

**Consolidated financial results for the 9 months  
of the fiscal year ending March 31, 2025 (Japan GAAP - Unaudited)**

Date of issue: Jan 29, 2025

Company name: CAPCOM Co., Ltd.

Stock listing: Tokyo

Code number: 9697

URL : <https://www.capcom.co.jp/>

Representative: Haruhiro Tsujimoto, President and COO

Tel: +81-6-6920-3605

Contact person: Keita Takami, General Manager of Finance & Accounting Department

Dividend payment date: —

Preparation of supplementary material on financial results : Yes

Holding of financial results briefing : Yes (For institutional investors)

Note: Numbers are rounded down to the nearest 1 million yen.

1. Results for 9 months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(1) Financial results

Note: Percentage represents change from the same period of the previous fiscal year.

|                                  | Net sales   |        | Operating income |        | Ordinary income |        | Net income attributable to owners of the parent |        |
|----------------------------------|-------------|--------|------------------|--------|-----------------|--------|---|--------|
|                                  | million yen | %      | million yen      | %      | million yen     | %      | million yen                                     | %      |
| 9 months ended December 31, 2024 | 88,853      | (16.3) | 31,020           | (35.0) | 31,417          | (36.5) | 23,066  | (33.4) |
| 9 months ended December 31, 2023 | 106,179     | 33.3   | 47,704           | 43.1   | 49,460          | 47.4   | 34,636  | 46.7   |

Note: Comprehensive income: 9 months ended December 31, 2024 24,776 million yen (-32.8%) 9 months ended December 31, 2023 36,876 million yen (43.1%)

|                                  | Earnings per share | Diluted earnings per share |
|----------------------------------|--------------------|----------------------------|
|                                  | yen                | yen                        |
| 9 months ended December 31, 2024 | 55.15              | —                          |
| 9 months ended December 31, 2023 | 82.82              | —                          |

Note: With an effective date of April 1, 2024, Capcom (the "Company") performed a 2-for-1 split of its common stock.

The Company calculated "Earnings per share", assuming that the stock split was implemented with an effective date of April 1, 2023.

(2) Financial position

|                                  | Total assets | Net assets  | Shareholders' equity ratio |
|----------------------------------|--------------|-------------|----------------------------|
|                                  | million yen  | million yen | %                          |
| 9 months ended December 31, 2024 | 251,443      | 203,071     | 80.8                       |
| Year ended March 31, 2024        | 243,476      | 195,081     | 80.1                       |

Reference: Shareholders' equity: 9 months ended December 31, 2024 : 203,065 million yen Year ended March 31, 2024 : 195,081 million yen

2. Dividends

| Record date                           | Dividend per share |                 |                 |          |        |
|---------------------------------------|--------------------|-----------------|-----------------|----------|--------|
|                                       | 1st quarter-end    | 2nd quarter-end | 3rd quarter-end | Year-end | Annual |
|                                       | yen                | yen             | yen             | yen      | yen    |
| Year ended March 31, 2024             | —                  | 27.00           | —               | 43.00    | 70.00  |
| Year ending March 31, 2025            | —                  | 18.00           | —               |          |        |
| Year ending March 31, 2025 (Forecast) |                    |                 |                 | 18.00    | 36.00  |

Note: 1. Changes in dividends forecast during the 9 months ended December 31, 2024 : No

2. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock.

For dividends for the year ended March 31, 2024, the above dividends paid were the actual amounts before the stock split.

