltd., (operating profit ¥2.8 billion for the previous fiscal year) which is the leading provider of island facilities, and made it a subsidiary. We will contribute to the sound development of PS machine industry by providing pachinko parlors with innovations in PS gaming spaces.

In the fiscal year ending March 2025, we plan to sell pachinko eight titles and pachislot 12 titles. We will continue to work with allied manufacturer to develop title that satisfy user needs by leveraging our attractive IP.

As a result of the above, for the fiscal year ending March 31, 2025, we are forecasting a net sales of ¥135 billion (up 7.5%YoY) and operating profit of ¥13.5 billion (up 29.7% YoY) for PS business segment.

[Consolidated results]

For the fiscal year ending March 31, 2025, we plan to achieve consolidated results of net sales of ¥155 billion (up 9.2% YoY), operating profit of ¥15.2 billion (up 28.5% YoY), ordinary profit of ¥16.1 billion (up 24.3% YoY), and profit attributable to owners of parent of ¥11.6 billion (up 0.4% YoY).

(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

We are promoting businesses centered on Ultraman and Tsuburaya Productions 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* on our IR website.

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. As society matures, the importance of leisure time in people's lives is increasing. Our Group believes that pursuing the ways in which people seek entertainment and leisure and enhancing leisure through the provision of new merchandise and services will enrich people's live, in turn, lead to the happiness of society as a whole.

At the same time, social issues such as climate change and regional issues are emerging as a result of social and environmental changes. There are also social issues that may arise in connection with our group-wide operations, such as emissions of greenhouse gases associated with the distribution and manufacturing of PS businesses. We recognize that responding to these social issues is essential for us to grow our business in a sustainable manner and deliver the best leisure to as many people as possible.

Under such circumstances, we have decided to proceed with the transition to a global content business enterprise under the "New Medium-Term Management Plan (FY2023-FY2025)" of last year. We recognize that sustainability and non-financial initiatives are essential to the ongoing provision of the best leisure to many people around the world. We are committed to promoting sustainability management in order to achieve sustainable growth and increase our corporate value.

<Building a structure to promote sustainability management>

We are currently studying the formulation of a sustainability strategy, an execution system to identify, evaluate, and manage risks and opportunities, and a governance system to manage and supervise those risks. Specifically, in November 2023, we established a review team consisting of IR departments and external experts to organize and inventory the Group's sustainability and ESG initiatives and external environment. We have been studying the Group's sustainability policies and key issues and promoting initiatives to disclose information. In June 2024, board of directors reported and approved the formation of a subcommittee (the Subcommittee) to study the modality of corporate governance for the establishment of a system to promote the sustainability management of the Group (hereinafter referred to as the "Sustainability Promotion System"). This subcommittee examines not only the aforementioned sustainability but also the ideal way of corporate governance as a whole, such as organizational design and human capital. The subcommittee reports and proposes the direction of the respective topics to board of directors. The members of this subcommittee consist of outside director, the director in charge of holdings, and external experts, who collaborate with IR division to organize issues and conduct detailed deliberations.

Based on the results of these studies, we will establish an optimal structure to promote sustainability management within fiscal 2024 and clarify where responsibility lies.

After discussions and approvals are made at board of directors, the system will be disclosed on IR website as soon as it becomes available.

Furthermore, after the establishment of the above-mentioned system, we will promptly identify and evaluate sustainability-related risks and opportunities. Based on this, we plan to organize and disclose the sustainability policy, materiality, and related measures for the entire group within fiscal 2024.

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. As mentioned above, the subcommittee will promptly proceed with the development of an optimal governance system for our group management. By continuing to strengthen our compliance and risk management systems, which we are currently operating, we aim to simultaneously contribute to the environment and society and to the growth of our group.

Matters and operations related to sustainability in the current situation are handled by each company of the Group in collaboration to respond to the event that an event that should be considered in relation to the business occurs.

In order to further strengthen the Group's sustainability initiatives, we are currently studying the possibility of establishing a committee-based organizational structure within fiscal 2024 that will be overseen by sustainability and consist of directors as members. This organizational structure deals with matters such as group-wide sustainability policies and strategies, identifying, evaluating and managing risks and opportunities, and communicating with shareholders regarding sustainability. It also plans to report and propose the details of these discussions to board of directors.

At the same time, we plan to identify the departments in charge of promoting sustainability and develop a system to carry out sustainability related operations and support the secretariat functions for the above-mentioned organizational structure as well as related operations at Group companies and affiliated companies.

Strategy

(1) Matters concerning sustainability in general

We recognize that dealing with issues related to sustainability is an important management issue. We believe that the key management issues (materiality) that should be addressed in order to increase medium-to-long-term corporate value need to be sorted out from the perspectives of economics and sociality, and that specific targets and measures need to be considered.

In November 2023, we established an in-house study team to identify the social issues that we should address, and to clarify important management issues that should be addressed in order to realize both solutions to social issues and economic efficiency, and to increase corporate value. This team reviews the risks and opportunities that our Group faces from changes in society and the environment, as well as the impact of our Group's businesses on the environment and society.

As a future plan, after the establishment of the sustainability promotion system within fiscal 2024, we plan to identify and evaluate risks and opportunities related to sustainability based on the results of the deliberation by the above-mentioned review team, and to organize the sustainability policy, materiality, and related measures for the entire Group as early as fiscal 2024. Disclosures of the findings will be made through IR websites, etc.

(2) Climate change

With regard to climate change, we are planning to identify and assess the risks and opportunities posed by climate change to our group, and to verify and disclose scenario-based analyses and resilience using TCFD frameworks or equivalent approaches. We will start examining the sustainability promotion system promptly after it has been established, and we will proceed with the efforts with the aim of disclosing it as early as fiscal 2025.

(3) Human capital

Human capital is also an important theme for the above-mentioned subcommittee. The subcommittee will also deepen its examination of policies for maximizing human capital, human resource development policies, and internal environmental development policies, and will indicate the optimal direction for the entire Group as early as fiscal 2025. The current policies are as follows.

<Policy on maximization of human capital>

Our Group aims to be a company in which each and every employee can achieve self-realization through work and company life with regard to human capital-related initiatives. We believe that working with enthusiasm and maximizing the capabilities of each employee will lead to our groupwide medium-to-long-term and corporate citizenship.

Our group promotes business to deliver entertainment not only domestically but also to the world at large. Human resources who create and deliver entertainment while adapting to rapidly changing technologies and the environment are essential, and we place importance on acquiring and developing such human resources and on creating a work environment.

<Human resource development policy>

From the perspective of realizing the Group's medium-to-long-term growth and achieving the goals of the medium-term management plan, we plan to carefully examine human capital, and recruit and train personnel with the necessary skills and talent.

In recruitment, in accordance with the medium-term management plan, we actively recruit new graduates and career personnel with an emphasis on ability and performance, regardless of race, religion, gender, nationality, age, sexual orientation, and disability, in order to secure human resources capable of launching our focus businesses and playing an active role globally.

As part of our education and training system, we provide our new employees with training for more than one month after joining the company and six months after joining the company for about one week. These training programs involve a variety of curriculums, such as manners indispensable for them as members of society, business fundamentals, and company understanding and technical training. In line with the expansion of our organization and the diversification of our human resources, we will enhance training by function and rank.

<Internal environmental policy>

In order to realize the Group-wide corporate philosophy of *The Greatest Leisure for All People*, we will develop an internal environment and system in which diverse human resources can work and work energetically within the company.

I. Establishment of an in-house environment where diverse human resources can play an active role

In light of recent changes in the working environment, we have established regulations on work from home, an internal system to make it easier to take childcare leave, and a system for nursing leave. In these ways, we have established a system that enables human resources with diverse backgrounds to work in accordance with their respective work styles, so that all employees can play active roles. In addition, we have established a system for managing salaries, qualifications, and goals that emphasizes transparency and the ability of employees to reward each other so that all divisions and Group companies can cooperate toward the same philosophy and make progress. We have also implemented initiatives to support the active participation of diverse human resources, including the establishment of Okinawa working center, which aims to provide a comfortable working environment for people with disabilities and provide employment opportunities.

Ⅱ. Compliance with labor legislation

We will comply with the labor legislation regarding working hours, holidays, minimum wages, etc.

Ⅲ. Efforts on safety matters

In order to maintain the mental and physical health of employees, the Group has formulated safety and health management regulations as a group, which stipulate matters to be observed with respect to occupational safety and health, mental health, and health maintenance and promotion.

Risk management

In order to ensure our risk management system, we have appointed a director in charge of risk management and established risk management regulations. The risk management secretariat and related departments in the general affairs division monitor and respond to market, investment, disaster, and other risks on a company-wide basis. In addition, in the event that an event that could have a significant impact on management is detected, it is reported to the risk management committee, chaired by director representative, and necessary deliberations are carried out.

Risk management incidental to operations under the jurisdiction of each division is carried out by the divisions in charge. In addition, each of our group companies has developed and operates regulations related to their job authority and decisions, and strives to appropriately manage risks related to the execution of business by themselves. In addition, the audit office conducts audits of the day-to-day risk management status of each division of our group, reports to our representatives' director and audit & supervisory board member meetings and to the presidents of each of our group companies when corrections or improvements are required, and takes measures promptly by the supervising department or the department that received the audits.

The subcommittee is considering the establishment of a system for identifying, evaluating, and managing sustainability-related risks and opportunities as early as possible.

Under the current risk management system of each of us and our affiliated companies, each company or each company works together to respond to events when events occur that require consideration of business sustainability-related risks and opportunities. In such cases, the risk management Committee and the risk management Secretariat in the general affairs division, as well as the group business administration department, and other relevant departments cooperate in responding to events related to group management.

Indicators and Targets

With regard to 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 Scope1,Scope2 and Scope3 and formulating specific reduction targets. With regard to human capital initiatives, we are preparing to disclose our policies for human capital development and internal environmental development based on the "Guidelines for the Visualization of Human Capital" published by the Cabinet Secretariat, as well as our targets and results using these policies. We plan to disclose such information through our IR website as soon as disclosure becomes available.

In addition, we are organizing materiality as a key issue for achieving sustainable improvement in corporate value while balancing economic and social aspects. We will also promptly disclose related indicators and targets when it becomes possible to disclose them.

The current indicators of climate change and human capital are as follows.

<Climate change: GHG emissions (t-CO2) results>

FY	Scope 1	Scope 2
Fiscal year ended March 31, 2024	862.487	716.457
Fiscal year ended March 31, 2023	855.134	715.386

* Scope1 is calculated by multiplying total gasoline consumed by emission factors for vehicles used by TSUBURAYA FIELDS HOLDINGS INC. and FIELDS CORPORATION The slight increase in emissions compared with the previous fiscal year was attributable to increased sales activities (increases in the number of vehicles and total distance traveled) associated with business expansion.
* Scope2 is calculated by multiplying the total amount of electricity used by the head office offices of TSUBURAYA FIELDS HOLDINGS INC., FIELDS CORPORATION, Tsuburaya Productions Co., Ltd., and 13 other companies, as well as the Sendai, Hiroshima, and Fukuoka branches of FIELDS CORPORATION, by the national average emission factor.
* Emissions data for both Scope1, Scope2 are estimates calculated to the extent that we are able to collect data as of the date of filing of Securities Report based on the factors announced by the Ministry of the Environment, and are subject to change in the future.

<Human capital: Percentage of female employees in management positions and wages of men and women>

The actual results regarding the ratio of women workers in managerial positions and Wages differences between men and women workers are described in the section of "(4) Overview of the First Company and the Status of the Five Employees" and "Wages differences between men and women workers in management positions."

3. [Business risks]

The following are risks that we recognize as potentially affecting 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 are 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 are 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 Business* and the National 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, 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 look forward to.

(3) Overseas expansion of content

We are promoting a global content business centered on Tsuburaya Productions Co., Ltd., which owns Ultraman and other IP.

In the overseas development of content, in addition to geopolitical risks such as unstable political and economic conditions uncertainty, risks arising from differences in language, culture and business practices regarding the expressions of various content, risks arising from changes in legal regulations, risks arising from the infringement of intellectual property rights, including the sale of counterfeit products, and risks arising from networking and other IT infrastructures may arise. In the event that these risks materialize, our Group's operating results and other factors may be affected.

As a countermeasure to these risks, our group closely shares information with overseas subsidiaries and local distributors and conducts business while ascertaining market trends in each country. In addition, we will respond firmly to risks related to intellectual property rights on the premise of legal measures, and we will continue to strengthen our measures against counterfeit products.

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 2023 to March 2024), 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 ¥5,979 million from the end of the previous fiscal year to ¥64,848 million. This was mainly due to growth in work in process.

Property, plant and equipment increased by ¥4,145 million from the end of the previous fiscal year to ¥9,440 million. This was mainly due to increase in land.

Intangible assets decreased by ¥485 million from the end of the previous fiscal year to ¥2,402 million. This was mainly due to a decrease in goodwill.

Investments and other assets increased by ¥7,606 million from the end of the previous fiscal year to ¥21,447 million. This was mainly due to increase in investment securities.

Consequently, assets increased by ¥17,246 million from the end of the previous fiscal year to ¥98,139 million.

(Liabilities)

Current liabilities increased by ¥120 million from the end of the previous fiscal year to ¥30,610 million. This was mainly due to a decrease in notes and accounts payable - trade and an increase in income taxes payable.

Non-current liabilities increased by ¥3,097 million from the end of the previous fiscal year to ¥11,682 million. This was mainly due to increase in long-term borrowings.

Consequently, liabilities increased by ¥3,217 million from the end of the previous fiscal year to ¥42,293 million.

(Net assets)

Net assets increased by ¥14,028 million from the end of the previous fiscal year to ¥55,845 million. This was mainly due to an increase in retained earnings and an increase in non-controlling interests.

II) Business results

Consolidated financial results for the fiscal year under review were ¥141,923 million for net sales (up 21.2% YoY), ¥11,827 million for operating profit (up 8.0% YoY), ¥12,947 million for ordinary profit (up 15.4% YoY) due to the recording of share of profit of entities accounted for using equity method, and ¥11,551 million for profit attributable to owners of parent (up 40.5% YoY) due to the recording of gain on bargain purchase from the acquisition of Sophia, Co., Ltd.

The overview of each segment is as follows.

<u>Contents and digital segment</u>

Ultraman, born in 1966, has been established as a hero loved by three generations of grandfathers and grandchildren by spinning works with Showa, Heisei and Reiwa. Furthermore, by merging with digital technology, their value and recognition are increasing as they are being used as characters in other companies' commercials, collaborating with products, and increasing licensing income as more attractive new heroes. In China, one of the big markets for the character business, the company actively developed video products centered on "Heisei Ultraman" and "New Generation." As a result, favorability and penetration have increased and this is what is driving Ultraman's popularity in other Asian countries. This has spurred Ultraman to become popular in other Asian countries and elsewhere. We are developing our business as a global character through a combination of strategies, such as three dimensional events and merchandising, based on two-dimensional visual products. At the same time, the protection of intellectual property rights is one of the top priorities in the sound development of our character business. We will take countermeasures against the creation of fake characters using advanced technologies such as generative AI, and build a system to maintain the brand value of our characters.

In MD and license business, we expanded our merchandise category portfolio to include toys and apparel/fashion. This has enabled us to build a stronger earnings base that is less susceptible to developments in a particular merchandise.

We are preparing for the global expansion of game function's higher trading card for the card game, which has become a global boom, and we plan to begin sales in China, North America, Asia and Japan in stages. This led to some adjustments in the conventional card games currently on the market in anticipation of new product launches.

In the visual and event business, in February 2024 ULTRAMAN BLAZAR THE MOVIE: TOKYO KAIJU SHOWDOWN, a movie that powered up the TV series, was released at 166 locations in Japan and in six Asian countries and regions, and in March we began distributing it in TSUBURAYA IMAGINATION. The development of visual products in a variety of media, such as television, movies, and distribution, is aimed at expanding fans to those who have not had contact opportunities to date.

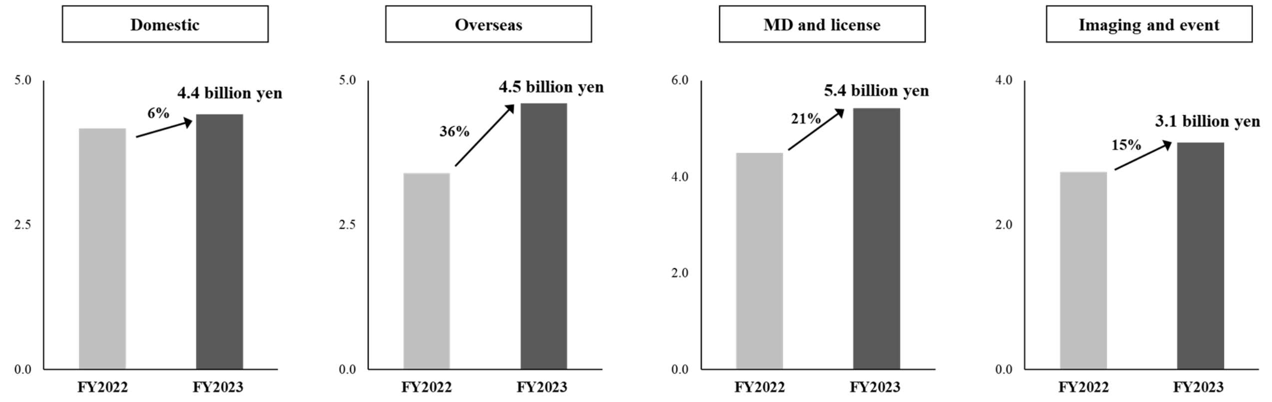
In addition, aiming to provide a real-world experience of Ultraman worldview, in the fiscal year under review we opened Ultraman areas with permanent stages at four theme parks in China. These areas have become popular spots with many families visiting. Domestic Ultraman shows are attracting more customers than expected.

In Japan, the Ultra Hero's EXPO and TSUBURAYA CONVENTION events for fans held during the summer and winter holidays were both popular and tickets sold out, and merchandise sales were strong. Many foreign Ultraman fans visited official shops handling Ultraman goods in search of original merchandise.

