



Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

May 13, 2024

Listed company name: Drecom Co., Ltd.
 Listing: Tokyo Stock Exchange
 Code number: 3793
 URL: <https://drecom.co.jp/>
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 Scheduled date of annual general meeting of shareholders: June 26, 2024
 Scheduled date to file annual securities report: June 26, 2024
 Scheduled start date to commence dividend payments: -
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results briefings: Yes

(Rounded down to nearest million yen)

1. Consolidated Financial Results for the fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated operating results (The percentages are year-on-year changes)

	Net sales		Operating Income		Ordinary income		Attributable to owners of parent quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2024	9,779	-9.5	903	-60.4	793	-63.8	104	-91.0
March 31, 2023	10,800	2.6	2,281	43.4	2,192	42.2	1,159	43.6

Note: Comprehensive income

For the fiscal year ended March 31, 2024 ¥116 million (-90.0%)

For the fiscal year ended March 31, 2023 ¥1,159 million (43.3%)

	Net income per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	3.64	3.64	1.9	6.0	9.2
March 31, 2023	40.70	40.62	22.9	20.0	21.1

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2024 ¥ - million

For the fiscal year ended March 31, 2023 ¥ - million

(2) Consolidated financial condition

	Total Assets	Net Assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2024	14,148	5,668	39.7	196.29
March 31, 2023	12,226	5,631	45.6	195.70

Reference: Equity capital

As of March 31, 2024 ¥5,615 million

As of March 31, 2023 ¥5,579 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
As of	Million yen	Million yen	Million yen	Million yen
March 31, 2024	-473	-2,048	2,413	5,932
March 31, 2023	2,665	-2,017	658	6,040

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	-	0.00	-	5.00	5.00	145	12.3	2.8
March 31, 2024	-	0.00	-	0.00	0.00	-	-	-
March 31, 2025 (Forecast)	-	0.00	-	-	-	-	-	-

(Note) The year-end dividend forecast for the fiscal year ending March 31, 2025 has not yet been determined.

3. Forecast of consolidated financial results for fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

The percentages are from the fiscal year ending March 31, 2024 changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2025	13,500	38.0	1,000	10.7	900	13.5	400	284.4	13.98

* Notes

(1) Changes in significant subsidiaries during the period: None
(changes in specified subsidiaries resulting in the change in scope of consolidation)

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

- (i) Changes in accounting policies associated with revisions to accounting standards, etc.: None
- (ii) Changes in accounting policies other than those specified in (i) : None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2024	29,224,108 shares
As of March 31, 2023	29,129,591 shares

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

As of March 31, 2024	615,695 shares
As of March 31, 2023	621,595 shares

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

Fiscal year ended March 31, 2024	28,570,583 shares
Fiscal year ended March 31, 2023	28,482,068 shares

(Note) 581,600 shares of the Company (5,816 voting rights) owned by Custody Bank of Japan, Ltd.

(hereinafter referred to as "ESOP Trust Unit") are included in the number of treasury stock at the end of the above period.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(The percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	8,008	-11.1	192	-86.2	585	-62.0	356	-52.1
March 31, 2023	9,005	2.2	1,389	30.1	1,540	25.5	744	9.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	12.48	12.46
March 31, 2023	26.14	26.09

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2024	13,278	4,988	37.2	172.65
March 31, 2023	11,048	4,700	42.1	163.15

Reference: Equity Capital

As of March 31, 2024: ¥4,939 million

As of March 31, 2023: ¥4,651 million

*Financial statements are not subject to review by a certified public accountant or auditing firm.

*Proper use of earnings forecasts, and other special matters

(Notes on future descriptions)

The forecasts above are based on information currently available and certain assumptions deemed reasonable by the Company as of the date of release of this document. Actual future results may differ from forecasts figures due to various factors

(How to obtain supplementary explanatory materials for financial results)

The Company is scheduled to hold a briefing for financial results targeting institutional investors and analysts on May 13,

2024. The financial results presentation materials to be distributed at this briefing will be posted on the Company's website immediately after the briefing.