3. Earnings forecast for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

Note: Percentage represents change from the same period of the previous fiscal year.

|                            | Net sales   |     | Operating income |      | Ordinary income |     | Net income attributable to owners of the parent |     | Earnings per share |
|----------------------------|-------------|-----|------------------|------|-----------------|-----|---|-----|--------------------|
|                            | million yen | %   | million yen      | %    | million yen     | %   | million yen                                     | %   | yen                |
| Year ending March 31, 2025 | 165,000     | 8.3 | 64,000           | 12.1 | 63,000          | 6.0 | 46,000  | 6.1 | 109.98             |

Note: Changes in earnings forecast during the 9 months ended December 31, 2024 : No

Notes

- (1) Significant changes in the scope of consolidation during the period: Yes  
 Newly included: 2 companies (Company name) Leostar Co., Ltd., and Minimum Studios Co., Ltd.
- (2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes  
 Note: Please refer to "2. Summary of consolidated financial statements (4) Notes to consolidated financial statements (Application of special accounting treatment for preparation of quarterly financial statements)" on page 10 for more details.
- (3) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements
- ① Changes in accounting principles resulting from amendment of the accounting standard: No
  - ② Changes in accounting principles other than ①: No
  - ③ Changes in accounting estimates: No
  - ④ Retrospective restatement: No
- (4) Number of shares outstanding (Common stock):
- ① Number of shares outstanding (including treasury stock)
 

|                                       |             |                             |             |
|---------------------------------------|-------------|-----------------------------|-------------|
| 3rd quarter ended December 31, 2024 : | 533,011,246 | Year ended March 31, 2024 : | 533,011,246 |
|---------------------------------------|-------------|-----------------------------|-------------|
  - ② Number of treasury stock
 

|                                       |             |                             |             |
|---------------------------------------|-------------|-----------------------------|-------------|
| 3rd quarter ended December 31, 2024 : | 114,749,254 | Year ended March 31, 2024 : | 114,772,206 |
|---------------------------------------|-------------|-----------------------------|-------------|
  - ③ Average number of shares outstanding
 

|                                       |             |                                       |             |
|---------------------------------------|-------------|---------------------------------------|-------------|
| 3rd quarter ended December 31, 2024 : | 418,250,787 | 3rd quarter ended December 31, 2023 : | 418,230,654 |
|---------------------------------------|-------------|---------------------------------------|-------------|

Note: 1. The number of treasury stock at the end of the 3rd quarter and the number of treasury stock deducted when calculating the average number of shares outstanding during the 3rd quarter include the Company's shares held by the Stock Grant ESOP trust.  
 2. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock. The Company calculated "Number of shares outstanding", "Number of treasury stock" and "Average number of shares outstanding", assuming that the stock split was implemented with an effective date of April 1, 2023.

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- (Explanation about the appropriate usage of business prospects and other special notes)
- The above-mentioned business forecasts were based on the information available as of the date of the release of this report.
  - Future events may cause the actual results to be significantly different from the forecasts.
  - Please refer to "1. Operating results overview (3) Qualitative information regarding the consolidated business forecasts" on page 4 for more details.

## Attachment contents

|  |    |
|--|----|
| 1. Operating results overview .....  | 2  |
| (1) Operating results for the period under review.....   | 2  |
| (2) Overview of the consolidated financial position for the period under review .....              | 4  |
| (3) Qualitative information regarding the consolidated business forecasts .....                    | 4  |
| 2. Summary of consolidated financial statements .....  | 5  |
| (1) Consolidated balance sheets .....  | 5  |
| (2) Consolidated statements of income and comprehensive income .....                               | 7  |
| (3) Consolidated statements of cash flows .....  | 9  |
| (4) Notes to consolidated financial statements .....   | 10 |
| Going concern assumptions .....  | 10 |
| Changes in the scope of consolidation.....   | 10 |
| Application of special accounting treatment for preparation of quarterly financial statements..... | 10 |
| Consolidated statements of income .....  | 10 |
| Segment information.....   | 11 |
| Material changes in shareholders' equity .....   | 12 |
| Additional information.....  | 12 |

## 1. Operating results overview

### (1) Operating results for the period under review

In the nine months ended December 31, 2024, Capcom Co., Ltd. (the “Company”) actively pursued investments for growth focused on the ongoing enhancement of digital sales in order to further evolve and expand within the global market. In addition, as part of its human resources investment strategy, which is one of the Company’s top priorities, it continued to invest in human capital toward securing and fostering human resources who will support the future, with the aim of stable and sustainable growth. With these kinds of management policies, the Company has been working to continue strengthening its development and technological capabilities, including through the acquisition of a 3DCG production company with strengths in animation production for consumer game development as a subsidiary. Furthermore, with regard to the remuneration system for directors, in order to link remuneration for directors more closely to business performance and further share value with shareholders, the Company implemented measures aimed at continuously increasing corporate value over the medium to long term, such as by introducing a performance-linked stock remuneration system.