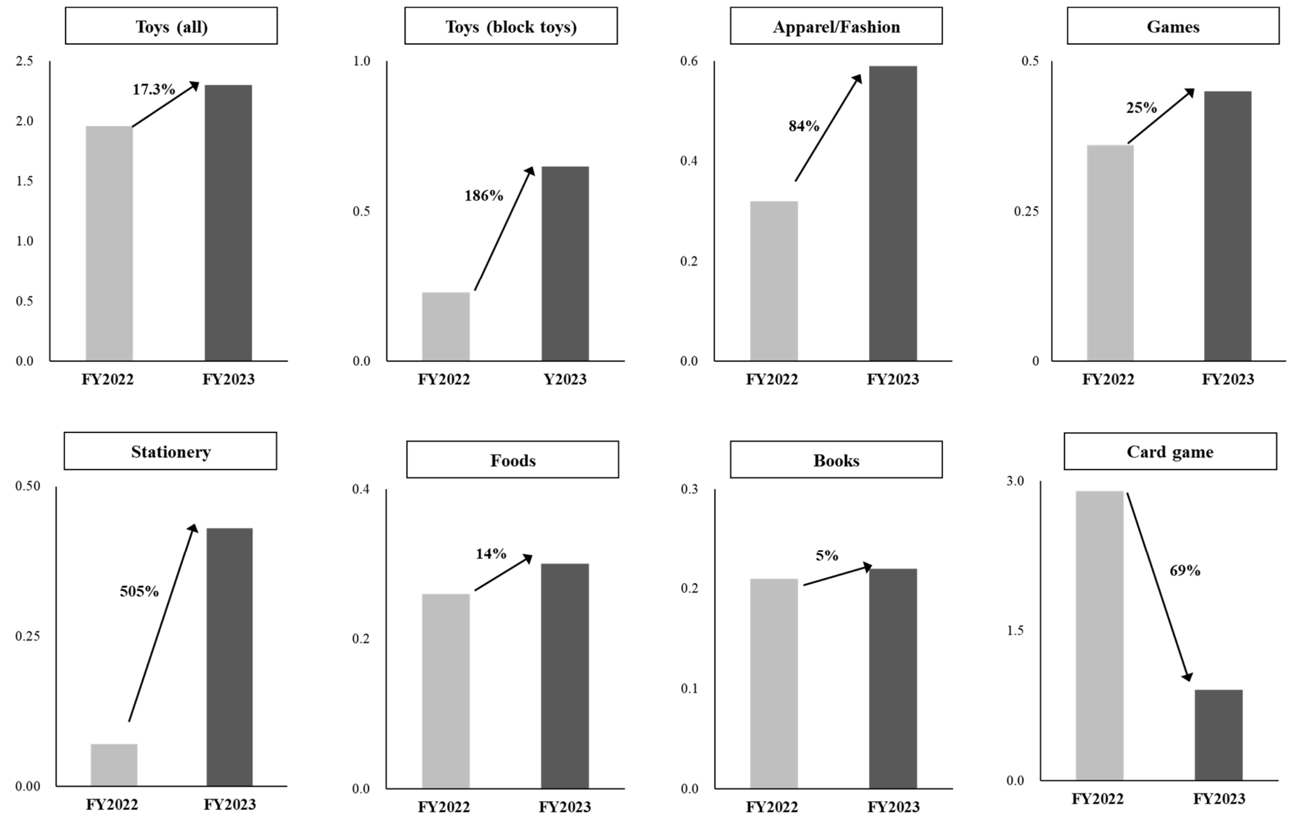
We will continue to create a virtuous circle in which the expansion of the fan base, which touches on Ultraman's worldview, leads to merchandise sales, and furthermore, expands our licensing merchandise with other companies.

(Unit: billions of yen)

Revenue by domestic/overseas MD and license (excluding card game)　　Revenue by business (global and excluding card game)



Revenue by major merchandise categories (global)



* “Toys” category excludes “card games”.

Digital Frontier Inc., a company with state-of-the-art CG video production technology, has received orders for large-scale anime movies and gaming projects in addition to VFX production of Amazon Prime Video “The Silent Service” and Netflix “Yu Yu Hakusho.” In addition, we are advancing initiatives in new fields that utilize our “digital human” technology. KSIN, an avatar remote customer service jointly developed with Unicast Inc., was certified by the Ministry of Economy, Trade and Industry under IT Introduction Subsidy 2023.

Consequently, the contents and digital segment posted a 5.5% YoY increase in net sales of ¥15.33 billion and a 13.6% YoY decrease in operating profit to ¥3.78 billion.

PS business segment

PS business is one of the businesses responsible for profitability. With FIELDS at its core, we are a "unique distributor," and we are steadily promoting our business toward our medium-to-long-term goals while building a management structure that is not affected by market conditions.

During the fiscal year ended March 31, 2024, PS machine industry sold approximately 840,000 pachinko machines (down 15% YoY) and approximately 820,000 pachislot machines (up 26% YoY), for a total of approximately 1,660,000 machines (down 5% YoY). Since the launch of smart pachislot in November 2022, many hit titles have appeared for pachislot, and approximately 35% of the entire pachislot number of machines installed has transitioned to smart machines. In addition, although the introduction of smart pachinko was started in the fiscal year under review, number of pachinko machines installed accounted for approximately 4% of the total number of pachinko machines, which is not yet widely used. On the other hand, pachinko machines equipped with “Lucky Triggers,” which emerged in March 2024, have won strong support from users and are trending favorably. As a result, pachinko halls’ appetite for investment in pachinko is expected to recover going forward.

In PS segment, we sold 187,000 pachinko machines, 7 titles (up 23.6% YoY) and 72,000 pachislot machines, 6 titles (up 6.7% YoY), for a total of 260,000 PS machines (up 18.4% YoY). Market share was 14.7% (compared with 12.9% in the previous fiscal year).

As a result, both sales and profits increased by ¥125.59 billion (up 24.6% YoY) for net sales and ¥10.41 billion (up 35.0% YoY) for operating profit, significantly exceeding our forecasts.

Sales results for the fiscal year are shown in the table below.

[PS machine Unit Sales in PS business segment]

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Pachinko	151,688 units	187,471 units	+23.6%
Pachislot	68,196 units	72,780 units	+6.7%
Total	219,884 units	260,251 units	+18.4%

[Major sales titles for the year ended March 31, 2024]

<table>
<tr><th></th><th>Timing of sales</th><th>Month of delivery</th><th>Major sales titles (* PB are private brands)</th><th>Smart PS machine</th><th colspan="2">Number of units posted</th></tr>
<tr><td rowspan="5">Pachinko</td><td rowspan="3">H1</td><td>May</td><td>P CODE GEASS Lelouch of the Rebellion -Rebellion to Re; surrection-</td><td></td><td>20,000</td><td rowspan="5">187,000</td></tr>
<tr><td>Sep.</td><td>P Hyakka-Ryoran</td><td></td><td>10,000</td></tr>
<tr><td>-</td><td>P NEON GENESIS EVANGELION -Roar for tomorrow-</td><td></td><td>24,000</td></tr>
<tr><td>H2</td><td>Dec.</td><td>Pachinko EVANGELION:3.0＋1.0</td><td></td><td>68,000</td></tr>
<tr><td colspan="4">Other series machines, resale, etc.</td><td>63,000</td></tr>
<tr><td rowspan="7">Pachislot</td><td rowspan="3">H1</td><td>June</td><td>L BERSERK Musou</td><td>○</td><td>14,000</td><td rowspan="7">72,000</td></tr>
<tr><td>July</td><td>S The Ambition of Oda Nobuna: National edition (PB)</td><td></td><td>-</td></tr>
<tr><td>Oct.</td><td>L Evangelion -Genesis of Destiny-</td><td>○</td><td>17,000</td></tr>
<tr><td rowspan="3">H2</td><td>Nov.</td><td>L Higurashi When They Cry: GOU</td><td>○</td><td>-</td></tr>
<tr><td>Dec.</td><td>L Ring ni kakero1 V (PB)</td><td>○</td><td>17,000</td></tr>
<tr><td>Feb.</td><td>L Godzilla vs EVANGELION</td><td>○</td><td>-</td></tr>
<tr><td colspan="4">Others</td><td>4,000</td></tr>
<tr><td>Total</td><td colspan="5"></td><td>260,000</td></tr>
</table>

*Titles with sales of less than 10,000 units are not disclosed.

Other segment

In other business, operating results for the fiscal year under review were net sales ¥1,607 million yen and operating profit ¥19 million.

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

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

Ⅲ) Cash flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review decreased by ¥1,683 million from the end of the previous fiscal year to ¥34,814 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥5,563 million (¥12,561 million provided in the same period of the previous fiscal year). This was mainly due to profit before income taxes of ¥13,811 million, an increase in inventories of ¥4,558 million, a decrease in trade payables of ¥4,371 million, a decrease in trade receivables of ¥3,926 million, and income taxes paid of ¥2,643 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥4,101 million (¥7,642 million used in the same period of the previous fiscal year). This was mainly due to expenditures of ¥3,167 million for purchase of shares of entities accounted for using equity method, ¥1,762 million for purchase of non-current assets, ¥1,732 million for proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation, ¥439 million for purchase of investment securities, and ¥370 million for loan advances.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,145 million, compared with net cash used of ¥725 million in the same period of the previous fiscal year. This was mainly due to repayments of long-term borrowings of ¥3,617 million, proceeds from long-term borrowings of ¥2,950 million, and dividends paid of ¥1,959 million.

VI) Status of production, orders received and sales performance

a) Production results

Production results for the fiscal year under review area follows.

Classification	Production (millions of yen)	YoY change (%)
Content and digital business	6,643	(5.4)
PS business	10,931	5.3
Total	17,574	1.0

(Note) 1. Inter-segment transactions are eliminated.
2. Amounts are based on manufacturing costs.

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	14,219	9.6	2,121	37.2
PS business	648	(44.1)	1,612	3,109.3
Total	14,868	5.2	3,734	133.8

(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 is mainly due to the increase in order backlog for the PS business resulting from the acquisition of shares of Sofia Co., Ltd., and the consolidation of its subsidiary, ACE DENKEN Co., Ltd.

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	14,998	6.9
PS business	125,328	24.3
Other	1,597	(30.3)
Total	141,923	21.2

(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	107,924	53.8
Total	107,924	53.8

(Note) 1. Amounts are based on purchase prices.
2. There were significant changes in purchase results during the fiscal year under review. This was mainly due to increase of pachinko/pachislot machine purchase in PS business.

(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

In the current consolidated fiscal year, the economy of Japan looks be overcoming the long-term slump that lasted 30 years. In May 2023, restrictions imposed by coronavirus disease (COVID-19) infectious diseases were lifted, and increased corporate activities and human resource flows helped boost economic revitalization. Despite soaring prices, wage increases have stimulated consumer sentiment and created a virtuous circle of domestic demand, providing a tailwind to the service industry in a wide range of areas, including accommodations, eating and drinking, and entertainment. The number of foreign visitors to Japan reached a record high in March 2024, and the depreciation of the yen for the first time in 34 years has been the driving force behind vigorous consumption in Japan. On the other hand, the global economy has been improving somewhat due to the resilience of the U.S. economy, although there are geopolitical risks such as the expansion of armed conflicts between Hamas and Israel, in addition to the prolonged invasion of Ukraine by Russia.

Against this backdrop of economic conditions, our group promoted the further strengthening of our multi-faceted content business centered on strong characters, and made a smooth start toward becoming a "global content company."

In the contents and digital business, we are building a world view of visual products and branding characters based on Ultraman, which is now expanding to the world. We are developing new character-related merchandise for new fans through live events and establishment of Ultraman area in the theme park that enable customers to experience this worldview, and are cultivating and expanding our fan base globally through cross-media business development.

In pachinko/pachislot (hereinafter, "PS") business, in order to contribute to the sound development of PS machine industry, one of Japan's largest leisure industries, we are working with allied manufacturers to develop a title that meets user needs based on qualitative and quantitative data by utilizing attractive IP.

With these two businesses at the core, we aim to realize our group-wide philosophy of *The Greatest Leisure for All People*.

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.]

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 ¥1,336 million, which mainly consisted of expenses for acquiring Assets for business use. By segment, capital expenditures in the contents and digital business segment were ¥497 million, capital expenditures in PS business segment were ¥731 million, capital expenditures in other, business segment were ¥68 million, and capital expenditures in the reporting company as a whole were ¥38 million.

2 [Status of major facilities]

(1) Reporting company

As of March 31, 2024

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.	185	35	0 (16.14)	-	221	104

(2) Domestic subsidiaries

As of March 31, 2024

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.	532	338	277 (1,187.00)	117	1,266	154
Digital Frontier Inc.	Head office (Shibuya-ku, Tokyo) and others	2	Content and digital business	Head office functions, etc.	110	101	-	0	211	241
FIELDS CORPORATION	Head office (Shibuya-ku, Tokyo)	1	PS business	Head office functions, etc.	34	175	-	11	221	248
	Hokkaido/Tohoku regional office Sapporo branch office (Sapporo-shi, Hokkaido) and others	4	PS business	Branch offices and branch functions, etc.	32	9	36 (330.61)	-	78	36
	Tokyo, Kita-Kanto regional office Tokyo branch office (Shibuya-ku, Tokyo) and others	8	PS business	Branch offices and branch functions, etc.	25	21	-	-	46	92
	Nagoya regional office Nagoya branch office (Nakagawa-ku, Nagoya) and others	4	PS business	Branch offices and branch functions, etc.	126	14	-	-	141	42
	Osaka regional office Osaka branch office (Osaka-shi, Osaka), etc.	3	PS business	Branch offices and branch functions, etc.	20	24	350 (2,000.03)	-	395	47
	Chugoku/Shikoku regional office Hiroshima branch office (Hiroshima-shi, Hiroshima) and others	3	PS business	Branch offices and branch functions, etc.	22	7	-	-	29	35
	Kyushu regional office Fukuoka branch office (Fukuoka-shi, Fukuoka) and others	4	PS business	Branch offices and branch functions, etc.	13	12	-	-	26	39
	Sales outlets (Shibuya-ku, Tokyo) and others	2	Other, net	Sales Stores Functions, etc.	23	54	-	6	84	-
Sophia Co., Ltd.	Head office (Kiryu-shi, Gunma) and others	1	PS business	Head office functions, etc.	80	0	343 (40,500.26)	0	424	-
	Ota office (Ota-shi, Gunma)	1	PS business	Office functions, etc.	592	0	700 (28,117.36)	6	1,298	1
ACE DENKEN Co., Ltd.	Head office (Taito-ku, Tokyo) and others	1	PS business	Head office functions, etc.	410	55	914 (582.42)	8	1,389	58
	East Japan regional office (Taito-ku, Tokyo) and others	3	PS business	Branch offices and branch functions, etc.	6	0	-	-	6	14
	East Japan regional office Sendai branch office (Sendai-shi, Miyagi) and others	6	PS business	Branch offices and branch functions, etc.	0	0	-	-	1	15

	Chubu regional office (Nagoya-shi, Aichi) and others	4	PS business	Branch offices and branch functions, etc.	2	5		-	7	39
	Kansai regional office (Osaka-shi, Osaka) and others	4	PS business	Branch offices and branch functions, etc.	184	11	1,086 (916.89)	-	1,282	38
Lucent, Inc.	Rental property (Nagoya-shi, Aichi) and others	-	PS business	For lease Real estate	758	1	1,640 (6,631.52)	1	2,401	-

(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, 2024)	Number of issued shares as of filing date (shares) (As of June 21, 2024)	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	69,429,150	Prime Market of the Tokyo Stock Exchange	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	69,429,150	-	-

(Note) At the director meeting held on May 14, 2024, cancellation of treasury shares was resolved in accordance with Article 178 of the Companies Act, and treasury shares 3,970,850 shares were cancelled on May 31, 2024.

(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) [Other Sshare acquisition rights for other uses]

The Company resolved at director meeting held on On May 14, 2024, at Purchase of treasury shares meeting of Purchase of treasury shares Board of facility-type treasury shares acquisition (ASR), we resolved to issue Fourth share acquisition rights (Share acquisition rights with fixed amount of investment) and Fifth share acquisition rights (Share acquisition rights with fixed number of shares delivered) through a third-party allotment in accordance with the purchase of part of treasury shares by facility-type treasury shares acquisition (ASR) upon the purchase of our treasury shares.

a. Fourth share acquisition rights (share acquisition rights with fixed amount of investment)

Resolution date	May 14, 2024
Number of share acquisition rights*	1
Number of Treasury share acquisition rights in Share acquisition rights (pcs) *	-
Type, description and number of shares subject to Share acquisition rights (shares) *	(Note)1
Amount to be paid at the time of Exercise of share acquisition rights (yen)*	1
Term of Exercise of share acquisition rights*	August 1, 2024 to September 24, 2024

Issue price of shares issued by Exercise of share acquisition rights and amounts designated as capital (yen)*	Issued price 0 Amount incorporated into capital 1
Terms of exercise of share acquisition rights *	We entered into a facility agreement with SMBC Nikko Securities (the "Facility Agreement"), which provides that SMBC Nikko Securities may not exercise, and will waive, its decision to exercise, one of the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered. In addition, we intend to enter into an agreement with SMBC Nikko Securities for the purchase of share acquisition rights after the entry into force of the notification under Financial Instruments and Exchange Act relating to this share acquisition rights (hereinafter referred to as the "Share acquisition rights Purchase Agreement").
Matters concerning the transfer of Share acquisition rights*	This Share acquisition rights Purchase Agreement stipulates that SMBC Nikko Securities may not transfer this share acquisition rights to any third party other than us without our prior written consent, and in no event shall only one of the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered be transferred.
Matters pertaining to the delivery of Share acquisition rights in connection with organizational restructuring*	—

*Information as of the end of the previous month (May 31, 2024) of the filing date is shown.

(Note) 1. The actual exercise price at the time of exercise of share acquisition rights with fixed number of shares delivered shall be calculated based on the following formula as of the exercise date of the share acquisition rights with fixed number of shares delivered (Any fraction less than 1 yen resulting from the calculation will be rounded up, and if the calculation result is less than 1 yen, it will be treated as 1 yen).

Exercise price = (I) Amount received (Nikko) – (II) Amount required for purchase (average VWAP)

(I) "Amount received (Nikko)" is total amount of the sales proceeds of shares sold to us by SMBC Nikko Securities based on its own account in this acquisition (ToSTNeT-3).
(II) "Amount required for purchase (average VWAP)" is the amount calculated according to the following formula:

$$\text{Exercise price} = \frac{\text{(I) Amount received (Nikko)}}{\text{(II) Amount required for purchase (average VWAP)}}$$

(a) "Number of shares sold (Nikko)" is the number of shares (up to one million shares) that SMBC Nikko Securities sold to us based on its own account in this acquisition (ToSTNeT-3).
(b) "Average VWAP" is the price obtained by multiplying the 98.1% by the simple arithmetic average of VWAP on the last day of the ordinary trading of our shares on the Tokyo Stock Exchange for the period from May 16, 2024 (including the same date) to the trading day immediately before the exercise date (including the same date) of the fixed-number share acquisition rights for shares delivered (hereinafter referred to in this column as the "average VWAP calculation period") (it is calculated to the fifth decimal place below the yen and rounded to the fifth decimal place). However, the period from five trading days prior to the last trading day of each quarterly fiscal period of the Company to the last day of the same period and trading days without VWAP of our shares are not included in the average VWAP calculation period.

(c) If the average VWAP after treasury shares acquisition (ASR) is higher than the unit price for treasury shares acquisition (ASR) (adjusted transaction upon exercise of share acquisition rights with fixed amount of investment's right)

- Assuming that SMBC Nikko Securities acquires its shares at the average VWAP in the market purchase transaction, the amount SMBC Nikko Securities received from us in treasury shares acquisition (ASR) (hereinafter referred to as "Amount received (Nikko)"). Even if SMBC Nikko Securities is used in full, it is not possible to purchase a sufficient number of shares to return the shares borrowed (the number of shares that can be purchased under such assumptions is hereinafter referred to as "number of shares available for acquisition (average VWAP)"). Therefore, SMBC Nikko Securities acquires shares equivalent to the shortage of shares by exercising share acquisition rights with fixed amount of investment. The amount of investment at the time of exercise of share acquisition rights with fixed amount of investment is 1 yen, and the number of shares to be delivered to SMBC Nikko Securities upon such exercise is calculated by the following formula.