(Publication of 'Business Plan and Growth Potential Matters')

"The Business Plan and Growth Potential Matters" is scheduled to be published in June 2024.

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1. Overview of business results, etc.

(1) Summary on operating results for the fiscal year ended March 31, 2024

Our group upholds "with entertainment" as its raison d'être, aiming to continuously create services that exceed people's expectations. We also strive to create value that has never existed before and deliver experiences that captivate users. In the medium term, we aspire to become a company that provides entertainment content globally, centered on IP x technology, with a focus on sustainable growth and enhancing corporate value.

In our mainstay game business, game development and operation are our primary activities, including the development and operation of third-party IP games, game platforms, and original games. In our media business, we aim to own and nurture IP by publishing and selling books and e-books, such as novels and comics. Additionally, we are leveraging our expertise in internet services and advanced technologies to launch new services on a trial basis, repeatedly testing them with the aim of commercialization.

In the current consolidated fiscal year ended March 31, 2024, our performance resulted in net sales of 9,779,099 thousand yen (down 9.5% from the previous year), operating income of 903,038 thousand yen (down 60.4%), and ordinary income of 793,171 thousand yen (down 63.8%). In the game business, we decided to close two new titles released at the end of the previous fiscal year ended March 31, 2023 and in the first quarter of the current fiscal year ended March 31, 2024, and to discontinue development on one title that was in the unpublished/prototype stage, and an impairment loss was recorded in a special loss of 746,234 thousand yen. As a result, net income attributable to owners of the parent company amounted to 104,051 thousand yen (down 91.0% year-on-year).

Results by segment are as follows.

Game business

In the gaming business, existing long-term operational titles performed well throughout the year and contributed to our revenue. In this segment, we aim to layer revenues not only from operational titles but also through the release of new titles. However, the performance of the newly released titles fell short of expectations, leading us to review our operational and development portfolio. As a result, we decided to close two new titles released at the end of the previous fiscal year and in the first quarter of the current fiscal year, and to discontinue the development of one title that was in the unpublished/prototype stage.

Regarding net sales, although our main IP titles performed well, other operational titles performed below the previous year's levels, resulting in a decrease compared to the previous fiscal year.

As for profits, in addition to the aforementioned decrease in sales, there were increased expenses associated with the release of two new self-published titles at the end of the previous fiscal year and in the first quarter of the current fiscal year, leading to a decrease compared to the previous fiscal year.

As a result, segment sales amounted to 9,349,181 thousand yen (down 11.1% from the previous fiscal year), and segment profit amounted to 1,896,650 thousand yen (down 34.7%). In this segment, our core business, we will continue to strive to maintain stable revenue from existing operational titles and aim to increase sales and profits through contributions from new titles to be released in the future.

Media business

In the media business, we are engaged in publishing and video production with the aim of owning, nurturing, and monetizing IP. We publish monthly from our light novel label "DRE Novels" and comic label "DRE Comics." Additionally, leveraging our expertise in internet services and advanced technologies, we offer new business developments in the Web3 domain, as well as fan marketing support services *Root* and *Fanflu* using social media, and the load testing service *Mx.Load*.

Regarding net sales, there was an increase compared to the previous fiscal year due to the start of publications from "DRE Novels" and "DRE Comics," as well as the sale of NFT collections for the blockchain game *Eternal Crypt - Wizardry BC* -, which is co-developed with another company.

As for profits, new business areas such as publishing, video, and Web3 are steadily progressing, but losses increased from the previous fiscal year due to the ongoing cost pressures.

As a result, segment sales were 433,517 thousand yen (up 52.2% from the previous year) and segment loss was

993,611 thousand yen (segment loss of 621,957 thousand yen in the previous year). In this segment, we will continue to invest in achieving our medium-term goals.

Moving forward, in the gaming business, we will strive to establish a more robust business foundation by securing long-term stable revenue through additional investments in operational titles and strengthening our systems. Additionally, we aim for sales growth, and diversification and layering of revenue sources through the release of new titles. We will also focus on developing original titles for PC and consoles with the goal of owning and nurturing IP in the gaming business.