Regarding business performance, during the nine months ended December 31, 2024, in addition to the release of popular series titles, sales were dominated by catalog sales of major titles released in the previous fiscal years in the core Digital Contents business. Due to the timing of the upcoming fourth-quarter release of *Monster Hunter Wilds*, a major new title in the Company’s flagship series, total sales volumes in the Digital Contents business were 30.53 million units, down from 32.6 million units in the same period of the previous fiscal year during which *Street Fighter 6* was released. However, sales volumes of catalog titles were 28.61 million units, up from 26.7 million units in the same period of the previous fiscal year, due to the Company’s efforts to promote its digital sales strategy. As a result, the Company sold 246 titles in 225 countries and regions, contributing to enhancing the value of the Company’s brands.

The Company also worked to increase earnings through efficient operation of amusement arcades and the promotion of store openings in new store formats in Arcade Operations, as well as through the continued introduction of smart pachislo machines and the utilization of the Company’s popular intellectual properties (IPs) in Amusement Equipments. In addition to such activities, the Company utilized its highly popular brands in film and television productions, licensed merchandise, and esports.

As a result, earnings for the nine months ended December 31, 2024, made favorable progress, with consolidated net sales of 88,853 million yen (down 16.3% year on year), operating income of 31,020 million yen (down 35.0% year on year), ordinary income of 31,417 million yen (down 36.5% year on year), and net income attributable to owners of the parent of 23,066 million yen (down 33.4% year on year).

### Status of business by operating segment

#### ① Digital Contents business

In the Digital Contents business, the Company released physical versions of *Dead Rising Deluxe Remaster* and *MARVEL vs. CAPCOM Fighting Collection: Arcade Classics* in November, following prior digital releases of each title in September. In addition, the Company also released *Resident Evil 2* onto Apple devices, representing a new title in the *Resident Evil* series for that platform, and garnering ongoing support from series fans.

Regarding catalog titles, anticipation for *Monster Hunter Wilds*, the latest title in the series scheduled for release in February this year, provided momentum for ongoing growth in the sales of *Monster Hunter World: Iceborne* and *Monster Hunter Rise*; at the same time, cumulative sales of the series overall surpassed 100 million units worldwide, contributing to enhanced brand value for *Monster Hunter* titles. In addition, the Company conducted proactive promotional campaigns to gain wider recognition of its IPs and acquire new fans, focusing primarily on sales for series titles, such as *Resident Evil 4*. Furthermore, the Company continued to strengthen coordination between its

games and esports activities to pursue wider brand recognition and an expanded user base for *Street Fighter 6*, the major new title in its flagship series released in the previous fiscal year.

As a result, progress toward achieving the full-year plan proceeded as expected. Although total sales volume for the nine months ended December 31, 2024, decreased compared with the same period of the previous fiscal year when *Street Fighter 6* was available, sales of catalog titles increased year on year, supporting earnings.

In Mobile Contents, *Monster Hunter Now*, which was released in the previous fiscal year, continued to gain in popularity among a wide base of users, as cumulative downloads exceeded 15 million, contributing to greater penetration and increased value for the *Monster Hunter* brand. In addition, the Company released *Monster Hunter Puzzles: Felyne Isles* (for iOS and Android) globally in June, which has achieved over 1 million cumulative downloads.

As a result, the segment earned net sales of 58,534 million yen (down 28.1% year on year), and operating income of 29,247 million yen (down 38.2% year on year).