Number of shares delivered by share acquisition rights with fixed amount of investment = number of shares sold (Nikko)-number of shares available for acquisition (average VWAP) (number of shares available for acquisition (average VWAP) = Amount received (Nikko) ÷ average VWAP)

- As a result of the aforementioned issuance of our shares upon the exercise of share acquisition rights with fixed amount of investment rights, the actual number of purchase of treasury shares that we will acquire in this scheme will be the number of shares after deducting the number of shares delivered upon the exercise of share acquisition rights with fixed amount of investment rights from the number of shares that we have purchased through ToSTNeT-3 transaction.
- Assuming that treasury shares acquisition (ToSTNeT-3) assumes that the number of shares to be repurchased (ASR) total does not exceed the number of shares to be repurchased (the upper limit number of shares to be repurchased) (the number of shares to be repurchased was sold based on SMBC Nikko Securities' own account for the total number of shares to be repurchased (ASR)), the combination of Treasury shares acquisition (ASR) and the above-mentioned adjusted transaction will produce the same outcome as if we purchased shares at an average VWAP using the planned number of shares to be repurchased (ASR) (except for the amount of capital invested at the time of the exercise of share acquisition rights with fixed amount of investment rights (1 yen).) In addition, if the number of shares to be repurchased (ASR) total exceeds the upper limit number of shares to be repurchased, the number of shares of our company to be sold by SMBC Nikko Securities based on its own calculation will be deducted from the excess, resulting in a reduction in the number of shares of treasury shares repurchased subject to the adjusted transaction and a reduction in the upper limit number of shares to be delivered by share acquisition rights with fixed amount of investment.
- In this event, share acquisition rights with fixed number of shares delivered will not be exercised and will be abandoned by SMBC Nikko Securities.

(d) When the average VWAP after the treasury shares acquisition (ASR) is lower than the acquisition unit price related to treasury shares acquisition (ASR) (Adjusted transaction by exercise of share acquisition rights with fixed number of shares delivered)

- In this case, assuming that SMBC Nikko Securities acquires shares at the average VWAP in the market purchase transaction, SMBC Nikko Securities may purchase the quantity required to return the shares it borrowed without using the full amount received from us at treasury shares acquisition (ASR) ("Amount received (Nikko)". The amount required to purchase the quantity required to return the shares borrowed by SMBC Nikko Securities under such assumptions is hereinafter referred to as "amount required for purchase (Average VWAP).") For this reason, SMBC Nikko Securities exercises its share acquisition rights with fixed number of shares delivered and pays us money equal to the surplus as compensation for the exercise. The number of shares to be delivered pursuant to the exercise of share acquisition rights with fixed number of shares delivered is 100 shares. Money to be delivered to us upon such exercise (exercise price) is calculated according to the following formula:

  Exercise price of share acquisition rights with fixed number of shares delivered = Amount received (Nikko)- Amount required for purchase (average VWAP) (Amount required for purchase (average VWAP) = number of shares sold (Nikko) × average VWAP)

- As a result of the payment of the exercise price related to the exercise of share acquisition rights with fixed number of shares delivered described above, the total amount of treasury shares we acquire under this scheme is the total amount of the acquisition price we paid through ToSTNeT-3 transaction, less the exercise price of share acquisition rights with fixed number of shares delivered.
- Assuming that the total number of selling orders from ordinary shareholders and the number of shares to be repurchased (ASR) does not exceed the planned number of shares to be repurchased (the upper limit number of shares to be repurchased) in this treasury shares acquisition (ASR) is assumed to have been sold based on SMBC Nikko Securities' own account of the total number of shares to be repurchased (ASR), by combining treasury shares acquisition (ASR) and the above-mentioned adjusted transaction, the results are the same as if we had purchased 1 million shares to be repurchased in average VWAP (ASR) (however, the 100 shares to be delivered upon the exercise of the above-mentioned share acquisition rights with fixed number of shares delivered rights are not taken into account). In addition, if the number of shares to be repurchased (ASR) total exceeds the upper limit number of shares to be repurchased, the number of shares of our company to be sold by SMBC Nikko Securities based on its own calculation will be deducted from the excess, resulting in a reduction in the number of shares of treasury shares repurchased subject to the adjusted transaction and a reduction in the upper limit exercise price of share acquisition rights with fixed number of shares delivered.
- In this event, share acquisition rights with fixed amount of investment will not be exercised and will be abandoned by SMBC Nikko Securities.

b. Fifth share acquisition rights (share acquisition rights with fixed amount of investment)

Resolution date	May 14, 2024

Number of share acquisition rights*	1
Number of Treasury share acquisition rights in Share acquisition rights (pcs) *	-
Type, description and number of shares subject to Share acquisition rights (shares) *	Common stock 100
Amount to be paid at the time of Exercise of share acquisition rights (yen)*	(Note) 2
Term of Exercise of share acquisition rights*	August 1, 2024 to September 24, 2024
Issue price of shares issued by Exercise of share acquisition rights and amounts designated as capital (yen)*	Issued price 0 Amount incorporated into capital: fluctuate according to the amount to be paid upon exercise
Terms of exercise of share acquisition rights *	We entered into a facility agreement with SMBC Nikko Securities (the “Facility Agreement”), which provides that SMBC Nikko Securities may not exercise, and will waive, its decision to exercise, one of the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered. In addition, we intend to enter into an agreement with SMBC Nikko Securities for the purchase of share acquisition rights after the entry into force of the notification under Financial Instruments and Exchange Act relating to this share acquisition rights (hereinafter referred to as the “Share acquisition rights Purchase Agreement”).
Matters concerning the transfer of Share acquisition rights*	This Share acquisition rights Purchase Agreement stipulates that SMBC Nikko Securities may not transfer this share acquisition rights to any third party other than us without our prior written consent, and in no event shall only one of the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered be transferred.
Matters pertaining to the delivery of Share acquisition rights in connection with organizational restructuring*	—

*Information as of the end of the previous month (May 31, 2024) of the filing date is shown.

(Note) 2. Amount to be paid at the time of Exercise of share acquisition rights

The actual exercise price at the time of exercise of share acquisition rights with fixed number of shares delivered shall be calculated based on the following formula as of the exercise date of the share acquisition rights with fixed number of shares delivered (Any fraction less than 1 yen resulting from the calculation will be rounded up, and if the calculation result is less than 1 yen, it will be treated as 1 yen).

Exercise price = (I) Amount received (Nikko) – (II) Amount required for purchase (average VWAP)

(I) “Amount received (Nikko)” is total amount of the sales proceeds of shares sold to us by SMBC Nikko Securities based on its own account in this acquisition (ToSTNeT-3).

(II) “Amount required for purchase (average VWAP)” is the amount calculated according to the following formula:

$$\text{Exercise price} = \frac{\text{(I) Amount received (Nikko)}}{\text{(II) Amount required for purchase (average VWAP)}}$$

(a) “Number of shares sold (Nikko)” is the number of shares (up to one million shares) that SMBC Nikko Securities sold to us based on its own account in this acquisition (ToSTNeT-3).

(b) “Average VWAP” is the price obtained by multiplying the 98.1% by the simple arithmetic average of VWAP on the last day of the ordinary trading of our shares on the Tokyo Stock Exchange for the period from May 16, 2024 (including the same date) to the trading day immediately before the exercise date (including the same date) of the fixed-number share acquisition rights for shares delivered (hereinafter referred to in this column as the “average VWAP calculation period”) (it is calculated to the fifth decimal place below the yen and rounded to the fifth decimal place). However, the period from five trading days prior to the last trading day of each quarterly fiscal period of the Company to the last day of the same period and trading days without VWAP of our shares are not included in the average VWAP calculation period.

(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)
March 22, 2023	34,700,000	69,400,000	-	7,948	-	7,994

(Note) 1. 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.

2. In accordance with the resolution of director on May 24, 2024, because of the cancellation of Treasury shares on May 31, 2024, the total number of issued shares has decreased by 3,970,850 shares.

(5) [Shareholding by shareholder category]

As of March 31, 2024

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)	-	24	38	108	125	124	23,127	23,546	—
Number of shares held (units)	-	117,890	14,413	35,680	67,970	873	456,767	693,593	40,700
Percentage of shareholdings (%)	-	17.00	2.08	5.14	9.80	0.13	65.86	100.00	—

(Note) The 3,970,850 shares of treasury shares are included in the “individuals and others” section as 39,708 units and “Shares less than one unit” section as 50 shares.

(6) [Major shareholders]

As of March 31, 2024

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
Hidetoshi Yamamoto	Setagaya-ku, Tokyo	17,750,000	27.13
Takeshi Yamamoto	Setagaya-ku, Tokyo	7,225,600	11.04
The Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	6,181,500	9.45
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo,	4,289,800	6.56
Mint Co.	2- 24-15, Minami-Aoyama, Minato-ku Tokyo	3,200,000	4.89
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hong Kong and Shanghai Banking Corporation Limited,)	ONE LINCOLN STREET, SUITE 1 BOSTON MASSACHUSETTS (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	2,466,040	3.77
BBH BOSTON CUSTODIAN FOR JAPAN VALUE EQUITY CONCENTRATED FUND A SERIES OF 620135 (Standing proxy: Settlement Business Division, Mizuho Bank, Ltd.)	HARBOUR PLACE, 4TH FLOOR, 103 SOUTH CHURCH STREET, GEORGE TOWN GRAND CAYMAN CAYMAN ISLANDS (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo,)	2,136,100	3.26
Hideyuki Kayamori	Kasugai-shi, Aichi	2,081,900	3.18
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo)	726,500	1.11
J.P.MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT (Standing proxy: CITIBANK N.A., TOKYO BRANCH)	25 BANK STREET, CANARY W HARF LONDON E14 5JP UK (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	503,336	0.77
Total	-	46,560,776	71.16

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

2. In addition to the above, there are 3,970,850 shares of treasury shares owned by the Company.

(7) [Voting rights]

I) [Issued shares]

As of March 31, 2024

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 3,970,800	-	-
Shares with full voting rights (other)	Ordinary shares 65,388,500	653,885	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 40,700	-	-
Total number of issued shares	69,400,000	-	-
Total voting rights held by all shareholders	-	653,885	-

(Note) Common shares in the "Shares less than one unit" column include 50 shares of treasury shares owned by us.

II) [Treasury shares, etc.]

As of March 31, 2024

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	3,970,800	—	3,970,800	5.72
Total	-	3,970,800	—	3,970,800	5.72

(Note) In addition to the above, the reporting company owns 50 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 and Item 3, 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]

Classification	Number of options (shares)	Total value (yen)
Resolution at Director Meeting (May 14, 2024) (Acquisition period: May 15, 2024)	3,500,000	6,310,500,000
Treasury shares acquired prior to the current fiscal year	-	-
Treasury shares acquired during the period	-	-
Total number and value of the remaining voting shares	-	-
Percentage outstanding as of the end of the current fiscal year (%)	-	-
Treasury shares acquired during the period	3,500,000	6,310,500,000
Outstanding as of the date of filing (%)	0	-

(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	68	201,942
Treasury shares acquired during the period	-	-

(Note) The purchase Treasury shares for the period does not include shares less than one unit purchased between June 1, 2024 and the filing date of this Securities report.

(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	-	-	3,970,850	1,631,660,502
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)	30,600	12,576,600	-	-
Treasury shares held	3,970,850		3,500,000	

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.

Regarding the dividends for the current period, we initially announced an expected year-end dividend of ¥30 per share at the beginning of the period. Subsequently, in the “Notice of Revision (Increase) of Dividend Forecast” dated February 9, 2024, we announced an increase of ¥10 per share, resulting in a total of ¥40 per share.

As for the dividends for the current period, as mentioned above, we plan to set the year-end dividend at ¥40 per share. This will be proposed at the 36th Annual General Meeting of Shareholders scheduled to be held on June 19, 2024.

The dividend forecast for the next fiscal year, we plan to pay a year-end dividend of ¥40 per share.

(Note) Dividends of surplus whose record date belongs to the current fiscal year ended March 31, 2024 is as follows:

Date of resolution	Total dividends (millions of yen)	Dividend per share (yen)
Annual General Meeting of Shareholders resolution on June 19, 2024	2,617	40

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 directors)

Our board of directors is composed of 14 directors (including five outside directors) and meeting 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, 2024 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
- Matters concerning revision of the amount of remuneration for directors
- Items related to the selection of members of the group nomination and compensation committee
- Matters relating to company officer liability insurance (D&O)
- Items related to internal audit reports and plans
- Monthly performance reports

2) Non-regular agenda
- Matters concerning the entity conversion
- Matters concerning treasury shares
- Matters concerning stock options
- Matters concerning reorganization of group companies, such as changes in equity of group companies
- Matters relating to the establishment of subsidiaries
- Matters relating to M&A
- Revision of important regulations
- Matters concerning conflict of interest transactions with affiliated companies

The number of meetings was 11 and there were two written resolutions deemed to have been adopted by director board of directors 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
Hidetoshi Yamamoto	11 times/11 times
Takayuki Tsukagoshi	11 times/11 times
Kenichi Ozawa	11 times/11 times
Takashi Yamamoto	11 times/11 times
Ei Yoshida	11 times/11 times
Masayuki Nagatake	11 times/11 times
Yusaku Toyoshima	11 times/11 times
Hiroyuki Yamanaka	11 times/11 times

Name	Number of meetings attended
Shigesato Itoi	Director Association 11 times/11 times
Yoriko Aelvoet	Director Association 11 times/11 times
Katsuya Shirai	Director Association 10 times/11 times
Tetsuo Komori	Director Association 11 times/11 times
Keiichi Maeda (Note)	Director Association 11times/11times
Kim Goeun (Note)	Director Association 9 times/11 times

(Note) At the end of the 35th Annual General Meeting of Shareholders held on June 21, 2023, Mr. Kenkichi Yoshida resigned from the board upon his resignation.

(Corporate officer)

We have adopted a corporate officer system.

(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.

(Group nomination and compensation committee)

We have established the group nomination and compensation committee to report the nomination and compensation of directors to the board of directors. The committee consists of two outside director (including one chairperson) and two internal directors.

The group nomination and remuneration committee reviews the following specific details for the fiscal year ended March 31, 2024.

- Matters relating to the selection of the chairperson of the group nomination and compensation committee
- Items related to the selection and compensation of director candidates for the reporting company and its subsidiaries
- Matters concerning the duties and responsibilities of directors
- Items related to the business concept and management structure of each group company
- Matters concerning the contents of revisions to important rules pertaining to officers

The number of meetings of the group nomination and compensation committee has been four since its establishment in December 2023.

Title	Name	Number of meetings attended
President and Group CEO	Hidetoshi Yamamoto	4 times/ 4 times
Senior managing director	Takayuki Tsukagoshi	4 times/ 4 times
Outside director	Tetsuo Komori	4 times/ 4 times
Outside director (Group nomination and compensation committee)	Keiichi Maeda	4 times/ 4 times

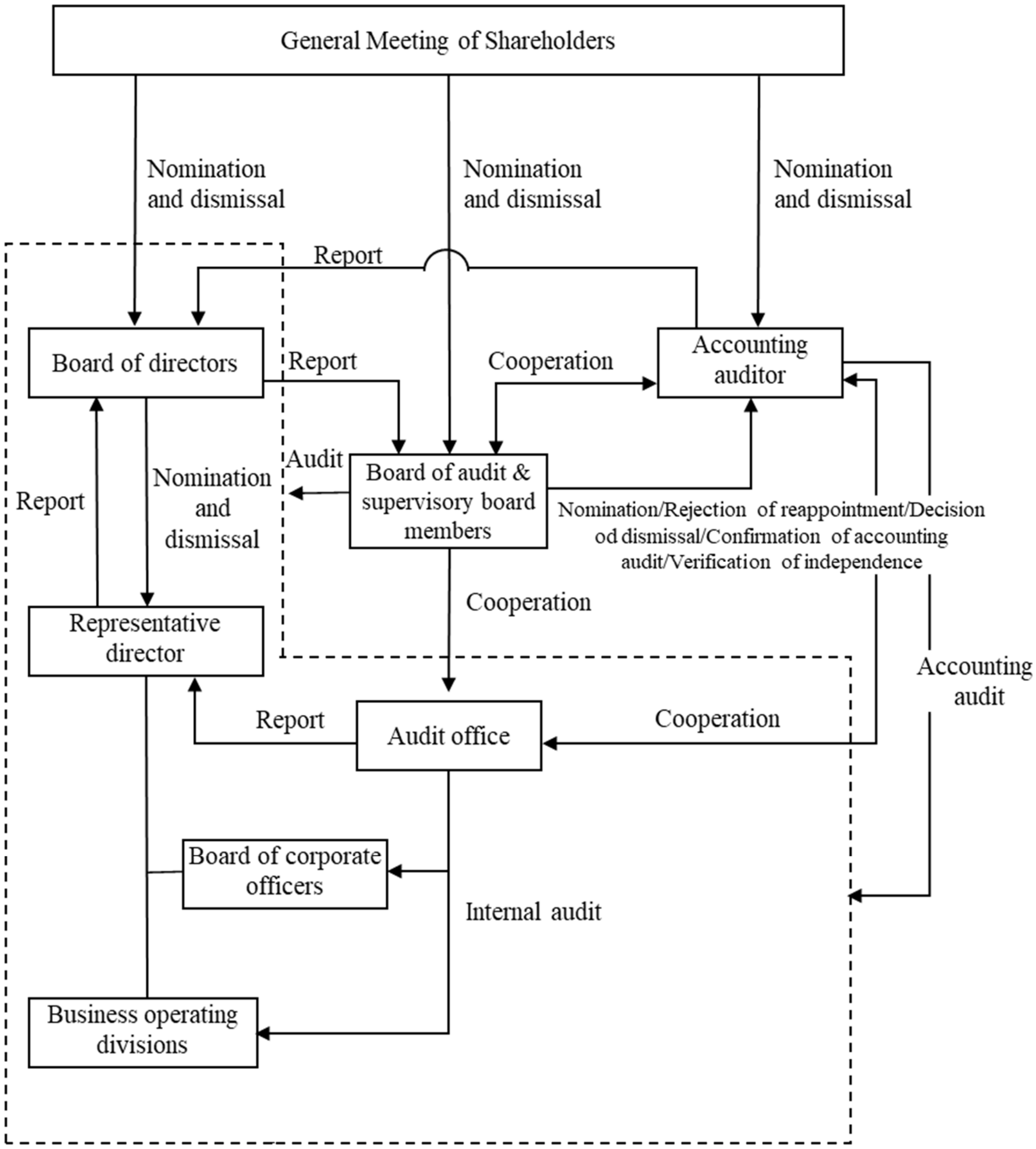
ii) Reasons for adopting this system

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, an accounting auditor and group nomination and compensation committee.

