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August 1, 2024

Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (Under Japanese GAAP)

Company name: GREE, Inc.
Listing: Tokyo Stock Exchange
Securities code: 3632
URL: https://corp.gree.net/jp/en/
Representative: Founder, Chairman and CEO Yoshikazu Tanaka
Inquiries: Director, Senior Vice President, CFO Toshiki Oya
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Scheduled date of annual general meeting of shareholders: September 27, 2024
Scheduled date to commence dividend payments: August 22, 2024
Scheduled date to file annual securities report: September 30, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	61,309	(18.7)	5,981	(52.1)	7,123	(45.6)	4,630	(50.1)
June 30, 2023	75,440	0.7	12,498	8.7	13,086	(7.2)	9,278	(8.3)

Note: Comprehensive income For the fiscal year ended June 30, 2024: 4,509 million yen [(21.0)%]
For the fiscal year ended June 30, 2023: 5,719 million yen [(26.2)%]

	Net profit per share	Diluted profit per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2024	27.10	26.79	5.0	5.6	9.8
June 30, 2023	54.07	53.47	10.2	10.8	16.6

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended June 30, 2024: - million yen
For the fiscal year ended June 30, 2023: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	128,788	95,530	73.7	555.13
June 30, 2023	124,806	92,549	73.7	539.35

Reference: Shareholders' Equity
As of June 30, 2024: 94,946 million yen
As of June 30, 2023: 92,043 million yen

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2024	3,502	(23)	(999)	77,288
June 30, 2023	4,590	(439)	3,264	74,293

2. Cash dividends

	Annual dividends per share					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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2023	-	0.00	-	11.00	11.00	1,877	20.3	2.1
Fiscal year ended June 30, 2024	-	0.00	-	16.50	16.50	2,822	60.9	3.0
Fiscal year ending June 30, 2025 (Forecast)	-	-	-	--	-		-	

3. Forecast of the Consolidated Results for Fiscal Year Ending June 30, 2025

Rapid changes in the business environment surrounding the Group over the near term have had an impact on the consolidated results of the Investment Business, which is affected by market conditions. For this reason, we have determined that it is difficult to calculate appropriate and reasonable figures for our consolidated financial results forecast and we have therefore decided to suspend disclosure of our consolidated earnings forecast. For more details, please see page 4 of this report, 1. Summary of business results, etc., (4) Outlook for the future.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidated accounting): No

Newly included: -

Excluded: -

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2024	179,749,700 shares
As of June 30, 2023	179,749,700 shares

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

As of June 30, 2024	8,714,774 shares
As of June 30, 2023	9,094,269 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended June 30, 2024	170,862,478 shares
Fiscal year ended June 30, 2023	171,601,211 shares

(Notes)

The number of treasury shares includes the Company's shares held in the Stock Grant ESOP Trust Account and the Directors' Compensation BIP Trust Account (8,295,547 shares for the year ended June 30, 2024 and 8,675,042 shares for the year ended June 30, 2023).

[Reference] Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	9,617	(19.5)	1,135	(57.3)	5,843	12.0	4,779	61.6
June 30, 2023	11,949	(19.9)	2,657	(46.9)	5,218	(32.5)	2,958	(50.6)

	Net profit per share	Diluted profit per share
Fiscal year ended	Yen	Yen
June 30, 2024	27.98	27.66
June 30, 2023	17.24	17.05

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	97,114	64,082	65.5	371.82
June 30, 2023	92,514	61,701	66.2	358.89

Reference: Shareholders' Equity
As of June 30, 2024: 63,594 million yen
As of June 30, 2023: 61,246 million yen

* Financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Appropriate use of earnings forecasts, and other special matters

(Cautionary note on forward-looking statements)

The statements regarding future prospects in this document are based on the information currently available to us and certain reasonable assumptions. They are not intended to be a guarantee that they will be achieved. Actual results may differ materially due to various factors.

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1. Summary of Business Results, etc.

(1) Summary of Business Results for the Current Fiscal Year

The GREE Group has been aggressively investing in the Game and Anime, Metaverse, DX, Commerce, and Investment Businesses. As a result, the cumulative consolidated Group results for the current consolidated fiscal year were net sales of 61,309 million yen (down 18.7% YoY), operating profit of 5,981 million yen (down 52.1% YoY), ordinary profit of 7,123 million yen (down 45.6% YoY), and net profit attributable to owners of the parent of 4,630 million yen (down 50.1% YoY).