#### ② Arcade Operations business

In Arcade Operations, in addition to a recovery in inbound tourism and out-of-home spending after the close of the COVID-19 pandemic, consumer lifestyle habits are undergoing change. As such, factors such as efficient operations at existing stores and store openings in new formats led to an increase in the number of visitors, which contributed to earnings expansion. Moreover, the Company worked to maximize the appeal of its brick-and-mortar stores by holding events and creating synergies with other businesses.

During the nine months ended December 31, 2024, the Company opened Plaza Capcom Oyabe (Toyama Prefecture) in April, and a new area at Plaza Capcom Ikebukuro (Tokyo) in May. Additionally, in November the Company opened Capcom Store Annex Marine Pia Kobe (Hyogo Prefecture), a retail store that sells merchandise featuring the Company's popular characters, bringing the total number of stores to 52.

As a result, the segment earned net sales of 16,552 million yen (up 19.5% year on year), and operating income of 2,258 million yen (up 45.9% year on year).

#### ③ Amusement Equipments business

In Amusement Equipments, the pachislo market remained solid, driven by customer demand for smart pachislo machines. *Street Fighter V Chosensha no Michi*, released in June, sold 5 thousand units, while *Onimusha 3*, released in October, sold 11 thousand units. Further, *Monster Hunter Rise*, the new pachislo model released in November, sold 19 thousand units, which contributed to earnings. Sales of *Strike the Blood*, which was released in March, also grew.

As a result, the segment earned net sales of 10,242 million yen (up 27.7% year on year), and operating income of 5,083 million yen (up 11.5% year on year).

#### ④ Other Businesses

In Other Businesses, beginning in April, the Company bolstered its structure by integrating internal organizations to accelerate collaboration between esports and the licensing business, with the aim of improving the brand value of its titles.

With this structure in place, the Company utilized its popular title *Street Fighter 6* and began the global Capcom Pro Tour 2024 in June, while also holding the team-league Street Fighter League: Pro-JP 2024 in Japan from August, and Street Fighter League: Pro-US in the US 2024 from October, leading to heated battles unfolding across these various competitions. Moreover, the Company worked to further promote its esports tournaments, announcing that,

continuing from the previous season, it will offer a grand prize of \$1 million USD at Capcom Cup 11, the championship tournament for the Capcom Pro Tour 2024, while also holding the championship tournaments for the 2024 season at Japan's famous National Sumo Stadium, *Ryogoku Kokugikan*.

Additionally, *Mega Man: Start*, part of the Amazon Prime Video animated series *Secret Level*, was streamed worldwide in December. Furthermore, the Company focused on promoting various events and collaborations in conjunction with the 20th anniversary of the *Monster Hunter* series, as well as focusing on movie and television adaptations of its major IPs and developing character merchandise for its popular titles.

As a result, the segment earned net sales of 3,524 million yen (up 22.6% year on year), and operating income of 1,250 million yen (up 94.8% year on year).

#### (2) Overview of the consolidated financial position for the period under review

Total assets as of the end of the third quarter increased by 7,966 million yen from the end of the previous fiscal year to 251,443 million yen. The primary increases were 15,523 million yen in work in progress for game software, 1,113 million yen in merchandise and finished goods, as well as 1,057 million yen in tangible fixed assets, net of accumulated depreciation. The primary decrease was 10,681 million yen in accounts receivable - trade.

Total liabilities as of the end of the third quarter decreased by 22 million yen from the end of the previous fiscal year to 48,372 million yen. The primary increases were 3,176 million yen in current liabilities, other, and 996 million yen in electronically recorded monetary liabilities due to an increase in sales deposits, etc. The primary decrease was 5,798 million yen in accrued bonuses.

Net assets as of the end of the third quarter increased by 7,989 million yen from the end of the previous fiscal year to 203,071 million yen. The primary increases were 23,066 million yen in net income attributable to owners of the parent, and 1,718 million yen in cumulative translation adjustments. The primary decrease was 16,835 million yen in dividends from retained earnings.