Corporate organization and internal control



3. Status of internal control system

The 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 shareholders 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 in 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	15,250,000
			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)		
			Aug. 2022	Director and Group CEO, the reporting company		
			Oct. 2022	Director and chairman, FIELDS CORPORATION (current position)		
			Jun. 2024	President and Group CEO, the reporting company (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, TSUBURAYA FILEDS HOLDINGS INC. (current position)		

Official title or position	Name	Date of birth	Career summary		Term of Office	Number of shares held
Senior managing 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		
			Oct. 2022	Director, the reporting company		
				Representative director, FIELDS CORPORATION (current position)		
			Jun. 2024	Senior managing director, 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, Division manager, Group Business Strategy Division	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, Group Strategy Office, the reporting company		
			Apr. 2019	Director, deputy division manager, Group Strategy Division, the reporting company		
			Apr. 2020	Director, division manager, Group Strategy Division, the reporting company		
			Jun. 2022	Director, SPO Entertainment Inc. (current position) Audit & supervisory board member, Tsuburaya Productions Co., Ltd. (current position) Audit & supervisory board member, Digital Frontier Inc. (current position)		
			Aug 2022	Director, in charge of group finance, Division Manager, Group Business Strategy Division		
			Oct. 2022	Audit & supervisory board member, FIELDS CORPORATION (current position)		
			Jun. 2024	Director and Group CFO, division manager, Group Business Strategy Division, the reporting company (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, Deputy division manager, Group Business Strategy Division	Takashi Yamamoto	October 2, 1988	Apr. 2012	Joined BOOOM Corporation	(Note)3	7,225,600
			Apr. 2017	Joined FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC., hereinafter, “the reporting company”)		
			May 2017	Planning section, Products Department, PS Business Management Division, the reporting company		
			May 2018	Section manager, Marketing Section, Business Strategy Office, PS Business Management Division, the reporting company		
			Apr. 2019	General manager, Media Relations Department, Business Management Division, the reporting company		
			Apr. 2020	General manager, Media Solution Department, Customer Relations Division, the reporting company		
			Apr. 2021	Corporate officer, deputy division manager, Group Business Management Strategy Division, and general manager, Group Business Planning Department, the reporting company		
			Oct. 2021	Corporate officer, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division		
			Jun. 2022	Director, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division		
			Aug. 2022	Director, in charge of Group business planning, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division		
			Oct. 2022	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		
			Feb. 2023	Senior Managing Director, Division Manager, Products Development Division, FIELDS CORPORATION (current position)		
			Apr. 2024	Representative Director, BOOOM 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	85,000
Director	Yusaku Toyoshima	December 20, 1969	Sep. 1995 Oct. 2000 Oct. 2003 Jun. 2010 Jul. 2011 Jun. 2022	Joined TYO Inc. Joined Digital Frontier Inc. Director, Digital Frontier Inc. Executive Director, Digital Frontier Inc. Director, Digital Frontier (Taiwan) Inc. (current position) Director, FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position) COO / President, Digital Frontier 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. 2020 Jun. 2022 Oct. 2022 Apr. 2024	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, 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) Audit & supervisory board member, MICROCABIN CORP. (current position)	(Note) 3	140,000

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
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	Yoriko Aelvoet	February 26, 1962	Apr. 1984 Sep. 1986 Sep. 1989 Oct. 2001 Nov. 2005 Dec. 2015 Jun. 2018 Jun. 2020 Jun. 2022 Nov. 2023	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) Outside director, TRANSACTION Co., Ltd. (current position)	(Note) 3	-
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. (currently TOMOEGAWA CORPORATION) Outside director, TOMOEGAWA CO., LTD. (currently TOMOEGAWA CORPORATION) Director, president and CEO, Kanebo, Ltd. (currently Kracie, Ltd.) Director CEO and president corporate officer, Kanebo Trinity Holdings, Ltd. (currently Kracie, 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. (currently TOMOEGAWA CORPORATION) (current position) Representative director and president, K.K. Asian Personal Care Holding (currently FineToday Holdings Co., Ltd.) (current position) Representative director and CEO, 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 Jul. 1997 Jan. 2002 Jun. 2003 Apr. 2010 Apr. 2013 Jan. 2016 Jan. 2017 Jan. 2018 Jan. 2020 Jan. 2021 Jun. 2022	Joined DENTSU INC. General manager, Corporate Planning Office, DENTSU INC. Deputy director-General, Corporate Planning Office, DENTSU INC. Deputy director-General, Account Planning Solutions Bureau and general manager, Campaign Planning Office, DENTSU INC. Director-general, Newspaper Bureau, DENTSU INC. Corporate officer, assistant to Head of Domestic Business, and director-general, Business Administration Bureau, DENTSU INC. Corporate officer, in charge of Sales/ Olympic Sales Promotion and Digital Sales Promotion, DENTSU INC. President, DENTSU LIVE INC. Corporate officer, in charge of Promotion Area, DENTSU INC. Corporate officer, in charge of internal audit, DENTSU INC. Executive advisor, Dentsu Group Inc. President and representative director, K.K. Gakugeikai Director (outside), FIELDS CORPORATION (currently TSUBURAYA FILEDS HOLDINGS INC.) (current position)	(Note) 3	-

Director (Outside)	Kimie Morishita	August 18, 1967	Apr. 1993 Jun. 2001 Sep. 2001 May 2003 Apr. 2012 Oct. 2016 Jul. 2018 Mar. 2019 Apr. 2019 Jan. 2020 Jun. 2021 Jun. 2022 Jun. 2023 Jul. 2023 Mar. 2024 Jul. 2024	Joined DENTSU INC. Completed a course at Kellogg business School, Northwestern University Joined McKinsey & Company Japan as associate Joined DENTSU INC. Director, Dentsu Aegis Network Division, DENTSU INC. Director of CEO Office, Dentsu Aegis Network China, DENTSU INC. (Shanghai) General Manager, Dentsu Innovation Initiative – innovation intelligence Department, DENTSU INC. Head of Global Business Center Network development office; General Manager, Network Solutions Department, DENTSU INC. Director, Dentsu isobar Inc. (Part-time) Director, Carat Japan K.K. (Part-time) Director, iProspect Japan K.K. (Part-time) Director, Vizeum Japan K.K. (Part-time) Director, dentsu X Japan Inc. (Part-time) Joined Ryohin Keikaku Co., Ltd., Executive Officer, in charge of PR & ESG Division, Open Communications Division, and Customer Relations Office Director, Public Interest Incorporated Foundation Japan-United States Educational Exchange Promotion Foundation (current position) Outside Director (Audit and Supervisory Committee Member), SPARX Group Co., Ltd. (current position) Auditor, SPARX Asset Management Co., Ltd. (current position) Advisor, Raysum Co., Ltd. Outside Director, Asahi Soft Drinks Co., Ltd. (current position) Director (outside), TSUBURAYA FILEDS HOLDINGS INC. (Scheduled appointment)	(Note) 3	-

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. 2011 Apr. 2014 Apr. 2019 Apr. 2020 Jun. 2020 Sep. 2020 Mar. 2024	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, Contents Division, the reporting company Managing director; 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) Outside director and Audit and Supervisory Committee, Mynet Inc. (current position)	(Note) 4	-
Total						23,082,600

(Note) 1. Mr. Shigesato Itoi, Mr. Katsuya Shirai, Mr. Tetsuo Komori, Mr. Keiichi Maeda and Ms. Kimie Morishita 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, 2024 to the close of the annual general meeting of shareholders for the year ending March 31, 2026.
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, 2024, to the time of the close of the annual general meeting of shareholders for the year ending March 31, 2028.
5. Ms. Goeun Kim retired at the end of the 36th Annual General Meeting of Shareholders held on June 19, 2024.
6. Director Takashi Yamamoto is the eldest son of President and group CEO, Hidetoshi Yamamoto.
7. 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 are Mr. Hideaki Hatanaka and Mr. Tadamasa Oshio, and the corporate officers are Mr. Akira Node, 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 from an independent and diversified perspective on our creative and management indicators. The board of directors has 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 extensive experience, outstanding insight and networking in corporate management and content businesses. Based on this experience and insight, we receive important and useful advice from an independent and diversified perspective on our creative and management indicators. The board of directors has determined him as an outside director that he is an appropriate coaching and supervision of our management and business.

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 outstanding insight based on a wide variety of corporate management experience and advanced knowledge and expertise based on abundant experience. Based on this experience and insight, we receive important and useful advice from an independent and diversified perspective on our management indicators. Furthermore, as a member of the Group Nomination and Compensation Committee, the committee deliberates on the appointment and dismissal of directors and Remuneration for directors (and other officers) from an external perspective, and promotes the establishment of a highly objective and transparent governance system. The board of directors has determined him as an outside director that he is an appropriate coaching and supervision of our management and business.

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 this experience and insight, we receive important and useful advice from an independent and professional perspective on our management indicators. In addition, as the chairman of the Group Nomination and Compensation

Committee, the committee deliberates on the appointment and dismissal of executives and remuneration for directors (and other officers) with an outside perspective and strong leadership, and promotes the establishment of a highly objective and transparent governance system.

The board of directors has determined him as an outside director that he is an appropriate coaching and supervision of our management and business.

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. Kimie Morishita

Ms. Kimie Morishita is well versed in communication strategy, branding, and PR fields both within and outside Japan, with a high level of knowledge and expertise based on her wealth of experience.

The board of directors has therefore nominated her as a candidate for outside director based on its judgment that she would be a resource for providing the reporting company group with coaching and supervision in order to evolve its business from her independent position and professional perspective backed up with her tremendous experience and knowledge.

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 perform business audits and accounting audits and advise on the reporting company's management 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 will be able to perform business audits and accounting audits and advise on the reporting company's management 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 eight 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	Eight (8) times	Eight (8) times
Yoshika Furuta	Eight (8) times	Eight (8) times
Masakazu Kurihara	Eight (8) times	Seven (7) 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 on the status of compliance and internal controls for the entire group and report the findings to president and COO, and immediately report to the relevant director, Audit & Supervisory Board and the presidents of our group companies. We do not have a system for reporting directly to the board of directors. 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 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

Suzue Masuda

Koichiro Nakanishi

d. Assistants in audit activities

Assistants in our accounting audit activities are five (5) certified public accountants and nine (9) 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	61	-	61	-
Consolidated subsidiaries	-	-	-	-
Total	61	-	61	-

(Note) In addition to the above remuneration for the current fiscal year, additional remuneration related to the previous fiscal year is ¥7 million.

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 remuneration 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) [Remuneration for directors (and other officers)]

I) Matters pertaining to the policy for determining the amount of remuneration, etc. for directors 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 and the restricted stock remuneration plan as stock remuneration, which is non-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 remuneration which pays a certain amount of money each month, bonuses which pays money linked to short-term performance, share acquisition rights plan and a stock-based remuneration system that allows for the granting of restricted stock with the aim of increasing the willingness to contribute to enhancing medium-to-long-term's performance and sustained enhancement of corporate value, as well as to further share value with shareholders over the long term.

The decision-making policies are determined by resolution of the board of directors after consultation with the group nomination and compensation committee.

The reporting company does not have a retirement benefit plan for director.

(Matters concerning resolutions of the general meeting of shareholders regarding the remuneration 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).

At our 35th Annual General Meeting of Shareholders on June 21, 2023, a resolution was passed to introduce a share acquisition rights plan, which allows for the allocation of share acquisition rights as stock-based remuneration within the scope of director remuneration mentioned above. 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 director). At the end of the meeting, there are 14 directors (including five outside directors) eligible for awards related to share acquisition rights plan.

At our 36th Annual General Meeting of Shareholders held on June 19, 2024, a resolution was passed to introduce a restricted stock remuneration plan under which restricted stock will be granted to the extent of director remuneration mentioned above. The maximum total number of shares of restricted stock to be allotted in each fiscal year is 240,000 shares. However, the total number of shares of restricted stock to be allotted in each fiscal year in the relevant payment is no more than 80,000 shares, as the lump-sum payment is assumed to be made in the first fiscal year of the relevant service period as remuneration for the provision of services over the three fiscal years. At the end of the meeting, there are nine (9) directors eligible for awards related to restricted stock remuneration.

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 remuneration 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 stock options. In order to share the benefits and risks of share price fluctuations with shareholders and provide directors with incentives to further motivate them to contribute to the enhancement of corporate value, 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, following consultation with the Group Nomination and Compensation Committee and concludes a share acquisition rights allocation contract between us and the grantee.

At our 36th Annual General Meeting of Shareholders on June 19, 2024, a resolution was passed to introduce a restricted stock compensation plan under which the reporting company will allocate shares of our common stock for director (except for outside director) subject to the terms of the restricted period and reasons for free acquisition by us, with the aim of enhancing the willingness of shareholders to contribute to medium-to-long-term improvement of business performance and sustainable improvement of corporate value, as well as further sharing of value with shareholders.

The shares of restricted stock to be issued will be determined by our board of director according to the responsibilities of director subject to the award, following consultation with the Group Nomination and Compensation Committee, and will be issued after concluding a restricted stock allotment contract between us and the recipient.

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

At Hidetoshi Yamamoto, President, determines the specific details of individual remuneration 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 Nomination and Compensation Committee must consult with the president 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 remuneration 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	220	152	60	8	4
Audit & supervisory board member excluding outside audit & supervisory board members	3	3	-	-	1
Outside directors (and other officers)	51	51	-	-	7

(Note) Above, number of recipient directors does not include six non-compensated directors.

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)

Not applicable.

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

Not applicable.

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

Not applicable.

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	10	27	11	6,791

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	1	14	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, 2023, to March 31, 2024) and the financial statements for the fiscal year (April 1, 2023, to March 31, 2024) 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 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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	*2 36,597	*2 34,914
Notes receivable - trade	1,733	*5 1,375
Accounts receivable - trade	8,878	8,636
Contract assets	324	380
Electronically recorded monetary claims - operating	1,957	*5 2,744
Merchandise and finished goods	339	142
Work in process	1,902	6,296
Raw materials and supplies	1,997	3,816
Merchandise rights	1,734	2,123
Other	3,441	*5 4,451
Allowance for doubtful accounts	(37)	(31)
Total current assets	58,868	64,848
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2 5,479	*2 14,282
Accumulated depreciation	(3,387)	(11,273)
Buildings and structures, net	2,091	3,009
Machinery, equipment and vehicles	96	1,041
Accumulated depreciation	(73)	(982)
Machinery, equipment and vehicles, net	22	59
Tools, furniture and fixtures	3,703	6,589
Accumulated depreciation	(3,245)	(5,681)
Tools, furniture and fixtures, net	457	907
Land	*2 1,929	*2 5,360
Construction in progress	793	102
Total property, plant and equipment	5,295	9,440
Intangible assets		
Goodwill	1,677	1,395
Other	1,210	1,007
Total intangible assets	2,888	2,402
Investments and other assets		
Investment securities	*1 7,959	*1 13,131
Long-term loans receivable	681	1,802
Deferred tax assets	962	3,391
Leasehold and guarantee deposits	2,247	2,632
Other	2,197	1,868
Allowance for doubtful accounts	(207)	(1,379)
Investments and other assets Total	13,841	21,447
Total non-current assets	22,024	33,290
Total assets	80,893	98,139

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,402	*5 10,961
Electronically recorded obligations - operating	-	1,460
Short-term borrowings	*2 6,549	6,000
Current portion of long-term borrowings	*2 2,794	*2 2,400
Income taxes payable	1,358	2,414
Contract liabilities	1,029	1,249
Provision for bonuses	273	758
Provision for bonuses for directors (and other officers)	159	216
Other	5,923	5,150
Total current liabilities	30,489	30,610
Non-current liabilities		
Long-term borrowings	*2 3,994	*2 5,503
Provision for retirement benefits for directors (and other officers)	-	169
Retirement benefit liability	862	1,447
Asset retirement obligations	1,213	1,331
Other	2,515	3,230
Total non-current liabilities	8,585	11,682
Total liabilities	39,075	42,293
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,390	7,390
Retained earnings	24,217	33,801
Treasury shares	(1,644)	(1,631)
Total shareholders' equity	37,912	47,508
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,194	38
Foreign currency translation adjustment	1	2
Remeasurements of defined benefit plans	12	37
Total accumulated other comprehensive income	1,208	78
Share acquisition rights	45	203
Non-controlling interests	2,651	8,055
Total net assets	41,817	55,845
Total liabilities and net assets	80,893	98,139

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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Net sales	*1 117,125	*1 141,923
Cost of sales	91,799	115,464
Gross profit	25,326	26,459
Selling, general and administrative expenses		
Advertising expenses	1,191	1,107
Salaries	4,379	4,667
Provision for bonuses	200	193
Retirement benefit expenses	68	73
Outsourcing expenses	1,465	937
Travel and transportation expenses	312	407
Depreciation	415	484
Rent expenses on land and buildings	1,202	1,026
Provision of allowance for doubtful accounts	(63)	(6)
Amortization of goodwill	260	282
Provision for bonuses for directors (and other officers)	159	216
Other	4,784	5,241
Total selling, general and administrative expenses	14,376	14,631
Operating profit	10,950	11,827
Non-operating income		
Interest income	4	13
Dividend income	5	129
Purchase discounts	129	21
Share of profit of entities accounted for using equity method	90	896
Distributions from investments	21	16
Other	133	155
Total non-operating income	385	1,233
Non-operating expenses		
Interest expenses	79	56
Financing expenses	4	4
Depreciation	-	25
Provision of allowance for doubtful accounts for subsidiaries and associates	6	-
Other	27	28
Total non-operating expenses	116	113
Ordinary profit	11,218	12,947

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	*3 299
Gain on sale of non-current assets	*2 1	*2 3
Gain on bargain purchase	-	*4 1,072
Other	0	-
Total extraordinary income	1	1,375
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	38	-
Loss on retirement of non-current assets	*5 46	*5 24
Impairment losses	-	*6 172
Provision of allowance for doubtful accounts for subsidiaries and associates	-	*7 314
Loss on sale of membership	7	-
Other	0	0
Total extraordinary losses	91	511
Profit (loss) before income taxes	11,127	13,811
Income taxes - current	1,963	2,649
Income taxes - deferred	(859)	(1,763)
Total income taxes	1,103	885
Profit (loss)	10,024	12,925
Profit attributable to non-controlling interests	1,802	1,374
Profit attributable to owners of parent	8,221	11,551

[Consolidated statement of comprehensive income]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Profit (loss)	10,024	12,925
Other comprehensive income		
Valuation difference on available-for-sale securities	1,174	(1,156)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	8	26
Share of other comprehensive income of entities accounted for using equity method	-	0
Total other comprehensive income	* 1,183	* (1,128)
Comprehensive income	11,207	11,797
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,406	10,422
Comprehensive income attributable to non-controlling interests	1,801	1,374

III) [Consolidated statement of changes in equity]

Previous 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
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 due to shares of consolidated subsidiaries		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
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 due to shares of consolidated subsidiaries							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

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,948	7,390	24,217	(1,644)	37,912
Changes during period					
Dividends of surplus			(1,961)		(1,961)
Profit (loss) attributable to owners of parent			11,551		11,551
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(5)	12	7
Purchase of shares of consolidated subsidiaries					-
Change due to shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	9,584	12	9,596
Balance at end of period	7,948	7,390	33,801	(1,631)	47,508

	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	1,194	1	12	1,208	45	2,651	41,817
Changes during period							
Dividends of surplus							(1,961)
Profit (loss) attributable to owners of parent							11,551
Purchase of treasury shares							(0)
Disposal of treasury shares							7
Purchase of shares of consolidated subsidiaries							-
Change due to shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	(1,155)	0	25	(1,130)	157	5,404	4,431
Total changes during period	(1,155)	0	25	(1,130)	157	5,404	14,028
Balance at end of period	38	2	37	78	203	8,055	55,845