In the media business, we aim to grow the businesses we started with the goal of owning, nurturing, and monetizing IP to a certain scale. Additionally, we will actively promote the use of advanced technologies that create new experiences and markets.

(2) Summary of Financial Position

Assets, Liabilities and Net Assets (Assets)

Total assets amounted to 14,148,422 thousand yen at the consolidated fiscal year ended March 31, 2024, an increase of 1,922,025 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,332,554 thousand yen in software in progress.

(Liabilities)

Total liabilities amounted to 8,480,298 thousand yen at the consolidated fiscal year ended March 31, 2024, an increase of 1,885,021 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,637,650 thousand yen in bank loans, while accounts payable-trade and income taxes payable decreased by 120,378 thousand yen and 420,081 thousand yen, respectively.

(Net assets)

Total net assets amounted to were 5,668,124 thousand yen at the consolidated fiscal year ended March 31, 2024, an increase of 37,003 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to the recording of 104,051 thousand yen in net income attributable to parent company shareholders.

As a result, the equity ratio was 39.7% (45.6% at the end of the previous consolidated fiscal year).

(3) Summary of cash flows

Cash and cash equivalents ("cash") amounted to 5,932,836 thousand yen at the consolidated fiscal year ended March 31, 2024, decreased by 107,610 thousand yen from end of the previous consolidated fiscal year. Cash and cash equivalents (hereinafter referred to as "Funds") amounted to 5,932,836 thousand yen at the consolidated fiscal year ended March 31, 2024, decreased by 107,610 thousand yen from the end of the previous consolidated fiscal year. Cash flows and factors affecting cash flows in the consolidated fiscal year ended March 31, 2024 are as follows.

(Cash flow from operating activities)

Net cash used in operating activities was 473,238 thousand yen. The main cash inflow was an impairment loss of 746,234 thousand yen, and the main cash outflows were an increase in trade receivables of 173,265 thousand yen, an increase in consumption taxes receivable of 170,986 thousand yen, and income taxes paid of 782,828 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 2,048,815 thousand yen. The main cash outflow was 2,006,279 thousand yen for the purchase of intangible fixed assets.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,413,734 thousand yen. The main cash inflow was 4,586,000 thousand yen in proceeds from long-term loans payable, while the main cash outflows were 2,012,350 thousand yen in repayment of long-term loans payable and 145,077 thousand yen in cash dividends paid.

(4) Future outlook

From the fiscal year ending March 31, 2025 onward, we will reframe our market as the entertainment content market and in response to this globally expanding market, we aim to become a company that provides entertainment content centered on IP x technology. Additionally, in the entire flow of "owning, nurturing, and monetizing IP," which is the business model of this market, we will organize the positioning of each area according to the characteristics of each business to determine the business areas our company should focus on in the medium term.

In the mainstay game business, we will strive to establish a more robust business foundation by securing long-term stable revenue through additional investments in operational titles and strengthening our systems. We also aim for sales growth and diversification and layering of revenue sources through the release of new titles. Furthermore, we will develop original titles for PC and consoles with the goal of owning and nurturing IP in the gaming business.

In the media business, we aim to grow the following businesses to a certain scale: the publishing and video production business, which was started with the goal of owning, nurturing, and monetizing IP, and the merchandising business, which was started with the goal of nurturing and monetizing IP. In addition, given that entertainment has evolved by crossing with technology, we will actively promote the use of advanced technology to create new experiences and markets.

In the fiscal year ending March 31, 2025, we aim to secure long-term stable earnings from titles in operation in the game business, achieve sales growth through steady hits of newly released titles, and diversify and stack revenue sources. In the media business, we aim to expand the scale of business by continuing to publish light novels and comics in the publishing and video business, which was launched for the purpose of holding, developing, and monetizing IP, and by quickly launching the merchandise sales business, which was launched for the purpose of developing and monetizing IP. In addition, we aim to expand the scale of our business by quickly launching a merchandise sales business, which was started for the purpose of developing and monetizing IP. In addition, we will aggressively pursue the ongoing development/provision of new services that leverage the know-how and advanced technology of our existing businesses.