#### (3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results for the current fiscal year ending March 31, 2025, remains the same as what was projected at the financial results announcement on May 9, 2024.

## 2. Summary of consolidated financial statements

### (1) Consolidated balance sheets

(million yen)

|   | Previous fiscal year<br>(March 31, 2024) | Current fiscal year<br>(December 31, 2024) |
|---|--|--|
| <b>Assets</b>   |  |  |
| <b>Current assets</b>   |  |  |
| Cash on hand and in banks                                     | 125,191                                  | 124,574                                    |
| Notes receivable - trade                                      | —  | 566  |
| Accounts receivable - trade                                   | 25,383                                   | 14,702                                     |
| Merchandise and finished goods                                | 1,692                                    | 2,805                                      |
| Work in progress  | 1,222                                    | 1,067                                      |
| Raw materials and supplies                                    | 847                                      | 1,783                                      |
| Work in progress for game software                            | 39,035                                   | 54,558                                     |
| Other   | 4,456                                    | 4,643                                      |
| Allowance for doubtful accounts                               | (2)                                      | (2)  |
| <b>Total current assets</b>                                   | <b>197,826</b>                           | <b>204,699</b>                             |
| <b>Fixed assets</b>   |  |  |
| <b>Tangible fixed assets, net of accumulated depreciation</b> |  |  |
| Buildings and structures, net                                 | 10,938                                   | 10,742                                     |
| Other, net  | 19,529                                   | 20,587                                     |
| <b>Total tangible fixed assets</b>                            | <b>30,468</b>                            | <b>31,330</b>                              |
| Intangible assets   | 1,444                                    | 1,557                                      |
| <b>Investments and other assets</b>                           |  |  |
| Other   | 13,760                                   | 13,879                                     |
| Allowance for doubtful accounts                               | (23)                                     | (23)                                       |
| <b>Total investments and other assets</b>                     | <b>13,737</b>                            | <b>13,856</b>                              |
| <b>Total fixed assets</b>                                     | <b>45,650</b>                            | <b>46,743</b>                              |
| <b>Total assets</b>   | <b>243,476</b>                           | <b>251,443</b>                             |

(million yen)

|   | Previous fiscal year<br>(March 31, 2024) | Current fiscal year<br>(December 31, 2024) |
|---|--|--|
| <b>Liabilities</b>  |  |  |
| Current liabilities   |  |  |
| Notes and accounts payable - trade                          | 2,603                                    | 3,040                                      |
| Electronically recorded monetary liabilities                | 1,730                                    | 2,727                                      |
| Short-term borrowings                                       | 3,591                                    | 3,591                                      |
| Current portion of long-term borrowings                     | 626                                      | 324  |
| Accrued income taxes  | 5,454                                    | 5,279                                      |
| Accrued bonuses   | 8,388                                    | 2,590                                      |
| Deferred income   | 683                                      | 758  |
| Other   | 10,135                                   | 13,312                                     |
| Total current liabilities                                   | 33,213                                   | 31,624                                     |
| Long-term liabilities                                       |  |  |
| Long-term borrowings  | 3,000                                    | 3,046                                      |
| Liabilities for retirement benefits for employees           | 4,379                                    | 4,655                                      |
| Provision for share awards                                  | 2,074                                    | 2,901                                      |
| Other   | 5,727                                    | 6,144                                      |
| Total long-term liabilities                                 | 15,181                                   | 16,747                                     |
| Total liabilities   | 48,394                                   | 48,372                                     |
| <b>Net assets</b>   |  |  |
| Shareholders' equity  |  |  |
| Common stock  | 33,239                                   | 33,239                                     |
| Capital surplus   | 30,259                                   | 30,259                                     |
| Retained earnings   | 172,615                                  | 178,846                                    |
| Treasury stock  | (50,012)                                 | (49,973)                                   |
| Total shareholders' equity                                  | 186,100                                  | 192,370                                    |
| Accumulated other comprehensive income                      |  |  |
| Cumulative translation adjustments                          | 9,197                                    | 10,915                                     |
| Accumulated adjustments for retirement benefits, net of tax | (216)                                    | (220)                                      |
| Total accumulated other comprehensive income                | 8,980                                    | 10,695                                     |
| Non-controlling interests                                   | —  | 5  |
| Total net assets  | 195,081                                  | 203,071                                    |
| Total liabilities and net assets                            | 243,476                                  | 251,443                                    |