Effective from the current fiscal year, the businesses that were included in the "Internet Entertainment Business" in the previous fiscal year have been divided into the independent "Game and Anime Business," "Metaverse Business," "DX Business," "Commerce Business," and "Others," and the "Investment and Incubation Business" has been renamed the "Investment Business."
YoY comparisons and percentage changes have been recalculated based on reclassified figures from previous fiscal years.

Results by business segment are discussed below.

(i) Game and Anime Business

We focused on stabilizing earnings through a long-term operational structure for existing smartphone games and improving profitability through overseas development, while developing new titles. However, results were weak as there were no new titles released during the current fiscal year.
As a result, the consolidated results for the current fiscal year were net sales of 44,837 million yen (down 16.4% YoY) and operating profit of 6,925 million yen (down 9.4% YoY).

(ii) Metaverse Business

In the Platform Business, we continued to expand the content and features of REALITY, GREE's metaverse for smartphones while making progress on global expansion. In addition, we improved our earnings structure by streamlining costs. We also continued to invest aggressively in the VTuber Business, resulting in strong performance in the Metaverse Business as a whole. As a result of these efforts, we were able to post positive profit in the Platform Business for the current fiscal year. Results in the Metaverse Business were firm, even as we continued to invest aggressively in the VTuber Business.
As a result, the consolidated results for the current fiscal year were net sales of 7,245 million yen (up 8.7% YoY) and operating profit of 206 million yen (operating loss of 337 million yen in the previous consolidated fiscal year).

(iii) DX Business

Despite the negative year-on-year impact of the completion of large projects in the previous consolidated fiscal year, results were firm as we steadily built up a backlog of DX support projects, mainly in the DX Marketing Business.
As a result, the consolidated results for the current fiscal year were net sales of 5,664 million yen (up 4.0% YoY) and operating profit of 938 million yen (down 9.0% YoY).

(iv) Commerce Business

We have promoted the "Media and SaaS" strategy across the entire Commerce Business, leveraging the media capabilities we have developed in our Media Business to strengthen our SaaS Business, which is a stable earnings base. However, performance in the Media Business was weak in the current consolidated fiscal year. We also continued to invest aggressively in the HR Business, which was launched in the current consolidated fiscal year.
As a result, the consolidated results for the current fiscal year were net sales of 1,245 million yen (down 2.0% YoY) and operating profit of 1 million yen (operating loss of 5 million yen in the previous consolidated fiscal year).

(v) Investment Business

The GREE Group has invested in venture capital funds and startups that invest primarily in the Internet and IT sectors. The investment funds in which we have invested saw a year-on-year decline in income derived from sales of their shareholdings, which resulted in a year-on-year decline in our dividend distribution income.
As a result, the consolidated results for the current fiscal year were net sales of 2,638 million yen (down 69.7% YoY) and an operating loss of 88 million yen (operating profit of 5,875 million yen in the previous consolidated fiscal year).

(2) Summary of Financial Conditions for the Current Fiscal Year

Total assets at the end of the current consolidated fiscal year were 128,788 million yen, an increase of 3,981 million yen from the end of the previous consolidated fiscal year.

Current assets totaled 112,276 million yen (up 4,909 million yen from the end of the previous consolidated fiscal year). Main factors behind this increase were decreases of 505 million yen in “cash and deposits”, 292 million yen in “other” in “current assets”, and 283 million yen in “notes and accounts receivable - trade, and contract assets” and increases of 3,500 million yen in “money held in trust” and 2,531 million yen in “operational investment securities”.

Non-current assets totaled 16,511 million yen (down 927 million yen from the end of the previous consolidated fiscal year). Main factors behind this decrease were an increase of 435 million yen in “deferred tax assets” and decreases of 1,011 million yen in “investment securities”, 117 million yen in “buildings and structures”, and 105 million yen in “other” in “investments and other assets”.

Total liabilities amounted to 33,257 million yen, up 1,001 million yen from the end of the previous consolidated fiscal year.