Based on the above, for the fiscal year ending March 31, 2025, we expect consolidated net sales of 13,500,000 thousand yen, operating income of 1,000,000 thousand yen, ordinary income of 900,000 thousand yen, and net income attributable to shareholders of the parent company of 400,000 thousand yen.

2. Basic approach to the selection of accounting standards

Most of the Group's stakeholders are domestic shareholders, creditors, business partners, etc. To ensure comparability with other domestic companies in the same industry, Japanese GAAP is applied for accounting standards.

3. Consolidated statements and key notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Assets		
Current assets		
Cash and deposits	6,044,573	5,937,126
Accounts receivable	1,484,658	1,657,924
Goods	5,268	7,990
Work in progress	17,482	44,689
Prepaid expenses	148,928	155,917
Other	147,482	563,215
Total current assets	7,848,394	8,366,863
Fixed assets		
Tangible fixed assets		
Building	191,229	191,229
Accumulated depreciation	-31,029	-48,741
Buildings, net	160,200	142,488
Tools, equipments and fixtures	85,502	87,906
Accumulated depreciation	-53,143	-68,350
Tools, equipments and fixtures, net	32,358	19,555
Leased assets	7,232	7,232
Accumulated depreciation	-3,107	-4,207
Lease assets, net	4,125	3,025
Total tangible fixed assets	196,683	165,068
Intangible fixed assets		
Software	201,601	18,279
Software in progress	3,026,917	4,359,472
Total intangible fixed assets	3,228,519	4,377,751
Investments and other assets		
Investments in securities	59,926	69,926
Deferred tax asset	491,226	650,038
(Security) deposit	199,404	199,404
Other	202,242	319,369
Total investments and other assets	952,800	1,238,738
Total fixed assets	4,378,002	5,781,559
Total assets	12,226,397	14,148,422

(Unit: thousand yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Liabilities		
Current liabilities		
Accounts payable	449,977	329,599
Short-term debt	100,000	100,000
Long-term debt due within one year	1,780,750	1,743,850
Lease obligations	1,281	1,281
Accounts payable	554,851	604,044
Accrued income taxes	481,316	61,235
Allowance for bonuses	129,549	86,949
Other	802,766	621,140
Total current liabilities	4,300,494	3,548,100
Fixed liabilities		
Long-term debt	1,952,750	4,627,300
Lease obligations	3,524	2,243
Asset retirement obligations	100,000	100,000
Other	238,507	202,655
Total long-term liabilities	2,294,782	4,932,198
Total liabilities	6,595,277	8,480,298
Total net assets		
Capital stock		
Capital stock	1,811,311	1,842,360
Capital surplus	2,068,472	2,099,521
Retained earnings	1,967,564	1,926,096
Treasury stock	-266,237	-259,894
Total shareholders' equity	5,581,111	5,608,084
Accumulated other comprehensive income (loss)		
Net unrealized gains (loss) on available-for-sale securities, net of taxes	-2,079	6,611
Foreign exchange conversion adjustments	82	790
Total accumulated other comprehensive income (loss)	-1,997	7,402
Subscription warrant	49,067	49,067
Noncontrolling interest	2,938	3,570
Total net assets	5,631,120	5,668,124
Total liabilities and net assets	12,226,397	14,148,422

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

Consolidated statement of income

(Unit: thousand yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net Sales	10,800,257	9,779,099
Cost of sales	6,242,019	6,374,197
Gross profit	4,558,237	3,404,901
Selling, general and administrative expenses		
Salary supplement	504,516	536,598
Provision for bonuses	106,357	53,003
Commission fee	120,582	151,096
Advertising expenses	208,520	361,131
R&D expenses	354,539	396,002
Other	982,367	1,004,030
Total selling, general and administrative expenses	2,276,882	2,501,863
Operating income	2,281,354	903,038
Non-operating revenue		
Interest received	54	52
Dividends received	3,066	2,979
Other	1,938	133
Total non-operating income	5,059	3,164
Non-operating expenses		
Interest expense	41,437	44,714
Commission payable	47,673	64,213
Foreign exchange loss	482	1,321
Other	4,301	2,782
Total non-operating expenses	93,895	113,032
Ordinary income	2,192,519	793,171
Extraordinary loss		
Impairment loss	386,259	746,234
Total extraordinary loss	386,259	746,234
Net income before taxes or net loss before adjustments to taxes, etc.	1,806,259	46,936
Corporate, municipal and business taxes	669,392	102,591
Adjustment to corporate taxes, etc.	-24,567	-162,647
Total income taxes	644,824	-60,056
Net income	1,161,435	106,992
Net income attributable to noncontrolling interests	2,309	2,941
Net income attributable to owners of the parent	1,159,125	104,051