(2) Consolidated statements of income and comprehensive income  
Consolidated statements of income

(million yen)

|  | Previous 9 months<br>April 1, 2023<br>to December 31, 2023 | Current 9 months<br>April 1, 2024<br>to December 31, 2024 |
|--|--|---|
| Net sales  | 106,179  | 88,853  |
| Cost of sales  | 40,128   | 38,313  |
| Gross profit   | 66,051   | 50,540  |
| Selling, general and administrative expenses         | 18,346   | 19,519  |
| Operating income                                     | 47,704   | 31,020  |
| Non-operating income                                 |  |   |
| Interest income                                      | 779  | 836   |
| Dividend income                                      | 27   | 0   |
| Exchange gain, net                                   | 1,018  | 697   |
| Other  | 64   | 87  |
| Total non-operating income                           | 1,889  | 1,622   |
| Non-operating expenses                               |  |   |
| Interest expense                                     | 44   | 61  |
| Social contribution activity-related expenses (*)    | —  | 1,053   |
| Other  | 89   | 111   |
| Total non-operating expenses                         | 133  | 1,226   |
| Ordinary income                                      | 49,460   | 31,417  |
| Special gains  |  |   |
| Gain on sales of fixed assets                        | 1  | 143   |
| Gain on sales of investment securities               | 434  | —   |
| Total special gains                                  | 435  | 143   |
| Special losses                                       |  |   |
| Loss on sales and /or disposal of fixed assets       | 23   | 101   |
| Business restructuring expenses                      | 274  | —   |
| Total special losses                                 | 298  | 101   |
| Net income before income taxes                       | 49,598   | 31,459  |
| Income taxes   | 14,961   | 8,396   |
| Net income   | 34,636   | 23,062  |
| Net income attributable to non-controlling interests | —  | (3)   |
| Net income attributable to owners of the parent      | 34,636   | 23,066  |

Consolidated statements of comprehensive income

(million yen)

|   | Previous 9 months<br>April 1, 2023<br>to December 31, 2023 | Current 9 months<br>April 1, 2024<br>to December 31, 2024 |
|---|--|---|
| Net income  | 34,636   | 23,062  |
| Other comprehensive income                            |  |   |
| Net unrealized gain or loss on securities, net of tax | (144)  | —   |
| Cumulative translation adjustments                    | 2,352  | 1,717   |
| Adjustments for retirement benefits, net of tax       | 32   | (3)   |
| Total other comprehensive income                      | 2,240  | 1,713   |
| Comprehensive income                                  | 36,876   | 24,776  |
| Comprehensive income attributable to:                 |  |   |
| Owners of the parent                                  | 36,876   | 24,780  |
| Non-controlling interests                             | —  | (4)   |

## (3) Consolidated statements of cash flows

(million yen)