IV) [Consolidated statement of cash flows]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	11,127	13,811
Depreciation	781	1,024
Amortization of goodwill	260	282
Investments in capital depreciation	797	633
Increase (decrease) in allowance for doubtful accounts	(106)	298
Increase (decrease) in provision for bonuses	(18)	35
Increase (decrease) in provision for bonuses for directors (and other officers)	113	57
Increase (decrease) in retirement benefit liability	(19)	51
Interest and dividend income	(9)	(143)
Interest expenses	79	56
Share of loss (profit) of entities accounted for using equity method	(90)	(896)
Loss (gain) on sale of non-current assets	(1)	(3)
Loss (gain) on sale of shares of subsidiaries and associates	38	(299)
Impairment losses	-	172
Gain on bargain purchase	-	(1,072)
Decrease (increase) in trade receivables	551	3,926
Decrease (increase) in inventories	2,330	(4,558)
Decrease (increase) in advance payments to suppliers	(456)	1,175
Decrease (increase) in accounts receivable - other	(229)	(591)
Increase (decrease) in trade payables	(631)	(4,371)
Increase (decrease) in Liabilities related to paid-in transactions	(1,105)	146
Increase (decrease) in accounts payable - other	676	(827)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	797	(1,374)
Other, net	(1,040)	529
Subtotal	13,844	8,062
Interest and dividends received	9	201
Interest paid	(79)	(56)
Income taxes refund (paid)	(1,213)	(2,643)
Net cash provided by (used in) operating activities	12,561	5,563

(Unit: millions of yen)

	End of previous fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	(812)	(1,528)
Proceeds from sale of property, plant and equipment	4	3
Purchase of intangible assets	(531)	(234)
Purchase of investment securities	(5,126)	(439)
Proceeds from sale of investment securities	79	73
Purchase of shares of subsidiaries and associates	-	(254)
Proceeds from sale of shares of subsidiaries and associates	273	-
Payments for investments in capital	(1,012)	(303)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	3	*2 1,732
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	343
Purchase of shares of affiliates accounted for by the equity method	-	(3,167)
Loan advances	(483)	(370)
Proceeds from collection of loans receivable	18	6
Payments of leasehold and guarantee deposits	(25)	(33)
Proceeds from refund of leasehold and guarantee deposits	14	57
Other, net	(45)	12
Net cash provided by (used in) investing activities	(7,642)	(4,101)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,349	(499)
Repayments of long-term borrowings	(5,051)	(3,617)
Proceeds from long-term borrowings	-	2,950
Dividends paid	(645)	(1,959)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(486)	-
Other, net	109	(19)
Net cash provided by (used in) financing activities	(725)	(3,145)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	4,193	(1,683)
Cash and cash equivalents at beginning of period	32,304	36,497
Cash and cash equivalents at end of period	*1 36,497	*1 34,814

[Notes]

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 20

Principal consolidated subsidiaries

Tsuburaya Productions Co., Ltd.
Digital Frontier Inc.
Digital Frontier (Taiwan) Inc.
Optimize Company, Limited
FIELDS CORPORATION
BOOOM Corporation
MICRO CABIN INC.
SEPTECH CORPORATION
CROSSALPHA CORPORATION
SPIKY CORPORATION
SHINNICHI TECHNOLOGY CORPORATION
F CORPORATION
NANASHOW CORPORATION
Fields Jr. Corporation
LUCENT, INC
PachinkoPachislot Information Station, Inc.
Total Workout premium management Inc.
Sophia Co., Ltd.
ACE DENKEN Co., Ltd. and an other company

GEMBA inc., a former consolidated subsidiary, was excluded from the scope of consolidation at the end of the current fiscal year due to the sale of all its shares.

In the fiscal year under review, the Sophia Co., Ltd. and its subsidiary ACE DENKEN Co., Ltd. were newly included in the scope of consolidation following the acquisition of shares of Sophia Co., Ltd. As the deemed acquisition date is the end of the current fiscal year, only balance sheet is consolidated in the current fiscal year.

FutureScope Corp. changed its name to Optimize Company, Limited in the fiscal year under review.

(2) Names of major non-consolidated subsidiaries

TOKYO PREMIUM DINING, INC.
Meta Field Inc.
Tsuburaya Fields Media & Pictures Entertainment, Inc.
Tsuburaya Fields Entertainment International Pte. Ltd.
APE Inc. and 15 other companies

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: three

Names of major affiliates accounted for by the equity method

SOUGOU MEDIA INC.
SPO Entertainment Inc.
DAIKOKU DENKI Co., Ltd.

During the fiscal year under review, DAIKOKU DENKI Co., Ltd. was included in the scope of application of the equity method due to the acquisition of additional shares.

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

TOKYO PREMIUM DINING, INC.
Meta Field Inc.
Tsuburaya Fields Media & Pictures Entertainment, Inc.
Tsuburaya Fields Entertainment International Pte. Ltd.
GLAMOROUS co., ltd.
APE Inc.
G&E Corporation
VIRTUAL LINE STUDIOS CORPORATION and 15 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

Consolidated subsidiaries
Used PS machine: Specific identification method
Other: Weighted average method and Moving-average method

b. Work in process

Consolidated subsidiaries: Specific identification method

c. Raw materials

Consolidated subsidiaries: Weighted average method and Moving-average method

d. Supplies

The reporting company and consolidated subsidiaries: Last cost method

e. Merchandising rights

The 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.

IV) Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to directors and statutory auditors, certain consolidated subsidiaries provide for an amount corresponding to the current fiscal year based on the estimated amount to be paid in the current fiscal year.

(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

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	1,677	1,395

(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

Impairment losses is recognized based on the recoverable amount of the cash-generating unit, including Goodwill.

Goodwill primarily relates to consolidated subsidiaries that develop and manufacture pachinko and pachislot machine and the recoverable amount is calculated based on future cash flows under the business plan.

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	962	3,391
Amount prior to offsetting with deferred tax liabilities	1,600	3,723

(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 beyond 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 and pachislot (hereinafter, “PS”) 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.

(Unapplied accounting standards, etc.)

・Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
・Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
・Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Summary

Determines the classification of Income taxes in cases where taxes are imposed on Other comprehensive income and the treatment of tax effects on sales of shares of subsidiaries, etc. in cases where the group-level corporate tax system is applied.

(2) Expected date of application

This is scheduled to be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Effect of adoption of this accounting standard

The reporting company is currently evaluating the impact of the adoption of these accounting standards on its consolidated financial statements.

(Notes - Changes in presentation)

(Consolidated Statement of cash flows)

Purchase discounts, decrease (increase) in prepaid expenses, decrease (increase) in advances paid and increase (decrease) in deposits received in cash flows from operating activities, which were presented separately in the previous fiscal year, are now included in other, net from the current fiscal year due to their immateriality.

In addition, decrease (increase) in advance payments to suppliers, which was included in other, net under cash flows from operating 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.

Accordingly, statement of cash flows of ¥ (129) million for purchase discounts, ¥ (3) million for decrease (increase) in prepaid expenses, ¥ (90) million for decrease (increase) in advances paid, ¥ (640) million for increase (decrease) in deposits received and ¥ (632) million for other, net in cash flows from operating activities have been reclassified as decrease (increase) in advance payments to suppliers of ¥ (456) million and other, net of ¥ (1,040) million.

Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation, which was included in other, net under cash flows from investing activities, which was presented separately 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 ¥ (42) million presented in other, net under cash flows from investing activities in statement of cash flows for the previous fiscal year has been reclassified as ¥3 million in proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation and ¥ (45) million in other, net.

(Notes - Consolidated balance sheet)

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

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Investments in securities (shares)	769	12,499

*2 Assets 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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Buildings	611	944
Land	1,674	1,674
Total	2,286	2,618

(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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Short-term borrowings	349	-
Current portion of long-term borrowings	472	117
Long-term borrowings	1,887	2,371
Total	2,708	2,488

(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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
SHOUEI PROJECT INC.	6	31
K.K. Live GARDEN	35	22
Nikko Syouji Co., Ltd	36	21
K.K. DERUPARA	7	13
TOA Co., Ltd.	—	12
Asahi Shoji K.K.	19	12
Nikko Entertainment Co., Ltd	22	12
K.K. KIKUYA	—	12
TAIHO CORPORATION K.K.	—	12
LIBERA GAMING OPERATIONS K.K.	—	11
Others	479	311
Total	607	473

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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Total amount of overdraft limits and term loans	16,200	16,300
Loan balance	9,004	6,765
Net amount	7,195	9,534

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.

*5 Notes regarding promissory notes due on balance sheet date

Accounting for promissory notes due at the end of the fiscal year is settled on the date of clearing. As the last day of the consolidated fiscal year was a holiday for a financial institution, the following promissory notes due at the end of the fiscal year are included in the ending balance.

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Notes receivable-trade	-	386
Electronically recorded monetary claims-operating	-	1,280
Non-operating notes receivable	-	10
Notes payable - trade	-	70

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Buildings and structures	0	0
Machinery and equipment	0	-
Tools, furniture and fixtures	0	3
Total	1	3

*3 Gain on sale of shares of subsidiaries and affiliates

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

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

In connection with the sale of all shares of GEMBA Inc., the reporting company recorded gain on sale of shares of subsidiaries and associates of ¥299 million as extraordinary income.

*4 Gain on bargain purchase

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

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

Gain on bargain purchase ¥1,072 million was recorded as extraordinary income in connection with the consolidation of Sophia Co., Ltd. and its subsidiary ACE DENKEN Co., Ltd. through the acquisition of shares of Sophia.

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

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Buildings and structures	34	8
Tools, furniture and fixtures	4	2
Software	6	13
Other	0	-
Total	46	24

*6 Impairment losses

Our grouping recorded Impairment losses for the following Assets:

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

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

Application	Location	Type	Amount
Business asset	Shibuya-ku, Tokyo	Software etc.	¥172 million

Our business assets is grouped by the smallest unit that generates cash flow for each administrative accounting category.

With respect to assets group mentioned above, as profitability declined, the book value was reduced to the recoverable amount, and the amount of the reduction was recorded in extraordinary losses. The breakdown is software etc. ¥172 million.

The recoverable amounts of these assets are measured at value in use. Value in use is valued at zero because future cash flows are negative.

*7 Provision of allowance for doubtful accounts for subsidiaries and associates

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

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

Provision of allowance for doubtful accounts for subsidiaries and associates of ¥314 million was recorded in extraordinary losses for loans to our unconsolidated affiliates.

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities		
Gain (loss) in the year	1,706	(1,650)
Reclassification adjustments	(13)	(14)
Before tax effect adjustment	1,692	(1,665)
Tax effects	(517)	508
Valuation difference on available-for-sale securities	1,174	(1,156)
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	30
Reclassification adjustments	(2)	(4)
Before tax effect adjustment	8	26
Tax effects	-	-
Remeasurements of defined benefit plans	8	26
Share of other comprehensive income of entities accounted for using equity method		
Gain (loss) in the year	-	0
Total other comprehensive income	1,183	(1,128)

(Notes - Consolidated statement of changes in equity)

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

1. Notes related to issued 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 general 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 record 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 general shareholders' meeting	Common shares	1,961	Retained earnings	30	March 31, 2023	June 22, 2023

Current fiscal year (from April 1, 2023 to March 31, 2024)

1. Notes related to issued shares (Unit: shares)

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

2. Notes regarding treasury shares (Unit: shares)

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated financial year
Common shares	4,001,382	68	30,600	3,970,850

(Note) (Overview of variable events)

Increase due to purchase of odd-lot shares: 68 shares

Decrease due to exercise of share acquisition rights; 30,600 shares

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	-	-	-	-	-	1
	Share acquisition rights as the second stock option	-	-	-	-	-	166
	Share acquisition rights as the third stock option	-	-	-	-	-	35
Total			-	-	-	-	203

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 21, 2023 Annual general shareholders' meeting	Common shares	1,961	30	March 31, 2023	June 22, 2023

(2) Dividends for which the effective date of distribution fall in the following consolidated fiscal year out of those which the record 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 19, 2024 Annual general shareholders' meeting	Common shares	2,617	Retained earnings	40	March 31, 2024	June 20, 2024

(Matters concerning consolidated statement of cash flows)

*1 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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Cash and deposits	36,597	34,914
Time deposits with maturities of more than three months	(100)	(100)
Cash and cash equivalents	36,497	34,814

*2 Breakdown of assets and liabilities of companies newly consolidated by acquiring shares

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

Notes are omitted because they are not material.

Current fiscal year (April 1, 2023 to March 31, 2024)

The following is a breakdown of assets and liabilities at the time of consolidation due to the new consolidation of Sophia Co., Ltd. (hereinafter, “Sophia”) and its subsidiary ACE DENKEN Co., Ltd. and a reconciliation between the purchase price of Sophia and net proceeds from the acquisition of Sophia.

(Unit: millions of yen)

Current assets	11,789
Non-current assets	6,429
Current liabilities	(6,455)
Non-current liabilities	(3,459)
Gain on bargain purchase	(1,072)
Non-controlling interests	(4,069)
Money for acquisition	3,162
Cash and cash equivalents	(4,894)
Net: Income for acquisitions	1,732

(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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Due within one year	255	166
Over one year	370	140
Total	626	306

(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-trade and electronically recorded obligations-operating 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 headquarter administration 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 fair value may change if different assumptions are adopted.

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, 2023 (Unit: millions of yen)

Classification	Carrying amount	Fair value	Difference
(1) Investment securities (*2)			
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.

Current fiscal year ended March 31, 2024 (Unit: millions of yen)

Classification	Carrying amount	Fair value	Difference
(1) Investment securities (*2)			
Other securities (*3)	236	236	—
(2) Long-term loans receivable	1,802		
Allowance for doubtful accounts (*4)	(1,268)		
	534	532	(1)
(3) Lease and guarantee deposits	2,632	2,579	(53)
Total assets	3,402	3,347	(55)
(1) Long-term borrowings (including current portion of long-term borrowings)	7,903	7,783	(119)
Total liabilities	7,903	7,783	(119)

(*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	395
Shares of subsidiaries	2,355
Shares of affiliated companies	10,144
Total	12,895

(*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) Scheduled redemption amount for monetary receivables and securities with maturity dates after the consolidated closing date

Previous 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.

Current fiscal year ended March 31, 2024 (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	34,914	-	-	-
Notes receivable	1,375	-	-	-
Accounts receivable	8,636	-	-	-
Electronically recorded monetary claims	2,744	-	-	-
Long-term loans receivable (*1)	-	534	-	-
Total assets	47,669	534	-	-

(*1) ¥1,268 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) Scheduled redemption amount for long-term borrowings and other interest-bearing liabilities after the consolidated closing date

Previous 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

Current fiscal year ended March 31, 2024 (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	6,000	—	—	—	—	—
Long-term borrowings	2,400	1,336	3,190	132	132	710
Total	8,400	1,336	3,190	132	132	710

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: Fair value calculated using inputs for 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, 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.

Current consolidated fiscal year (March 31, 2024)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities Other securities Shares	63	-	-	63
Total assets	63	-	-	63

(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 ¥172 million.

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

Previous 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

Current consolidated fiscal year (March 31, 2024)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	532	—	532
Leasehold and guarantee deposits	—	2,579	—	2,579
Total assets	—	3,111	—	3,111
Long-term borrowings (including current portion of long-term borrowings)	—	7,783	—	7,783
Total liabilities	—	7,783	—	7,783

(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 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, 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 which is not exceed their acquisition cost			
Shares	5	7	(1)
Others	9	10	(0)
Subtotal	15	17	(1)
Total	6,836	5,119	1,716

Current consolidated fiscal year (March 31, 2024)

(Unit: millions of yen)

Classification	Carrying amount	Acquisition cost	Difference
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	44	8	35
Others	172	140	32
Subtotal	217	149	67
The amount recorded in consolidated balance sheet which is not exceed their acquisition cost			
Shares	19	30	(11)
Others	—	—	—
Subtotal	19	30	(11)
Total	236	179	56

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

Previous 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

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

Classification	Proceeds from sales	Total gain on sales	Total in loss on sales
Shares	53	14	—
Other	20	0	—
Total	74	14	—

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Retirement benefit obligation at beginning of year	705	740
Service cost	67	71
Interest expenses	1	2
Actuarial differences arising	(11)	(30)
Retirement benefits payable	(22)	(11)
Retirement benefit obligation at end of year	740	771

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Net defined benefit liability at beginning of year	103	122
Retirement benefit expenses	20	5
Benefits paid	(83)	(10)
Increase from inclusion of subsidiaries in consolidation	81	558
Net defined benefit liability at end of year	122	675

(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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Retirement benefit obligations of unfunded plans	862	1,447
Net amount of liabilities and assets recorded in the consolidated balance sheets	862	1,447
Obligations for retirement pay	862	1,447
Net amount of liabilities and assets recorded in the consolidated balance sheets	862	1,447

(NOTE) Includes plans that apply the simplified method.

(4) Amount of retirement benefit expenses and its breakdown

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Service cost	67	71
Interest expenses	1	2
Amortization of actuarial loss	(2)	(5)
Retirement benefit expenses calculated by the simplified method	20	5
Retirement benefit expenses for defined benefit plan	85	74

(5) Adjustments for retirement benefit

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

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Differences in the mathematical calculations	(8)	(26)
Total	(8)	(26)

(6) Cumulative adjustment of retirement

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

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Unrecognized actuarial loss	(12)	(37)
Total	(12)	(37)

(7) Items for calculating base actuarial differences

Principal actuarial assumptions

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Discount rate	0.30%	0.69%
Expected rate of salary increase	0.90%	1.00%

(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	65 million yen	159 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, 2024).

Date of resolution	November 13, 2020
Category and number of grantees (people)	Six directors of the reporting company 43 corporate officers of the reporting company Three directors and corporate officers of our subsidiaries Eight employees of our subsidiaries
Number of stock options by type of stock	Common share 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 (units)	4,006 (Note 1)

Type, content, and number of shares subject to stock acquisition rights (shares)	Common share 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 directors.
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 board of directors (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)

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

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 VII 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, 2024).

Date of resolution	November 25, 2022
Category and number of grantees (people)	60 employees of TSUBURAYA FIELDS HOLDINGS 22 affiliates director and corporate officers of our subsidiaries 566 employees of our subsidiaries
Number of stock options by type of stock	Common share 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.
Assignment of share acquisition rights	Purchase of share acquisition rights by assignment shall be subject to approval by a resolution of our 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)

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

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 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 V 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

(9) Other terms of exercise of share acquisition rights

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

iii. TSUBURAYA FIELDS HOLDINGS INC. 2023 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, 2024).

Date of resolution	July 14, 2023
Category and number of grantees (people)	One director of TSUBURAYA FIELDS HOLDINGS Three corporate officers of TSUBURAYA FIELDS HOLDINGS Eight employees of TSUBURAYA FIELDS HOLDINGS Five directors of our subsidiaries Five corporate officers of our subsidiaries 157 employees of our subsidiaries
Number of stock options by type of stock	Common share 107,100 shares
Grant date	August 10, 2023
Vesting conditions	To continue to work from the grant date (August 10, 2023) through the vesting date (July 14, 2025) 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	July 15, 2025 to July 14, 2033
Number of share acquisition rights by type of stock	1,071 (Note 1)
Type, content, and number of shares subject to stock acquisition rights (shares)	Common stock 107,100 (Note 1)
Amount to be paid upon exercise of subscription rights (yen)	2,952 (Note 2)
Issue price and amount incorporated in capital when shares are issued upon exercise of subscription rights to shares (yen)	Issue price 3,976 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.
Assignment of share acquisition rights	Purchase of share acquisition rights by assignment shall be subject to approval by a resolution of our director meeting.
Issuance of share acquisition rights for organizational restructuring	(Note 4)

* Figures reflect the details as of the issuance of share acquisition rights (August 10, 2023).