Consolidated statements of comprehensive income

(Unit: thousand yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income	1,161,435	106,992
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,087	8,691
Foreign exchange conversion adjustments	82	708
Total other comprehensive income	-2,005	9,399
Comprehensive income	1,159,430	116,392
(Breakdown)		
Comprehensive income for owners of parent	1,157,120	113,450
Comprehensive income for non-controlling shareholders	2,309	2,941

(3) Consolidated statement of changes in net assets

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Unit: thousand yen)

	Capital stock				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	1,792,991	2,050,152	953,681	-274,029	4,522,796
Changes during the period					
Issuance of new shares	18,320	18,320			36,640
Net income attributable to owners of the parent			1,159,125		1,159,125
Acquisition of treasury stock				-24	-24
Disposal of treasury stock				7,816	7,816
Dividends from surplus			-145,243		-145,243
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	18,320	18,320	1,013,882	7,792	1,058,314
Balance at the end of the period	1,811,311	2,068,472	1,967,564	-266,237	5,581,111

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Foreign exchange conversion adjustments	Other comprehensive income cumulative total			
Balance at the beginning of the period	7	-	7	49,067	2,203	4,574,075
Changes during the period						
Issuance of new shares						36,640
Net income attributable to owners of the parent						1,159,125
Acquisition of treasury stock						-24
Disposal of treasury stock						7,816
Dividends from surplus						-145,243
Net changes of items other than shareholders' equity	-2,087	82	-2,005	-	735	-1,269
Total changes of items during the period	-2,087	82	-2,005	-	735	1,057,045
Balance at the end of the period	-2,079	82	-1,997	49,067	2,938	5,631,120

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Capital stock				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	1,811,311	2,068,472	1,967,564	-266,237	5,581,111
Changes during the period					
Issuance of new shares	31,048	31,048			62,097
Net income attributable to owners of the parent			104,051		104,051
Disposal of treasury stock				6,342	6,342
Dividends from surplus			-145,518		-145,518
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	31,048	31,048	-41,467	6,342	26,972
Balance at the end of the period	1,842,360	2,099,521	1,926,096	-259,894	5,608,084

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Foreign exchange conversion adjustments	Other comprehensive income cumulative total			
Balance at the beginning of the period	-2,079	82	-1,997	49,067	2,938	5,631,120
Changes during the period						
Issuance of new shares						62,097
Net income attributable to owners of the parent						104,051
Disposal of treasury stock						6,342
Dividends from surplus						-145,518
Net changes of items other than shareholders' equity	8,691	708	9,399	-	631	10,031
Total changes of items during the period	8,691	708	9,399	-	631	37,003
Balance at the end of the period	6,611	790	7,402	49,067	3,570	5,668,124