|   | Previous 9 months<br>April 1, 2023<br>to December 31, 2023 | Current 9 months<br>April 1, 2024<br>to December 31, 2024 |
|---|--|---|
| Cash flows from operating activities  |  |   |
| Net income before income taxes  | 49,598   | 31,459  |
| Depreciation and amortization   | 3,032  | 3,371   |
| Amortization of goodwill  | 8  | 38  |
| Increase (decrease) in allowance for doubtful accounts                              | 2  | 0   |
| Increase (decrease) in accrued bonuses  | (3,337)  | (5,803)   |
| Increase (decrease) in provision for share awards                                   | 797  | 826   |
| Interest and dividend income  | (807)  | (837)   |
| Interest expense  | 44   | 61  |
| Exchange (gain) loss, net   | (664)  | (120)   |
| Loss (Gain) on sales or disposal of fixed assets                                    | 22   | (41)  |
| Loss (Gain) on sales of investment securities                                       | (434)  | —   |
| Business restructuring expenses   | 274  | —   |
| Decrease (increase) in notes and accounts receivable - trade                        | 12,787   | 10,141  |
| Decrease (increase) in inventories  | (1,203)  | (1,870)   |
| Decrease (increase) in work in progress for game software                           | (7,909)  | (15,518)  |
| Increase (decrease) in notes and accounts payable - trade                           | (729)  | 1,400   |
| Increase (decrease) in deferred revenue   | (4,502)  | 71  |
| Other   | (6,494)  | 3,109   |
| Subtotal  | 40,484   | 26,289  |
| Interest and dividends received   | 838  | 1,030   |
| Interest paid   | (42)   | (58)  |
| Income taxes paid   | (19,947)   | (8,300)   |
| Net cash provided by operating activities   | 21,333   | 18,961  |
| Cash flows from investing activities  |  |   |
| Payments into time deposits   | (24,178)   | (32,258)  |
| Proceeds from withdrawal of time deposits   | 22,707   | 32,107  |
| Payments for acquisitions of tangible fixed assets                                  | (3,822)  | (3,222)   |
| Proceeds from sales of tangible fixed assets  | 1  | 338   |
| Payments for acquisitions of intangible fixed assets                                | (277)  | (378)   |
| Proceeds from sales of investment securities  | 692  | —   |
| Purchase of shares of subsidiaries<br>resulting in change in scope of consolidation | (122)  | (163)   |
| Other   | (97)   | (201)   |
| Net cash used in investing activities   | (5,097)  | (3,778)   |
| Cash flows from financing activities  |  |   |
| Repayments of long-term borrowings  | (371)  | (316)   |
| Payments for repurchase of treasury stock   | (0)  | (2)   |
| Dividends paid by parent company  | (14,271)   | (16,829)  |
| Other   | (754)  | (903)   |
| Net cash used in financing activities   | (15,399)   | (18,051)  |
| Effect of exchange rate changes on cash and cash equivalents                        | 2,591  | 1,080   |
| Net change in cash and cash equivalents   | 3,427  | (1,788)   |
| Cash and cash equivalents at beginning of year                                      | 89,470   | 109,091   |
| Cash and cash equivalents at end of quarter   | 92,898   | 107,303   |

(4) Notes to consolidated financial statements

(Going concern assumptions)

Not applicable

(Changes in the scope of consolidation)

Leostar Co., Ltd., newly established on April 1, 2024, has been included in the scope of consolidation from the beginning of the consolidated fiscal year. And on July 1, 2024, the Company has acquired two-thirds of the total issued shares of Minimum Studios Co., Ltd. which is included in the scope of consolidation.

(Application of special accounting treatment for preparation of quarterly financial statements)

(Calculation of income taxes)

Income taxes are calculated by multiplying the net income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

(Consolidated statements of income)

\* Social contribution activity-related expenses

The breakdown of "Social contribution activity-related expenses" is "2025 Osaka Expo-related expenses" of 1,020 million yen and "Donations" of 32 million yen.

## (Segment Information)

## I Previous 9 months (From April 1, 2023 to December 31, 2023)

## Information on net sales and operating income (loss)

(million yen)

|                         | Reportable segment  |                      |                         |         | Other<br>(Note 1) | Total   | Adjustment<br>(Note 2) | Consolidated<br>total (Note 3) |
|-------------------------|---------------------|----------------------|-------------------------|---------|-------------------|---------|------------------------|--------------------------------|
|                         | Digital<br>Contents | Arcade<br>Operations | Amusement<br>Equipments | Total   |                   |         |                        |                                |
| Net sales               |                     |                      |                         |         |                   |         |                        |                                |
| (1) Customers           | 81,436              | 13,847               | 8,020                   | 103,303 | 2,875             | 106,179 | —                      | 106,179                        |
| (2) Inter-segment       | —                   | —                    | —                       | —       | —                 | —       | —                      | —                              |
| Total                   | 81,436              | 13,847               | 8,020                   | 103,303 | 2,875             | 106,179 | —                      | 106,179                        |
| Operating income (loss) | 47,361              | 1,547                | 4,560                   | 53,469  | 642               | 54,111  | (6,406)                | 47,704                         |