(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 100 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)

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

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 share 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 V 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

(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 *I) Employee stock option plans, (2) Share acquisition rights, 1. Company's shares, etc., [4] Information about reporting company* are summarized in notes regarding stock option etc.

(2) Size and changes of stock options

Stock options that existed in the fiscal year under review (ended March 31, 2024) 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	TSUBURAYA FIELDS HOLDINGS INC. 2023 share acquisition rights
Date of resolution	November 13, 2020	November 25, 2022	July 14, 2023
Before vesting (shares)			
End of the previous consolidated fiscal year	—	514,800	—
Granted during the year	—	—	107,100
Forfeited during the year	—	17,400	3,300
Vested during the year	—	—	—
Outstanding at the end of the year	—	497,400	103,800
After vesting (shares)			
End of the previous consolidated fiscal year	50,600	—	—
Vested during the year	—	—	—
Exercised during the year	30,600	—	—
Forfeited during the year	—	—	—
Outstanding at the end of the year	20,000	—	—

* 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	TSUBURAYA FIELDS HOLDINGS INC. 2023 share acquisition rights
Date of resolution	November 13, 2020	November 25, 2022	July 14, 2023
Exercise price (yen)	366	2,510	2,952
Average stock price at exercise (yen)	2,162.45	—	—
Fair value per share at grant date (yen)	106.8	1,007	1,024

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)	51.222%
Estimated remaining term (Note 2)	Six years
Estimated dividend (Note 3)	¥30/ shares
Risk free rate (Note 4)	0. 288%

(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 (¥30 for the fiscal year ended March 31, 2023).

4. The figure is estimated based on the annual rate and yields on government bonds on August 10, 2023 (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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Deferred tax assets		
Retirement benefit liability	298	508
Allowance for doubtful accounts	245	2,339
Provision for bonuses and provision for bonuses for directors (and other officers)	105	319
Loss on valuation of investment securities	28	28
Loss on valuation of advance payments	86	86
Loss on devaluation of merchandising rights	238	254
Loss on valuation of shares of subsidiaries and associates	―	1,449
Loss on valuation of land	―	695
Accrued business office tax	141	226
Excess depreciation expense disallowed for tax purpose	157	724
Asset retirement obligations	406	441
Unrealized income	191	112
Loss carryforwards (Note 2)	9,021	10,284
Other	600	929
Subtotal of deferred tax assets	11,519	18,400
Valuation allowance for tax loss carryforwards (Note 2)	(7,893)	(7,867)
Valuation allowance for total deductible temporary differences	(2,025)	(6,809)
Subtotal of valuation allowance (Note 1)	(9,919)	(14,677)
Total of deferred tax assets	1,600	3,723
Deferred tax liabilities		
Refundable business office tax	―	8
Valuation difference on available-for-sale securities	530	22
Asset retirement costs	199	169
Other	―	783
Total deferred tax liabilities	730	983
Net deferred tax assets (liabilities)	870	2,740

(Note) 1. The valuation allowance increased by ¥4,757 million. The increase is primarily attributable to the valuation allowance for tax loss carryforwards and total deductible temporary differences of consolidated subsidiaries increased by ¥8,023 million, and valuation allowance for tax loss carryforwards decreased by ¥2,155 million.

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

End of previous 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 (a)	345	155	1,854	1,646	-	5,018	9,021

Valuation allowance	(345)	(131)	(796)	(1,646)	-	(4,974)	(7,893)
Deferred tax assets	-	24	1,058	-	-	44	(b) 1,127

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

(b) 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.

Current consolidated fiscal year (March 31, 2024)

(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)	611	838	1,666	-	3,822	3,344	10,284
Valuation allowance	(484)	(219)	(118)	-	(3,766)	(3,278)	(7,867)
Deferred tax assets	127	619	1,548	-	55	66	(d) 2,417

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

(d) Regarding the tax loss carryforwards of ¥10,284 million (amount statutory tax rate is multiplied), deferred tax assets of ¥2,417 million is recorded. Deferred tax assets of ¥2,134 million is recognized for a portion of the reporting company's tax loss carryforwards of ¥6,002 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, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Statutory tax rate	30.6 %	30.6 %
(Adjustment)		
Per capita inhabitant tax	0.5 %	0.4 %
Items that are not permanently deductible, such as entertainment expenses	0.6 %	0.7 %
Amortization of goodwill	0.7 %	0.6 %
Gain on bargain purchase	- %	(2.4) %
Increase in valuation allowance	(3.4) %	31.1 %
Effects from inclusion of subsidiaries in consolidation	- %	(51.9) %
Net losses carried forward	(15.3) %	(1.8) %
Foreign tax credit	(4.3) %	(3.0) %
Other	0.5 %	2.1 %
Effective income tax rate	9.9 %	6.4 %

(Business combination)

Business combination by acquisition

Sophia Co., Ltd. and other nine subsidiaries

(1) Overview of business combination

i. Name and business activities of acquired company

Name of acquired company Sophia Co., Ltd. and other nine subsidiaries

Business activities of acquired company Parts sales and maintenance of pachinko machine and pachinko hall peripheral

ii. Major reasons for business combination

We believe that in all leisure activities, we need to innovate in the game space in order for pachinko to become a leisure that brings the best service. We determined that collaboration with Sophia group including ACE DENKEN Co., Ltd., a leading provider of island facilities, would generate significant synergies, and acquired shares in the company.

iii. Date of business combination

March 25, 2024 (date of deemed acquisition March 31, 2024)

iv. Legal form of the business combination

Acquisition of shares for cash consideration

v. Company name after business combination

It is not changed.

vi. Percentage of voting rights acquired

51.01 %

vii. Major background for determining the acquiring enterprise

This was due to our acquisition of shares in exchange for cash.

(2) Period of performance of the acquired company included in the consolidated financial statements

As the deemed acquisition date was Mar. 31, 2024, only Balance sheet was consolidated, and the results of the acquired company were not included in the consolidated Statement of income for the fiscal year under review.

(3) Acquisition cost and contents by type of acquisition price of acquired company

Acquisition price-cash	3,162 million yen
Acquisition cost	3,162 million yen

(4) Details and amounts of major acquisition-related expenses

Compensation and fees for advisory services 14 million yen

(5) Amounts and sources of gain on bargain purchase

i. Amount of gain on bargain purchase incurred

1,072 million yen

The above amounts were calculated on a provisional basis as the allocation of acquisition costs had not been completed at the end of the fiscal year under review.

ii. Cause of occurrence

The fair value of Net assets exceeded its cost at the time of the business combination, and the difference is recognized as Gain on bargain purchase.

(6) Amount and breakdown of Assets and Liabilities accepted on the date of the business combination

Current assets	11,789 million yen
Non-current assets	6,429 million yen
Total assets	18,219 million yen
Current liabilities	6,455 million yen
Non-current liabilities	3,459 million yen
Total liabilities	9,914 million yen

(7) Estimated amount of impact on the consolidated statements of income for the current fiscal year on the assumption that the business combination has been completed on the first day of the current fiscal year and the calculation method thereof

Net sales	23,432 million yen
Operating profit	1,635 million yen

(Calculation method of approximate amount)
The difference between net sales and operating profit calculated on the assumption that the business combination was completed at the beginning of the consolidated fiscal year and Statement of income of the acquired company is used as the approximate amount of the impact. This note has not been audited.

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Balance at beginning of year	800	1,224
Increase due to purchase of property, plant and equipment	―	15
Liabilities incurred due to the acquisition of property, plant and equipment	11	211
Accretion expense	1	3
Increase (decrease) due to changes in estimates	412	―
Decrease due to fulfillment of asset retirement obligations	(1)	(10)
Increase/decrease in others	(0)	(112)
Balance at end of year	1,224	1,331

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

In previous 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.

(Notes - Real estate for lease, etc.)

Previous 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.

Current fiscal year (April 1, 2023 to March 31, 2024)

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, 2022 to March 31, 2023)

(Unit: millions of yen)

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

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

	Reporting segments			Other (Note)	Total
	Content and digital business	PS business	Total		
Goods and services transferred at any one time	11,240	124,620	135,861	1,597	137,458
Goods and services transferred over a period of time	3,757	707	4,465	—	4,465
Revenue from contracts with customers	14,998	125,328	140,326	1,597	141,923
Net sales to external customers	14,998	125,328	140,326	1,597	141,923

(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, 2022 to March 31, 2023)

(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	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 and remaining 75% within two years.

Current fiscal year (from April 1, 2023 to March 31, 2024)

(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	12,568	12,755
Contract assets	324	380
Contract liabilities	1,029	1,249

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 879 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 16 million yen at the end of the current fiscal year.

The reporting company expects that approximately 62% of such performance obligations will be recognized as revenue within one year after the end of the fiscal year, and the remaining 38% 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 business 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.

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, 2022, to March 31, 2023)

(Unit: millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	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.

Current fiscal year (April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

	Reporting segments			Other (Note 1)	Total	Adjusted amount (Note 2)	Carrying value (Note 3)
	Content and digital business	PS business	Total				
Net sales							
Net sales to external customers	14,998	125,328	140,326	1,597	141,923	—	141,923
Intersegment net sales or transfers	337	267	605	10	615	(615)	—
Total	15,336	125,595	140,931	1,607	142,538	(615)	141,923
Segment profit	3,781	10,412	14,194	19	14,214	(2,386)	11,827
Segment assets	15,309	58,381	73,690	1,318	75,009	23,129	98,139
Other items							
Depreciation	455	397	852	45	897	126	1,024
Amortized amount of goodwill	—	282	282	—	282	—	282
Investment amount to equity-method affiliates	—	9,521	9,521	436	9,958	—	9,958
Increase in property, plant and equipment and intangible assets additions	518	919	1,438	77	1,516	38	1,554

(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) ¥ (2,386) million for adjustment to segment profit includes ¥ (29) million for the elimination of intersegment transactions and ¥ (2,416) million for corporate expenses that are not allocated to individual reporting segments.

(2) ¥23,129 million for adjustment to segment assets includes ¥ (507) million for the elimination of intersegment transactions and ¥23,637 million for corporate assets not allocated to the respective reporting segments.

(3) ¥126 million for adjusted amount of depreciation is depreciation related to corporate assets not allocated to reporting segments.

(4) ¥38 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, 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) 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, 2023 to March 31, 2024)

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, 2022 to March 31, 2023)

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

	Reporting segments			Other	Whole company/ Elimination	Total
	Content and digital business	PS business	Total			
Impairment loss	—	172	172	—	—	172

[Information on amortization of goodwill and unamortized balance by reportable segment]

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

(Unit: millions of yen)

	Reporting 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.

Current fiscal year (April 1, 2023, to March 31, 2024)

(Unit: millions of yen)

	Reporting segments			Other	Whole company/ Elimination	Total
	Content and digital business	PS business	Total			
Balance at end of period	—	1,395	1,395	—	—	1,395

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

[Information on gain on bargain purchace by reportable segment]

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

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

In PS business, effective Mar. 2024, Sophia Co., Ltd. and ACE DENKEN Co., Ltd., a subsidiary of the reporting company, were newly consolidated. As a result, the Company recorded a gain on bargain purchase of ¥1,072 million for the fiscal year under review.

[Notes - Related parties]

Previous fiscal year (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 1)	Ota-ku, Tokyo	0	Management consulting services	—	Entrustment of business (Advice on overall management)	Business consignment expenses (Notes 2, 3)	76	—	—
Executive	Yusaku Toyoshima	—	—	Director of the Company	—	Acquisition of share of related company	Acquisition of share of related company (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.

Current fiscal year (From April 1, 2023 to March 31, 2024)

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

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 transaction	Transaction amount (millions of yen)	Item	Balance at end of year (millions of yen)
Affiliated company	TOKYO PREMIUM DINING, INC.	Shibuya-ku, Tokyo	10	Management of restaurant	(Ownership) Direct 100%	Financial support	Loan of funds (Note 1)	320	Long-term loans receivable (Note 2)	770

Transaction terms and policy for deciding transaction terms

(Note) 1. Interest rates on loans are reasonably determined by taking into account market interest rates.

2. An Allowance for doubtful accounts of ¥314 million was recorded against loans receivable. In addition, the Company recorded a provision of allowance for doubtful accounts for subsidiaries and associates of ¥314 million for the fiscal year under review.

(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) 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

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 transaction	Transaction amount (millions of yen)	Item	Balance at end of year (millions of yen)
Affiliated company	Nishijin Co., Ltd.	Chiyoda-ku, Tokyo	83	— (Note 1)	(Ownership) Indirect 51.0%	Borrowing of funds	—	—	Long-term borrowings (Note 2)	1,080

Transaction terms and policy for deciding transaction terms

(Note) 1. Nishijin Co., Ltd., which had been selling Pachinko/pachislot machine, is currently preparing the liquidation procedures.

2. Interest rates on borrowings are reasonably determined in consideration of market interest rates.

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Net assets per share	¥598.18	¥727.30
Profit (loss) per share	¥126.70	¥176.56
Diluted profit (loss) per share	¥125.74	¥176.11

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Profit per share or loss per share		
Profit (loss) attributable to owners of parent (millions of yen)	8,221	11,551
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit (loss) attributable to owners of parent attributable to common stock (millions of yen)	8,221	11,551
Average number of shares of common stock outstanding during the period (shares)	64,891,355	65,423,736
Diluted profit (loss) per share		
Adjustment of profit attributable to owners of parent (millions of yen)	—	—
Increase in common shares (shares)	497,578	167,205
Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect	—	—

(Significant subsequent events)

(Cancellation of treasury shares)

At the director meeting held on May. 14, 2024, the Company resolved to cancel treasury shares as described below in accordance with Article 178 of the Companies Act, and implemented cancellation of treasury shares on May 31.

1. Reasons for cancellation of treasury shares

To further improve capital efficiency and share value through a reduction in the total number of issued shares as part of shareholder return measures.

2. Details of cancellation

(1)	Class of shares to be cancelled	Our common share
(2)	Number of shares to be cancelled	3,970,850 shares (5.72% of the total number of issued shares before cancellation)
(3)	Date of cancellation	May 31, 2024
(4)	Total number of issued shares after cancellation	65,429,150 shares

The Company resolved at director meeting held on May 14, 2024 to acquire treasury shares in accordance with the provisions of Article 156 of the Companies Act as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and acquired 3,500,000 shares of treasury shares on May 15 of the same year. The Company will use the method of consigning the purchase to Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) of the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”), and a portion of the method of acquiring treasury shares under the facility type treasury shares acquisition (ASR).

In conjunction with the recent partial purchase of treasury shares by facility-type treasury shares acquisition (ASR), at director meeting held on the same day, we resolved to issue a third-party allotment of SMBC Nikko Securities Co., Ltd. ("SMBC Nikko Securities") to fourth share acquisition rights ("share acquisition rights with fixed amount of investment") and the fifth share acquisition rights ("share acquisition rights with fixed number of shares delivered" and individually or collectively referred to as "this share acquisition rights").

1. Reasons for purchase of treasury shares

We regard the improvement of corporate value as an important management issue. To accomplish this goal, we aim to stabilize our financial base from a medium-to-long-term perspective in response to rapid changes in the market. While appropriately securing funds to invest in expanding earnings, we also have a basic policy of paying dividends inline with earnings to our shareholders.

Considering our financial condition, future business plans, market conditions and other factors, we have decided to acquire treasury shares in order to improve our capital-efficiency and enhance shareholder returns. We believe that we will further solidify our commitment to returning profits to shareholders by adopting facility-type treasury shares acquisition method, which enables us to acquire treasury shares of a considerable size.

Besides facility-type treasury shares acquisition (ASR), we have decided on the number of shares to be acquired(upper limit) (defined below) in light of the fact that we have been notified by Mr. Hidetoshi Yamamoto, our major shareholder, that he intends to sell some of our shares.

2. Details of resolution on purchase of treasury shares (announced on May 14, 2024)

(1)	Type of stock to be acquired	Shares of our common shares
(2)	Total number of shares that can be acquired	3,500,000 shares (upper limit) (5.35% of the total number of issued shares (excluding treasury shares))
(3)	Total value of shares repurchased	6,500,000,000 yen (upper limit)
(4)	Acquisition period	May 15, 2024
(5)	Acquisition method	Purchase by Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) of the Tokyo Stock Exchange

3. Details of purchase of treasury shares

(1)	Type of stock to be acquired	Shares of our common shares
(2)	Total number of shares that can be acquired	3,500,000 shares (5.35% of the total number of issued shares (excluding treasury shares))
(3)	Total value of shares repurchased	6,310,500,000 yen (upper limit)
(4)	Acquisition period	May 15, 2024
(5)	Acquisition method	Purchase by Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) of the Tokyo Stock Exchange

4. Acquisition methods (Treasury shares acquisition (ToSTNeT-3) and treasury shares acquisition (ASR))

At the closing price (including the final special quotation) on May 14, 2024, the Company commissions Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) of the Tokyo Stock Exchange at 8:45 a.m. on May 15, 2024 to purchase 3.5 million of our shares (the upper limit) (hereinafter referred to as the "treasury shares repurchase (ToSTNeT-3)" and the upper limit of the shares to be acquired is referred to as the "number of shares to be acquired (upper limit)"). The purchase order shall be valid only for the duration of the specified trading hours.

In addition, in treasury shares acquisition (ToSTNeT-3), orders for sales will be made by SMBC Nikko Securities for 1 million of the 3.5 million shares to be acquired (upper limit) (the number of shares to be sold from SMBC Nikko Securities is referred to as the "number of shares to be acquired (ASR)" and treasury shares acquisition from the company is referred to as the "treasury shares acquisition (ASR)"). The actual purchase price of the shares from SMBC Nikko Securities is 98.1% of the arithmetic average of the total trading volume of our shares on the Tokyo Stock Exchange on the last trading day of each of our quarterly accounting periods (from May 16, 2024 to the trading day prior to the exercise of the fixed share subscription rights or subscription rights to the fixed share subscription rights; the same shall apply hereafter) from the trading day before the last trading day of the 5 trading days prior to the trading day of our shares and excluding the trading day of VWAP of our shares. Adjustment transactions using fixed-amount subscription rights to shares and fixed-amount subscription rights to shares (hereinafter referred to as "adjustment transactions") will be conducted between us and SMBC Nikko Securities to equal the prices multiplied by the "average VWAP." As a result of this reconciliation transaction, the ultimate total purchase of treasury shares or the number of shares to be repurchased may change.

5. Facility-type treasury shares acquisition (ASR)

In implementing purchase of treasury shares, SMBC Nikko Securities proposed facility-type treasury shares acquisition (ASR) (treasury shares acquisition (ASR) and Purchase of treasury shares through a series of transactions of the adjusted transaction, collectively referred to herein as the “Schemes”). For the reasons stated below, we have determined that treasury shares are the best option for us to satisfy our need for a purchase of treasury shares of a certain size as mentioned above, and decided to acquire treasury shares (ToSTNeT-3) in part by facility-type treasury shares acquisition (ASR).

Among purchase of treasury shares methods based on market purchases, there are various methods for acquiring treasury shares through regular auction transactions, such as those ordered individually by us, discretionary account transactions by securities companies, and the use of trust companies. In the case of purchase of treasury shares of the size we are planning this time, considering the trading volume in the market of our shares, it is assumed that both methods will take a certain amount of time before purchase of treasury shares is completed. In addition, unlike the above-mentioned method, the transaction itself ends in one day when the purchase is outsourced to a ToSTNeT-3, but depending on the volume of sales orders by our shareholders, we may not be able to complete purchase of treasury shares transaction of the size that we intended.