(4) Consolidated statements of cash flows

(Unit: thousand yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Income before income taxes and minority interests	1,806,259	46,936
Depreciation and amortization	269,275	144,830
Impairment loss	386,259	746,234
Stock compensation expense	40,728	49,011
Interest and dividend income	-3,121	-3,031
Commission fee	47,673	61,970
Interest expense	41,437	44,714
Decrease (increase) in notes and accounts receivable-trade	658	-173,265
Decrease (increase) in inventories	-12,725	-29,839
Decrease (increase) in consumption taxes receivable	162,542	-170,986
Decrease(increase) in prepaid expenses	3,257	3,804
Increase(decrease) in notes and accounts payable-trade	92,113	-120,378
Increase (decrease) in accrued liabilities	-12,938	49,192
Increase (decrease) in accrued consumption taxes	26,595	-52,935
Increase (decrease) in advances received	207,569	25,711
Increase (decrease) in accrued bonuses	536	-42,600
Increase (decrease) in accrued expenses	24,088	-159,349
Other	-47,015	-70,871
Subtotal	3,033,198	349,147
Interest and distributions received	5,112	3,979
Interest expenses paid	-37,856	-43,536
Income taxes paid	-334,675	-782,828
Cash flows from operating activities	2,665,778	-473,238
Cash flows from investing activities		
Payments for acquisition of tangible fixed assets	-21,288	-2,404
Payments for acquisition of intangible fixed assets	-2,005,229	-2,006,279
Payments for acquisition of investment securities	-59,920	-10,000
Proceeds from collection of lease and guarantee deposits	118,734	-
Payment for lease and guarantee deposits	-1,000	-10
Other	-48,479	-30,122
Cash flows from investing activities	-2,017,183	-2,048,815
Cash flows from financing activities		
Net increase (decrease) in short-term loans	-46,000	-
Proceeds from long-term debt	2,552,958	4,586,000
Repayment of long-term debt	-1,688,500	-2,012,350
Payments for purchase of treasury stock	-24	-
Dividends paid	-144,781	-145,077
Other	-14,818	-14,838
Cash flows from financing activities	658,833	2,413,734
Cash and cash equivalent exchange adjustment	82	708
Increase (decrease) in cash and cash equivalents	1,307,511	-107,610
Cash and cash equivalents at beginning of period	4,732,985	6,040,496
Cash and cash equivalents at end of year	6,040,496	5,932,886

(5) Notes to consolidated financial statements

(Notes on premise of a going concern)

Nothing applicable.

(Change in accounting policy)

Nothing applicable.

(Information by segment, etc.)

【Segment information】

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and are subject to periodic review by the Board of Directors to make decisions about the allocation of management resources and evaluating performance. Accordingly, our company consists of segments categorized by service, and we have two reportable segments: the "Game business" and the "Media business."

The "Game business" primarily involves the planning, development, and operation of games played on smartphones. The "Media business" encompasses the publication and sale of books, such as novels and comics, as well as electronic books. Additionally, leveraging the know-how and cutting-edge technology our company has cultivated over the years, we are committed to creating new businesses that will drive our company's medium- to long-term growth.

2. Calculation method for the amount of net sales, income or loss, assets, liabilities and other items by reportable segment

Income by reportable segment is based on operating income.

Intersegment transactions and transfers are based on prevailing market prices.

3. Information on net sales, income or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Unit: thousand yen)

	Reporting Segment			Adjustment *1	Amount recorded in consolidated financial statements*2
	Game business	Media business	Total		
Sales					
Sales to external customers	10,517,071	283,185	10,800,257	-	10,800,257
Intersegment sales and transfers	-	1,650	1,650	-1,650	-
Total	10,517,071	284,835	10,801,907	-1,650	10,800,257
Segment income or loss	2,903,312	-621,957	2,281,354	-	2,281,354
Segment assets	5,257,941	242,456	5,500,398	6,725,999	12,226,397
Other Items					
Depreciation and amortization	236,283	1,880	238,163	31,112	269,275
Impairment loss	386,259	-	386,259	-	386,259
Increase in Tangible and Intangible Fixed Assets	1,992,925	16,537	2,009,463	18,335	2,027,799

Note: *1 Adjustment amount for segment assets mainly consists of cash and deposits, deferred tax assets, and tangible fixed assets that do not belong to the reportable segments.

*2. Segment income (loss) is consistent with operating income in the consolidated statements of income.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Reporting Segment			Adjustment *1	Amount recorded in consolidated financial statements*2
	Game business	Media business	Total		
Sales					
Sales to external customers	9,349,181	429,917	9,779,099	-	9,779,099
Intersegment sales and transfers	-	3,600	3,600	-3,600	-
Total	9,349,181	433,517	9,782,699	-3,600	9,779,099
Segment income or loss	1,896,650	-993,611	903,038	-	903,038
Segment assets	6,978,062	405,614	7,383,676	6,764,745	14,148,422
Other Items					
Depreciation and amortization	109,492	11,163	120,655	24,175	144,830
Impairment loss	609,185	137,048	746,234	-	746,234
Increase in Tangible and Intangible Fixed Assets	1,876,201	133,436	2,009,637	15,045	2,024,682

Note: *1 Adjustment amount for segment assets mainly consists of cash and deposits, deferred tax assets, and tangible fixed assets that do not belong to the reportable segments.