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. Adjustments of operating income (loss) of -6,406 million yen include unallocated corporate operating expenses of -6,406 million yen.

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Operating income (loss) for segments are adjusted on operating income of the consolidated statements of income.

## II Current 9 months (From April 1, 2024 to December 31, 2024)

## Information on net sales and operating income (loss)

(million yen)

|                         | Reportable segment  |                      |                         |        | Other<br>(Note 1) | Total  | Adjustment<br>(Note 2) | Consolidated<br>total (Note 3) |
|-------------------------|---------------------|----------------------|-------------------------|--------|-------------------|--------|------------------------|--------------------------------|
|                         | Digital<br>Contents | Arcade<br>Operations | Amusement<br>Equipments | Total  |                   |        |                        |                                |
| Net sales               |                     |                      |                         |        |                   |        |                        |                                |
| (1) Customers           | 58,534              | 16,552               | 10,242                  | 85,329 | 3,524             | 88,853 | —                      | 88,853                         |
| (2) Inter-segment       | —                   | —                    | —                       | —      | —                 | —      | —                      | —                              |
| Total                   | 58,534              | 16,552               | 10,242                  | 85,329 | 3,524             | 88,853 | —                      | 88,853                         |
| Operating income (loss) | 29,247              | 2,258                | 5,083                   | 36,588 | 1,250             | 37,839 | (6,818)                | 31,020                         |

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. Adjustments of operating income (loss) of -6,818 million yen include unallocated corporate operating expenses of -6,818 million yen.

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Operating income (loss) for segments are adjusted on operating income of the consolidated statements of income.

(Material changes in shareholders' equity)

Not applicable

(Additional Information)

(Establishment of Stock Grant ESOP Trust)

In June 2022, the Company established a Stock Grant ESOP trust as an employee incentive plan (the Plan, below) for its permanent employees (excludes employees not living in Japan; eligible employees, below).

#### 1. Overview

The Company established the Plan with the aim of increasing employee motivation and interest in contributing to the enhancement of earnings.

Under the Plan, the Company established a Stock Grant ESOP (Employee Stock Ownership Plan) trust (the "ESOP trust", below).

The ESOP trust is an employee incentive plan similar to ESOP plans in the U.S. and will grant the Company's stock that has been acquired by the ESOP trust to eligible employees who have satisfied certain requirements, based on predetermined stock transfer rules. Further, the Company will provide all funds for acquisition of the aforementioned stock by the ESOP trust, so none of the cost falls upon the eligible employees.

The Company anticipates that by establishing the ESOP trust eligible employees will be able to reap the economic benefits of increases in the value of the Company's stock, resulting in increasing workplace motivation while at the same time enhancing work performance.

Further, voting rights for the Company's stock held in the ESOP trust will be exercised within a structure that reflects the will of eligible employees who are candidate beneficiaries, and is an effective way to improve corporate value by promoting participation in management planning.

#### 2. The Company's Stock that Remains in the Trust

The Company's stock that remains in the trust is recorded as treasury stock in net assets based on the book value in the trust (excluding associated expenses). Total book value and the number of shares at the end of the previous fiscal year and at the current 9 months are 13,791 million yen and 7,983,640 shares, and 13,750 million yen and 7,959,988 shares, respectively.

With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock. The Company calculated "Number of treasury stock", assuming that the stock split was implemented with an effective date of April 1, 2023.