In this regard, we will be able to complete treasury shares repurchase transaction of the size we intend to acquire in one day, even if there are few sales orders by ordinary shareholders. In this case, we will be able to complete purchase of treasury shares for the total number of shares to be repurchased (ASR) with a high degree of certainty, as SMBC Nikko Securities plans to place sales orders for the total number of shares to be repurchased (ASR) based on its own account, as described below. Although the order for sales of SMBC Nikko Securities has not been finalized at this time, we have obtained confirmation from SMBC Nikko Securities that it is expected that the total number of shares to be acquired (ASR) can be sold by borrowing shares from Mint Co., our major shareholder. In addition, we expect to improve the supply and demand for our shares through the Market Purchase Transaction (as defined below) by SMBC Nikko Securities, which will be conducted after Treasury shares Acquisition (ASR).

<Summary of this scheme (facility-type treasury shares acquisition (ASR))>

The outline of this scheme is as follows.

- On May 15, 2024, we will acquire treasury shares (ToSTNeT-3) of up to 3.5 million shares of the reporting company’s common share through a ToSTNeT-3 purchase. In doing so, SMBC Nikko Securities plans to sell the same number of shares as the planned number of shares to be acquired (ASR), which is equivalent to 1 million of the above 3.5 million shares, in accordance with treasury shares acquisition (ToSTNeT-3) after borrowing shares from Mint Co., a major shareholder of ours. In addition, we have been informed by our shareholder, Mr. Hidetoshi Yamamoto, that he has the intention of selling orders with a portion of our shares he holds (2.5 million shares). Accordingly, we expect to be able to acquire treasury shares for ToSTNeT-3 of the number of shares to be acquired (ASR) in treasury shares acquisition (ToSTNeT-3), even if ordinary shareholders do not place sales orders. In ToSTNeT-3, sales orders from ordinary shareholders are given precedence over sales orders based on SMBC Nikko Securities’ own calculation, a financial merchandise trader. Therefore, if total of the number of shares to be purchased (ASR) exceeds the number of shares to be repurchased (the upper limit), the commitment for sales orders by SMBC Nikko Securities is made only for the number of shares excluding the excess. As a result, in the event that ordinary shareholders place sales orders for the number of shares to be purchased (upper limit), treasury shares will not be acquired (ASR) by selling the shares from SMBC Nikko Securities, and neither share acquisition rights with fixed amount of investment nor share acquisition rights with fixed number of shares delivered will be exercised.
- After treasury shares acquisition (ASR), SMBC Nikko Securities will acquire our shares within the stock market at the discretion of SMBC Nikko Securities for the purpose of returning the number of our shares (hereafter, the quantity of such shares is referred to as “number of shares sold (Nikko)”) sold in treasury shares acquisition (ASR) among our shares it borrowed (hereafter, such transaction is referred to as the “Market Purchase Transaction”).
- This scheme is designed to ensure that our effective unit purchase price equals the average VWAP with respect to shares we acquired from SMBC Nikko Securities through treasury shares acquisition (ASR). Specifically, we will assign share acquisition rights with fixed amount of investment and share acquisition rights with fixed number of shares delivered to SMBC Nikko Securities for the adjusted transaction. SMBC Nikko Securities enters into the adjusted transaction by exercising either share acquisition rights with fixed amount of investment or share acquisition rights with fixed number of shares delivered depending on the status of the change in the average VWAP. Details of this adjustment transaction are as follows.

1. If the average VWAP after treasury shares acquisition (ASR) is higher than the unit price for treasury shares acquisition (ASR) (adjusted transaction upon exercise of share acquisition rights with fixed amount of investment’s right)

   - Assuming that SMBC Nikko Securities acquires its shares at the average VWAP in the market purchase transaction, the amount SMBC Nikko Securities received from us in treasury shares acquisition (ASR) (hereinafter referred to as “Amount received (Nikko)”). Even if SMBC Nikko Securities is used in full, it is not possible to purchase a sufficient number of shares to return the shares borrowed (the number of shares that can be purchased under such assumptions is hereinafter referred to as “number of shares available for acquisition (average VWAP)”). Therefore, SMBC Nikko Securities acquires shares equivalent to the shortage of shares by exercising share acquisition rights with fixed amount of investment. The amount of investment at the time of exercise of share acquisition rights with fixed amount of investment is 1 yen, and the number of shares to be delivered to SMBC Nikko Securities upon such exercise is calculated by the following formula.

   Number of shares delivered by share acquisition rights with fixed amount of investment =

number of shares sold (Nikko)-number of shares available for acquisition (average VWAP)
(number of shares available for acquisition (average VWAP) = Amount received (Nikko) ÷ average VWAP)

- As a result of the aforementioned issuance of our shares upon the exercise of share acquisition rights with fixed amount of investment rights, the actual number of purchase of treasury shares that we will acquire in this scheme will be the number of shares after deducting the number of shares delivered upon the exercise of share acquisition rights with fixed amount of investment rights from the number of shares that we have purchased through ToSTNeT-3 transaction.
- Assuming that treasury shares acquisition (ToSTNeT-3) assumes that the number of shares to be repurchased (ASR) total does not exceed the number of shares to be repurchased (the upper limit number of shares to be repurchased) (the number of shares to be repurchased was sold based on SMBC Nikko Securities' own account for the total number of shares to be repurchased (ASR)), the combination of Treasury shares acquisition (ASR) and the above-mentioned adjusted transaction will produce the same outcome as if we purchased shares at an average VWAP using the planned number of shares to be repurchased (ASR) (except for the amount of capital invested at the time of the exercise of share acquisition rights with fixed amount of investment rights (1 yen).) In addition, if the number of shares to be repurchased (ASR) total exceeds the upper limit number of shares to be repurchased, the number of shares of our company to be sold by SMBC Nikko Securities based on its own calculation will be deducted from the excess, resulting in a reduction in the number of shares of treasury shares repurchased subject to the adjusted transaction and a reduction in the upper limit number of shares to be delivered by share acquisition rights with fixed amount of investment.
- In this event, share acquisition rights with fixed number of shares delivered will not be exercised and will be abandoned by SMBC Nikko Securities.

2. When the average VWAP after the treasury shares acquisition (ASR) is lower than the acquisition unit price related to treasury shares acquisition (ASR)
   - In this case, assuming that SMBC Nikko Securities acquires shares at the average VWAP in the market purchase transaction, SMBC Nikko Securities may purchase the quantity required to return the shares it borrowed without using the full amount received from us at treasury shares acquisition (ASR) ("Amount received (Nikko)". The amount required to purchase the quantity required to return the shares borrowed by SMBC Nikko Securities under such assumptions is hereinafter referred to as "amount required for purchase (Average VWAP).") For this reason, SMBC Nikko Securities exercises its share acquisition rights with fixed number of shares delivered and pays us money equal to the surplus as compensation for the exercise. The number of shares to be delivered pursuant to the exercise of share acquisition rights with fixed number of shares delivered is 100 shares. Money to be delivered to us upon such exercise (exercise price) is calculated according to the following formula:

     Exercise price of share acquisition rights with fixed number of shares delivered = Amount received (Nikko)-Amount required for purchase (average VWAP)
     (Amount required for purchase (average VWAP) = number of shares sold (Nikko) × average VWAP)

   - As a result of the payment of the exercise price related to the exercise of share acquisition rights with fixed number of shares delivered described above, the total amount of treasury shares we acquire under this scheme is the total amount of the acquisition price we paid through ToSTNeT-3 transaction, less the exercise price of share acquisition rights with fixed number of shares delivered.
   - Assuming that the total number of selling orders from ordinary shareholders and the number of shares to be repurchased (ASR) does not exceed the planned number of shares to be repurchased (the upper limit number of shares to be repurchased) in this treasury shares acquisition (ASR) is assumed to have been sold based on SMBC Nikko Securities' own account of the total number of shares to be repurchased (ASR), by combining treasury shares acquisition (ASR) and the above-mentioned adjusted transaction, the results are the same as if we had purchased 1 million shares to be repurchased in average VWAP (ASR) (however, the 100 shares to be delivered upon the exercise of the above-mentioned share acquisition rights with fixed number of shares delivered rights are not taken into account). In addition, if the number of shares to be repurchased (ASR) total exceeds the upper limit number of shares to be repurchased, the number of shares of our company to be sold by SMBC Nikko Securities based on its own calculation will be deducted from the excess, resulting in a reduction in the number of shares of treasury shares repurchased subject to the adjusted transaction and a reduction in the upper limit exercise price of share acquisition rights with fixed number of shares delivered.
   - In this event, share acquisition rights with fixed amount of investment will not be exercised and will be abandoned by SMBC Nikko Securities.

The exercise of either share acquisition rights with fixed amount of investment or share acquisition rights with fixed number of shares delivered as described above is expected to occur between August 1, 2024 and September 24, 2024, the exercisable term of share acquisition rights with fixed amount of investment and share acquisition rights with fixed number of shares delivered. We intend to disclose the final results of the adjusted transaction separately; however, depending on the results, the ultimate total purchase of treasury shares or the number of shares acquired may change. In the unlikely event that the average VWAP after treasury shares acquisition (ASR) is equal to the unit price for treasury shares acquisition (ToSTNeT-3), then SMBC Nikko Securities will abandon both share acquisition rights with fixed amount of investment and share acquisition rights with fixed number of shares delivered.

6. Issuance of share acquisition rights by third party allocation

< Fourth share acquisition rights (share acquisition rights with fixed amount of investment)>

(1)	Allocation date	May 30, 2024
(2)	Total number of share acquisition rights	1 pc
(3)	Issue price	0 yen
(4)	Potential number of shares resulting from such issuance	The actual number of shares delivered is calculated by the method described in (7) below at the time of exercise of share acquisition rights with fixed amount of investment.
(5)	Amount of proceeds	0 yen * Amount of value of issuance of share acquisition rights with fixed amount of investment and the value of the property to be invested upon the share acquisition rights with fixed amount of investment is 1 yen, but after deducting the approximate amount of issuance costs related to this share acquisition rights, the amount is 0 yen.
(6)	Exercise price	1 yen
(7)	Calculation method for the number of shares to be delivered at the time of exercise	The actual number of shares to be delivered at the time of the exercise of share acquisition rights with fixed amount of investment is calculated on the exercise date of the share acquisition rights with fixed amount of investment based on the following formula: Number of shares delivered = (I) Number of shares sold (Nikko) – (II) Number of shares available for repurchase (average VWAP) (I) "Number of shares sold (Nikko)" is the number of shares sold to us by SMBC Nikko Securities in treasury shares repurchase (ASR). (II) "Number of shares available for repurchase (average VWAP)" is the number of shares calculated in accordance with the following formula (rounded up to the nearest 100 shares resulting from the computation): $\text{Number of shares available for repurchase (average VWAP)} = \dfrac{\text{(a) Amount received (Nikko)}}{\text{(b) Average VWAP}}$ (a) "Amount received (Nikko)" is the total amount of the sales of shares (up to 1,803 million yen) sold by SMBC Nikko Securities to us based on its own calculation in this Treasury shares repurchase (ASR). (b) "Average VWAP" is the price obtained by multiplying the simple arithmetic average of VWAP on the last day of the ordinary trading of our shares on the Tokyo Stock Exchange for the period from May 16, 2024 (including the same day) to the trading day immediately before the exercise date of the share acquisition rights with fixed amount of investment (including the same day) (hereinafter referred to in this column as the "average VWAP calculation period"), by 98.1% (calculated to the fifth decimal place below the yen and rounded to the fifth decimal place). However, we do not include the period from the last trading day of each of our quarterly fiscal periods through the last trading day of the five trading days prior to the last trading day of the same period and the trading days without VWAP of our shares in the averaging VWAP calculation period.
(8)	Offering or Allotment Method (Scheduled allotment counterparties)	Third-party allotment to SMBC Nikko Securities

(9) Other	Share acquisition rights with fixed amount of investment vest over the period from August 1, 2024 to September 24, 2024. On this date, we entered into a facility agreement with SMBC Nikko Securities (the "Facility Agreement"), which provides that SMBC Nikko Securities may not exercise, and will waive, its decision to exercise, one of the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered. In addition, we intend to enter into an agreement with SMBC Nikko Securities for the purchase of share acquisition rights after the entry into force of the notification under Financial Instruments and Exchange Act relating to this share acquisition rights (hereinafter referred to as the "Share acquisition rights Purchase Agreement"). This Share acquisition rights Purchase Agreement stipulates that SMBC Nikko Securities may not transfer this share acquisition rights to any third party other than us without our prior written consent, and in no event shall only one of the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered be transferred.

<Fifth share acquisition rights (share acquisition rights with fixed number of shares delivered)>

(1) Allocation date	May 30, 2024
(2) Total number of share acquisition rights	1 pc
(3) Issue price	0 yen
(4) Potential number of shares resulting from such issuance	100 shares
(5) Amount of proceeds	The actual amount of proceeds decreases based on the exercise price calculated by the method described in (6) below.
(6) Calculation method of exercise price	The actual exercise price at the time of exercise of share acquisition rights with fixed number of shares delivered shall be calculated based on the following formula as of the exercise date of the share acquisition rights with fixed number of shares delivered (Any fraction less than 1 yen resulting from the calculation will be rounded up, and if the calculation result is less than 1 yen, it will be treated as 1 yen). Exercise price = (I) Amount received (Nikko) – (II) Amount required for purchase (average VWAP) (I) "Amount received (Nikko)" is total amount of the sales proceeds of shares sold to us by SMBC Nikko Securities based on its own account in this acquisition (ToSTNeT-3). (II) "Amount required for purchase (average VWAP)" is the amount calculated according to the following formula: Amount required for purchase (average VWAP) = (a) Number of shares sold (Nikko) × (b) Average VWAP (a) "Number of shares sold (Nikko)" is the number of shares that SMBC Nikko Securities sold to us based on its own account in this acquisition (ToSTNeT-3). (b) "Average VWAP" is the price obtained by multiplying the 98.1% by the simple arithmetic average of VWAP on the last day of the ordinary trading of our shares on the Tokyo Stock Exchange for the period from May 16, 2024 (including the same date) to the trading day immediately before the exercise date (including the same date) of the fixed-number share acquisition rights for shares delivered (hereinafter referred to in this column as the "average VWAP calculation period") (it is calculated to the fifth decimal place below the yen and rounded to the fifth decimal place). However, the period from five trading days prior to the last trading day of each quarterly fiscal period of the Company to the last day of the same period and trading days without VWAP of our shares are not included in the average VWAP calculation period.
(7) Solicitation or allotment method (scheduled allotment counterparties)	Third-party allotment to SMBC Nikko Securities

(8) Other	The vesting period for the fixed-number share acquisition rights is from August 1, 2024 to September 24, 2024. Regarding the signing of the facility agreement and share acquisition rights Purchase Agreement, please refer to "< Fourth share acquisition rights (share acquisition rights with fixed amount of investment) > (9) Other" above.

< The facility contract >

Under this facility contract, SMBC Nikko Securities is required to exercise either the share acquisition rights with fixed amount of investment or the share acquisition rights with fixed number of shares delivered within the exercise period, except in certain cases where both Share acquisition rights are not exercised, as described below. Specifically, SMBC Nikko Securities shall exercise either the acquisition unit price for the acquisition of treasury shares (ASR) and the average VWAP after the acquisition of treasury shares (ASR) as described above within the exercisable period of the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered after the completion of the purchase transaction (provided, however, that SMBC Nikko Securities shall waive both the acquisition unit price for the acquisition of treasury shares (ASR) and the acquisition unit price for the fixed number of shares with the issuance of shares if the average VWAP after the acquisition of treasury shares (ASR) is the same as the acquisition unit price for the acquisition of treasury shares (ASR), and if such waiver is made, the share acquisition rights with fixed amount of investment and the share acquisition rights with fixed number of shares delivered are not exercised.). In addition, SMBC Nikko Securities is stipulated that if either the share acquisition rights with fixed amount of investment or the share acquisition rights with fixed number of shares delivered are exercised, the other cannot be exercised and must be forfeited. The purchase transaction by SMBC Nikko Securities will be conducted at the discretion of SMBC Nikko Securities, including whether or not to conduct the purchase, the timing and prices of the purchase.

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	108	87 (21)	0.31	Unsecured bonds	November 30, 2027
Total	—	—	108	87 (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	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	6,549	6,000	0.32	–
Current portion of long-term borrowings	2,794	2,400	0.99	–
Long-term borrowings (excluding current portion)	3,994	5,503	0.72	April 30, 2025 to May 31, 2043
Total	13,337	13,903	–	–

(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 borrowings	1,336	3,190	132	132

[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, 2023 to June 30, 2023)	H1 of current fiscal year (April 1, 2023 to September 30, 2023)	Nine months ended December 31, 2022 (April 1, 2023 to December 31, 2023)	36th fiscal period Fiscal year (April 1, 2023 to March 31, 2024)
Net sales (millions of yen)	30,335	67,015	123,206	141,923
Profit (loss) before income taxes (millions of yen)	2,183	5,886	13,436	13,811
Profit (loss) attributable to owners of parent (millions of yen)	1,384	4,123	9,532	11,551
Profit per share (yen)	21.17	63.03	145.70	176.56

	Q1 of current fiscal year (April 1, 2023 to June 30, 2023)	Q2 of current fiscal year (July 1, 2023 to September 30, 2023)	Q3 of current fiscal year (October 1, 2023 to December 31, 2023)	Q4 of current fiscal year (January 1, 2024 to March 31, 2024)
Profit (loss) per share (yen)	21.17	41.86	82.67	30.86

2 [Financial statements]

(1) [Financial statements]

I. [Balance sheet]

(Unit: millions of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	*2 20,241	*2 18,358
Trade accounts receivable	*1 1,964	*1 475
Raw materials and supplies	0	32
Short-term loans receivable from subsidiaries and associates	-	30
Prepaid expenses	210	128
Other	*1 349	*1 243
Total current assets	22,766	19,268
Fixed assets		
Property, plant and equipment		
Buildings	376	380
Tools, furniture and fixtures	38	35
Land	0	0
Total property, plant and equipment	415	416
Intangible assets		
Software	1	-
Other	293	268
Total intangible assets	295	268
Investments and other assets		
Investment securities	7,145	380
Shares of subsidiaries and associates	22,269	34,981
Long-term loans receivable from subsidiaries and affiliates	1,590	1,566
Long-term prepaid expenses	0	0
Deferred tax assets	534	2,200
Leasehold and guarantee deposits	747	739
Other	100	100
Allowance for doubtful accounts	(147)	(452)
Total investments and other assets	32,240	39,516
Total non-current assets	32,951	40,201
Total assets	55,717	59,470