*2. Segment income (loss) is consistent with operating income in the consolidated statements of income.

[Related Information]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. information by region

(1) Sales

This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Tangible fixed assets

The amount of fixed tangible assets in Japan exceeds 90% of the fixed tangible assets on the consolidated balance sheet, so this information is omitted.

3. Information by major customer

(Unit: thousand yen)

Name or title of customer	Net sales	Related Segment Name
Bandai Namco Entertainment Inc.	4,372,063	Game business, Media business
Bandai Namco Nexus Inc.	1,543,257	Game business
Apple Inc.	1,487,120	Game business

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Sales

This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Tangible fixed assets

The amount of fixed tangible assets in Japan exceeds 90% of the fixed tangible assets on the consolidated balance sheet, so this information is omitted.

3. Information by major customer

(Unit: thousand yen)

Name or title of customer	Net sales	Related Segment Name
Bandai Namco Entertainment Inc.	4,130,073	Game business, Media business
Apple Inc.	1,492,945	Game business
Bandai Namco Nexus Inc.	1,206,557	Game business

[Information on Impairment Losses on Fixed Assets by reportable segment]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Unit: thousand yen)

	Game business	Media business	Corporate and elimination	Total
Impairment loss	386,259	-	-	386,259

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Game business	Media business	Corporate and elimination	Total
Impairment loss	609,185	137,048	-	746,234

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Not applicable

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable

[Information on gain on negative goodwill by reportable segment]

Not applicable

(Per share data)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net assets per share	195.70 yen	196.29 yen
Net income per share	40.70 yen	3.64 yen
Diluted net income per share	40.62 yen	3.64 yen

Note: 1. Basis for calculation of net income per share and diluted net income per share is as follows.

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net income per share		
Net income attributable to owners of the parent (thousand yen)	1,159,125	104,051
Amount not attributable to common shareholders (thousand yen)	-	
Net income attributable to parent company shareholders related to common stock (thousand yen)	1,159,125	104,051
Average number of shares of common stock during the period (shares)	28,482,068	28,570,583
Diluted net income per share		
Adjustment of net income attributable to owners of the parent (thousands of yen)	-	-
Increase in common stock (shares)	51,138	52,440
(of which stock acquisition rights (shares))	(51,138)	(52,440)
Summary of potential stock not included in the calculation of diluted net income per share due to the absence of dilutive effects	-	-

2. Basis for calculation of net assets per share is as follows

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total net assets (thousands of yen)	5,631,120	5,668,124
Amount deducted from total net assets (thousand yen)	52,006	52,637
(of which stock acquisition rights (thousand yen))	(49,067)	(49,067)
(of which, noncontrolling interests (thousand yen))	(2,938)	(3,570)
Net assets related to common stock at the end of the period (thousand yen)	5,579,114	5,615,486
Number of shares of common stock used in the calculation of net assets per share at the end of the fiscal year (shares)	28,507,996	28,608,413

3. The number of the Company's shares held by the ESOP Trust Account, which are recorded as treasury stock in shareholders' equity, is included in the number of treasury stock deducted from the average number of shares during the period for the calculation of net income per share (601,314 shares in the consolidated fiscal year ended March 31,2023 and 586,074 shares in the consolidated fiscal year ended March 31,2024). Also, in the calculation of net assets per share, the number of treasury stock is included in the number of shares deducted from the total number of shares issued and outstanding at the end of the period (595,800 shares in the consolidated fiscal year ended March 31,2023 and 581,600 shares in the consolidated fiscal year ended March 31,2024).

(Significant Subsequent Events)

Not applicable

4. Other

Not applicable