(Unit: millions of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	6,000	6,000
Short-term borrowings to subsidiaries and affiliates	8,045	8,671
Current portion of long-term borrowings	2,234	2,198
Accounts payable-other	*1 546	*1 188
Accrued expenses	5	5
Income taxes payable	525	995
Accrued consumption taxes	292	242
Deposits received	12	24
Unearned revenue	17	16
Provision for bonuses	29	26
Provision for bonuses for directors (and other officers)	60	86
Lease obligations	2	2
Others	5	5
Total current liabilities	17,775	18,463
Long-term liabilities		
Long-term borrowings	1,465	1,100
Lease obligations	5	2
Provision for retirement benefits	115	124
Long-term guarantee deposits	*1 27	*1 27
Asset retirement obligations	355	425
Total long-term liabilities	1,968	1,680
Total liabilities	19,744	20,144
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	441	4,800
Total retained earnings	20,451	24,810
Treasury shares	(1,644)	(1,631)
Total shareholders' equity	34,750	39,121
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,176	0
Total valuation and translation adjustments	1,176	0
Share acquisition rights	45	203
Total net assets	35,973	39,325
Total liabilities and net assets	55,717	59,470

II. [Statement of income]

(Millions of yen)

	Previous fiscal year (April 1, 2022 To March 31, 2023)	Current fiscal year (April 1, 2023 to March 31, 2024)
Net sales	*1 35,194	-
Operating revenue		
Management fee income	*1 5,698	*1 9,021
Outsourcing service income	*1 300	*1 407
Dividend income	-	59
Total operating revenue	5,998	9,487
Total net sales and operating revenue	41,193	9,487
Cost of sales	*1 30,122	-
Gross profit	11,070	9,487
Selling, general and administrative expenses	*1 4,490	-
Operating expenses	*1 1,473	*1 2,930
Total selling, general and administrative expenses and operating expenses	*2 5,963	*2 2,930
Operating profit (loss)	5,106	6,557
Non-operating income		
Interest income	*1 66	*1 25
Dividend income	3	127
Purchase discounts	58	-
Distributions from investments	10	-
Others	*1 21	*1 44
Total non-operating income	160	197
Non-operating expenses		
Interest expenses	*1 95	*1 89
Provision of allowance for doubtful accounts of subsidiaries and associates	6	-
Financing expenses	4	4
Depreciation	-	25
Others	*1 2	*1 2
Total non-operating expenses	107	121
Ordinary profit (loss)	5,159	6,633
Extraordinary gains		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on retirement of non-current assets	32	5
Loss on valuation of shares of subsidiaries and associates	67	-
Loss on liquidation of business	-	314
Others	7	0
Total extraordinary loss	107	319
Profit (loss) before income taxes	5,051	6,313
Income taxes - current	589	1,133
Income taxes - deferred	(1,054)	(1,146)
Total income taxes	(464)	(12)
Profit (loss)	5,515	6,326

III. [Statement of Changes in shareholders' equity]

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

(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	(4,298)	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 shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(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

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity						
	Paid-in Capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	7,948	7,994	7,994	9	20,000	441	20,451
Change during the year							
Dividend of surplus						(1,961)	(1,961)
Profit						6,326	6,326
Purchase of treasury shares							
Disposal of treasury shares						(5)	(5)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	4,359	4,359
Balance at end of period	7,948	7,994	7,994	9	20,000	4,800	24,810

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Other securities Variance from valuation	Evaluation and conversion Total differences		
Balance at beginning of period	(1,644)	34,750	1,176	1,176	45	35,973
Change during the year						
Dividend of surplus		(1,961)				(1,961)
Profit		6,326				6,326
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	12	7				7
Net changes in items other than shareholders' equity			(1,176)	(1,176)	157	(1,019)
Total changes during period	12	4,371	(1,176)	(1,176)	157	3,352
Balance at end of period	(1,631)	39,121	0	0	203	39,325

[Notes]

(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

Supplies

Last cost 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 to 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 hall, the risk of loss is transferred to the PS hall when the PS machine is shipped to the PS hall. Therefore, we have determined that the delivery of the PS machine to the PS hall, 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 hall, 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 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	2,200
Amount before offsetting deferred tax liabilities	1,114	2,263

(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.

(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, 2023)	Current fiscal year (As of March 31, 2024)
Short-term monetary claims	2,215 million yen	559 million yen
Short-term monetary liabilities	140 million yen	15 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, 2023)	Current fiscal year (As of March 31, 2024)
Time deposits	100 million yen	100 million yen
Total	100 million yen	100 million yen

3. Contingent liabilities

We provide a guarantee of loans on financial institutions of other companies as follows:

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
LUCENT, INC.	1,850 million yen	1,770 million yen
Total	1,850 million yen	1,770 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, 2023)	Current fiscal year (As of March 31, 2024)
Maximum Overdraft Amount and Total Term Borrowings outstanding	15,100 million yen	16,300 million yen
Loan balance	8,132 million yen	6,765 million yen
Net amount	6,967 million yen	9,534 million yen

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, 2022 to March 31, 2023)	Current fiscal year (April 1, 2023 to March 31, 2024)
Amount of transactions from operating transactions		
Net sales	215	—
Operating revenue	5,980	9,486

Purchases	5,376	—
Other	277	66
Non-operating transactions	165	74

*2. Major items and amounts of selling, general and administrative expenses are as follows:

(Unit: millions of yen)

	Prior taxable year (April 1, 2022 to March 31, 2023)	Current fiscal year (April 1, 2023 to March 31, 2024)
Advertising expenses	231	104
Salaries	1,870	684
Provision for bonuses	25	23
Provision for directors' bonuses	60	86
Rent expenses on land and buildings	773	252
Outsourcing expenses	554	224
Depreciation	169	101
Provision for allowance for doubtful accounts	0	—
Retirement benefit expenses	38	12
Approximate percentage		
Selling expenses	49.6%	—%
General and administrative expenses	50.4%	100%

(Note) As we transitioned to a holding company structure on October 3, 2022, expenses incurred after that date have been recorded as "General and administrative expenses."

(Securities)

Previous 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 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	22,269
Total	22,269

Current fiscal year (March 31, 2024)

Classification	Balance sheet recorded (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
Shares of affiliates	8,626	11,315	2,689
Total	8,626	11,315	2,689

(Note) Balance sheet recorded for shares without market price, etc. not included above

Classification	Current fiscal year (millions of yen)
Investments in subsidiaries	26,355
Total	26,355

(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, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets		
Provision for retirement benefits	35	38
Allowance for doubtful accounts	45	138
Provision for bonuses	8	8
Provision for bonuses for directors (and other officers)	-	26
Loss on valuation of investment securities	26	27
Loss on valuation of shares of subsidiaries and associates	213	213
Assets for capital gain or loss adjustment	377	377
Shares of subsidiaries on corporate division	1,258	1,258
Allowable limit of deductible depreciation expenses	6	4
Asset retirement obligations	108	130
Tax loss carryforwards	7,081	6,002
Other	57	97
Subtotal deferred tax assets	9,221	8,324
Valuation allowance for tax loss carryforwards	(6,023)	(3,868)
Valuation allowance for total deductible temporary differences	(2,083)	(2,192)
Subtotal valuation allowance	(8,107)	(6,061)
Total deferred tax assets	1,114	2,263
Deferred tax liabilities		
Accrued business office tax	-	2
Asset retirement costs	59	59
Valuation difference on available-for-sale securities	520	0
Total deferred tax liabilities	579	62
Net amount of deferred tax assets (liabilities)	534	2,200

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, 2023)	Current fiscal year (As of March 31, 2024)
Statutory tax rate	30.6	30.6
(Adjustment)		
Per capita inhabitant tax	0.5	0.1
Expenses not deductible for income tax purposes	0.9	0.9
Increase/ decrease in valuation allowance	(11.0)	1.7
Utilization of net losses carried forward	(31.7)	(34.1)
Other	1.4	0.6
Effective income tax rate	(9.2)	(0.2)

(Notes - business combination)

Underlying information to understand revenues

As described in *4. Accounting standards for revenues and expenses, Notes (Significant accounting policies), Financial statements*.

(Significant subsequent events)

(Cancellation of treasury shares)

As described in *Notes (Significant subsequent events), Consolidated financial statements*.

(Acquisition of treasury shares)

As described in *Notes (Significant subsequent events), Consolidated financial statements*.

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	376	134	28	102	380	545
Vehicles	—	5	1	3	—	—
Tools, furniture and fixtures	38	18	0	21	35	245
Land	0	—	—	—	0	—
Total property, plant and equipment	415	158	31	127	416	791
Intangible assets						
Software	1	—	—	1	—	—
Other	293	—	—	25	268	—
Total intangible assets	295	—	—	26	268	—

[Annexed detailed schedule of provision]

(Unit: millions of yen)

Classification	Balance at the beginning of the year	Increased during current term	Decreased during current term	Closing balance
Allowance for doubtful accounts	147	314	9	452
Provision for bonuses	29	26	29	26
Provision for directors’ bonuses	60	86	60	86
Liability for retirement benefits	115	12	2	124

(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, 2-8-4, Izumi, Suginami-ku, Tokyo
Custodian of shareholder register	(Special Account) Sumitomo Mitsui Trust Bank, Limited, 2-8-4, Izumi, 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

35th fiscal period (from April 1, 2022 to March 31, 2023) filed with the Director-General of the Kanto Local Finance Bureau on June 21, 2023.

(2) Internal control report

35th fiscal period (from April 1, 2022 to March 31, 2023) filed with the Director-General of the Kanto Local Finance Bureau on June 21, 2023.

(3) Quarterly Report and Confirmation Report

The first quarter of the 36th fiscal period (from April 1, 2023 to June 30, 2023) Submitted to the Director, Kanto Local Finance Bureau on August 10, 2023.

The second quarter of the 36th fiscal period (from July 1, 2023 to September 30, 2023) Submitted to the Director, Kanto Local Finance Bureau on November 14, 2023.

The third quarter of the 36th fiscal period (from October 1, 2023 to December 31, 2023) Submitted to the Director, Kanto Local Finance Bureau on February 13, 2024.

(4) Extraordinary report

Extraordinary report pursuant to Article 19 (2) (ix)-2 (Results of exercising voting rights in annual general meeting of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2023.

Extraordinary report pursuant to Article 19 (2) (ii)-2 (Issuance of share certificates, etc. or share acquisition rights not requiring notification) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau on June 19, 2024.

Extraordinary report pursuant to Article 19 (2) (ix)-2 (Results of exercising voting rights in annual general meeting of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau on June 20, 2024.

(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 July 14, 2023.

Issuance of share acquisition rights (moving strike convertible bonds) Submitted to the Director, Kanto Local Finance Bureau on May 14, 2023.

(6) Amended statement of securities registration statement

Amended statement of securities registration statement submitted on July 14, 2023 Submitted to the Director, Kanto Local Finance Bureau on August 10, 2023.

Amended statement of securities registration statement submitted on May 14, 2024 Submitted to the Director, Kanto Local

Finance Bureau on May 15, 2024.

(7) Share buyback report

Reporting period (from May 1, 2024 to May 31, 2024) Submitted to the Director, Kanto Local Finance Bureau on June 17, 2024.

Part II [Information on Guarantor Companies, etc. of the Reporting Company]

Not applicable.

Independent Auditors' Report and Internal Control Audit Report

June 20, 2024

TSUBURAYA FIELDS HOLDINGS INC.
To the Board of Directors

BDO Sanyu & Co.

Tokyo Office

Designated member Engagement Partner	Certified Public Accountant	Suzue Masuda
Designated member Engagement Partner	Certified Public Accountant	Koichiro Nakanishi

<Audit of consolidated 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, 2023 to March 31, 2024 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 TSUBURAYA FIELDS HOLDINGS INC. and its consolidated subsidiaries as of March 31, 2024, 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.

Highlights

As described in Notes (Significant subsequent events), at the director meeting held on May. 14, 2024, the reporting company resolved to cancel treasury shares and implemented acquisition of treasury shares on May 15, 2024 and cancellation of treasury shares on May 31.

Our opinion is not qualified in respect of this matter.

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><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 ¥125,595 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 certain of the reporting company’s 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 certain of the reporting company’s consolidated subsidiaries: For transactions in which the certain of the reporting company’s consolidated subsidiaries exclusively sell pachinko/pachislot machine manufactured by pachinko/pachislot machine manufacturer, the certain of the reporting company’s consolidated subsidiaries are required to provide such pachinko/pachislot machine by themselves, and the certain of the reporting company’s consolidated subsidiaries have determined that the reporting company is the principal and therefore the certain of the reporting company’s 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.

Certain of the reporting company’s consolidated subsidiaries exercise significant judgment in applying the Revenue Recognition Accounting Standards and other standards to pachinko/pachislot machine's Agency sales, which have a significant impact on the identification of contracts and the timing of revenue recognition.

・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 certain of the reporting company’s 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 certain of the reporting company’s 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 whether there are any significant changes in the facts that serve as the basis for making judgments, and whether there are any</td><td>In reviewing the application of the Revenue Recognition Accounting Standards to Agency sales and other significant judgments made by the certain of the reporting company’s 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 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, 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.</td></tr>
</table>

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 “Notes (Tax effect accounting),” the reporting company recorded ¥3,391 million of deferred tax assets as of March 31, 2024. Among this, as described in “Notes - Tax effect accounting,” deferred tax assets of ¥2,134 million was recognized after deducting valuation provisions of ¥3,868 million for the tax loss carryforward of ¥6,002 million in TSUBURAYA FIELDS HOLDINGS INC., and is material. deferred tax assets of TSUBURAYA FIELDS HOLDINGS INC. is ¥2,134 million, and of this, deferred tax assets for tax loss carryforwards is ¥6,002 million, which is important. The reporting company 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 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.”	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 board of directors 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 board of directors. ・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.

Gain on bargain purchase due to the acquisition of shares of Sophia Co., Ltd.	
Details of Major Audit Considerations and Reasons for Determination	Audit response
As described in the consolidated financial statements [Notes] (Business Combinations, etc.), on Mar. 25, 2024, the reporting company acquired 51.01% of the outstanding shares of Sophia Co., Ltd., and Sophia Co., Ltd. and its consolidated subsidiaries were included in the scope of consolidation. The consolidated balance sheet for the fiscal year under review included assets and liabilities received of ¥18,219 million and ¥9,914 million, respectively, in the purchase price of ¥3,162 million, which was less than the net amount allocated to assets and liabilities received of ¥1,072 million. In accordance with “Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22)” and “Accounting Standard for Business Combinations (ASBJ Statement No. 21),” the reporting company evaluates all of its subsidiaries' Assets and Liabilities at fair value as of the acquisition date (full fair value method). The reporting company eliminates the investments in subsidiaries of the parent company and the corresponding equity in subsidiaries, and records the elimination difference as gain on bargain purchase. If a Negative goodwill is expected to occur, it is necessary to review whether all identifiable Assets and Liabilities have been identified and whether the allocation of the cost to them is appropriate. If the cost is still less than the net amount allocated to Assets accepted and Liabilities assumed in the review, it is treated as income in the consolidated fiscal year in which Negative goodwill occurs. Furthermore, the acquisition cost is allocated to identifiable Assets and Liabilities based on the market value as of the date of the business combination. However, considering practical limitations and other factors, the acquisition cost is to be completed within 1 year after the date of the business combination. In the settlement of accounts prior to the completion of the business combination, the acquisition cost is to be allocated after the accounting treatment determined provisionally. As Gain on bargain purchase arising from the business combination transaction is significant in amount in the consolidated financial statements and the business combination transaction is executed at the close of the fiscal year-end, it is highly probable that the accounting treatment will be determined on a provisional basis. It is therefore necessary to carefully consider whether the acquisition cost has been appropriately allocated to all identifiable Assets and Liabilities based on reasonable information available at the time of the fiscal year-end. Based on the above, we have determined that Gain on bargain purchase associated with the acquisition of shares of Sophia Co., Ltd. is particularly significant in the auditing of the consolidated financial statements for the current fiscal year and falls under the category of “Major Audit Considerations.”	In considering gain on bargain purchase associated with the share acquisition of Sophia Co., Ltd., we have mainly performed the following auditing procedures: ・In order to understand the background to the share acquisition, the process of determining the share acquisition cost, and the background to negative goodwill, as well as in considering the valuation of assets accepted and liabilities assumed, Sophia Co., Ltd. and its consolidated subsidiaries asked management to understand the methods of calculating the fair value consistent with the business plan of the corporation and its consolidated subsidiaries. We also reviewed the minutes of the relevant board of directors, etc. ・In order to examine the process of calculating the acquisition cost, we reviewed the corporate value calculation materials and the share transfer agreement prepared by experts used by management. ・In order to examine the existence of Assets accepted and the completeness of Liabilities assumed, we carried out demonstration procedures for significant balances in the accounts of Sophia Co., Ltd. and its consolidated subsidiaries, such as balance checking, inventory witness, conflict with related vouchers, and recalculation. ・In order to make up the cost of Sophia Co., Ltd., the valuation of Assets and Liabilities of small companies that are not considered to have a material impact on the consolidated financial statements was also considered. It was also confirmed that this was reflected in the valuation of Shares of subsidiaries and associates held by Sophia Co., Ltd., etc. ・In order to evaluate the fair value of identifiable Assets and Liabilities, the appropriateness, competence and objectivity of experts used by management in determining fair values were assessed, and experts used by the auditors were involved as needed to review the fair value calculations. ・In order to examine the accuracy of Gain on bargain purchase, it was recalculated that the purchase price of identifiable Assets and Liabilities was allocated based on the market value at the date of the business combination, and the difference between the acquisition cost and the allocation of the acquisition cost was recorded as Gain on bargain purchase. ・We examined whether the allocation of the acquisition cost was made to all identifiable Assets and Liabilities based on reasonable information available at the time of the closing of the consolidated fiscal year under review, and checked whether the allocation was completed, and confirmed whether the facts were reflected in the notes to the business combination.

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 audit & supervisory board and members 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 auditors shall report to audit & supervisory board member and audit & supervisory board on compliance with the provisions of our professional ethics on independence and on matters that are reasonably likely to affect the auditor's independence, and if countermeasures are in place to eliminate impediments or if safeguards are applied to reduce the impediments to an acceptable level.

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, 2024, 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, 2024 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 audit & supervisory board member and audit & supervisory board 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 auditors shall report to audit & supervisory board member and audit & supervisory board on compliance with the provisions of our professional ethics on independence and on matters that are reasonably likely to affect the auditor's independence, and if countermeasures are in place to eliminate impediments or if safeguards are applied to reduce the impediments to an acceptable level.

<Reward>

The amount of fees for the reporting company's and its subsidiaries' audit attestation services and fees for non-audit services provided to the reporting company and persons in the same network as the reporting company are described in Corporate Governance Included in the "Status of the Filing Company" section (3) [Status of Audits].

Interest

There is no interest between the reporting company and its Consolidated Subsidiaries and the Auditing Corporation or its 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 20, 2024

TSUBURAYA FIELDS HOLDINGS INC.
To the Board of Directors

BDO Sanyu & Co.

Tokyo Office

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 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 36th fiscal year from April 1, 2023 to March 31, 2024, which are listed in the caption "Financial information" 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, 2024, 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.

Highlights

As described in Notes (Significant subsequent events), at the board of directors held on May. 14, 2024, the reporting company resolved to cancel treasury shares and implemented acquisition of treasury shares on May 15, 2024 and cancellation of treasury shares on May 31.

Our opinion is not qualified in respect of this matter.

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.

Recoverability of deferred tax assets
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.

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’ 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 auditors shall report to audit & supervisory board member and audit & supervisory board on compliance with the provisions of our professional ethics on independence and on matters that are reasonably likely to affect the auditor's independence, and if countermeasures are in place to eliminate impediments or if safeguards are applied to reduce the impediments to an acceptable level.

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.

<Reward>

Information of reward is described in Auditors' Report of consolidated financial statements.

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.