Current liabilities totaled 15,021 million yen (down 5,369 million yen from the end of the previous fiscal year). The main factors behind this decline were increases of 351 million yen in “accounts payable” and 156 million yen in “provision for bonuses” and decreases of 5,000 million yen in “current portion of bonds payable” and 882 million yen in “contract liabilities”.

Noncurrent liabilities totaled 18,236 million yen (up 6,371 million yen from the end of the previous fiscal year). The main factors behind this increase were increases of 6,000 million yen in “bonds payable” and 317 million yen in “other” under “non-current liabilities”.

Net assets totaled 95,530 million yen, up 2,980 million yen from the end of the previous consolidated fiscal year. The main factors behind this increase were an increase of 2,752 million yen in “retained earnings” and a 228 million yen decrease in “treasury shares”.

The equity ratio, an indicator of financial stability, was 73.7% at the end of the current fiscal year. The current ratio, an indicator of financial solvency, was 747.4% at the end of the current fiscal year.

(3) Summary of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter, net cash) as of the end of the current fiscal year totaled 77,288 million yen, an increase of 2,994 million yen compared with the end of the previous consolidated fiscal year.

Cash flows during the current fiscal year were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the current consolidated fiscal year was 3,502 million yen (compared with 4,590 million yen in the previous consolidated fiscal year). This was mainly attributable to payment of 2,232 million yen in “income taxes”, an increase of 1,584 million yen in “operational investment securities”, and the posting of 7,174 million yen in “profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities during the current consolidated fiscal year was 23 million yen (compared with 439 million yen in the previous consolidated fiscal year). This was mainly attributable to inflows of 284 million yen from the sale of investment securities and payments of 372 million yen for the purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities during the current consolidated fiscal year was 999 million yen (compared with 3,264 million yen in the previous consolidated fiscal year). This was mainly attributable to inflows of 6,000 million yen from issuance of corporate bonds and outflows of 5,000 million yen from redemption of corporate bonds and 1,973 million yen from distribution of dividends.

(4) Outlook for the Future

In line with the GREE Group's mission of "Making the world a better place through the power of the Internet", we will continue to expand our content and services while increasing the use of our services by users in Japan and overseas, and improving the stable profitability of our business portfolio over the medium term.

However, rapid changes in the business environment surrounding the Group over the near term have had an impact on the consolidated results of the Investment Business, which is affected by market conditions. For this reason, we have determined that it is difficult to calculate appropriate and reasonable figures for our consolidated financial results forecast and we have therefore decided to suspend disclosure of our consolidated earnings forecast.

For details regarding business segments other than the Investment Business, please see "FY2024 Fourth Quarter Financial Results" published the same day as this report.

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

The Company recognizes that the return of profits to shareholders is one of its most important management issues, and its basic policy is to implement appropriate profit return measures in accordance with the Group's operating results and financial position and prospects at the time, while taking into consideration the enhancement of internal reserves necessary to improve business efficiency and expand operations.

Our dividend policy is to maintain DOE (dividend on equity ratio) of around 3% and a consolidated dividend payout ratio of 30% or higher while setting a maximum consolidated dividend payout ratio of 70%.

Based on this policy, we forecast dividends of 16.5 yen per share for the current fiscal year.

While we have not yet decided on our dividends for subsequent fiscal years, we will consider appropriate measures to return profit to shareholders on a case-by-case basis based on our basic dividend policy.

2. Fundamental View Regarding Selection of Accounting Standards

In order to allow comparison between consolidated financial statements for different periods and comparison between companies, for the foreseeable future, the Group plans to prepare its consolidated financial statements based on Japanese accounting standards.

In the future, the Group plans to adopt International Financial Reporting Standards (IFRS) when appropriate, taking into consideration conditions in Japan and overseas.

3. Consolidated Financial Statements and Key Notes
(1) Consolidated Balance Sheet

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	50,293	49,788
Notes and accounts receivable - trade, and contract assets	7,694	7,410
Accounts receivable - other	2,298	2,316
Operational investment securities	19,574	22,106
Money held in trust	24,000	27,500
Other	3,506	3,214
Allowance for doubtful accounts	(0)	(59)
Total current assets	107,367	112,276
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,901	1,783
Tools, furniture and fixtures	464	370
Total property, plant and equipment	2,365	2,154
Intangible assets		
Other	8	6
Total intangible assets	8	6
Investments and other assets		
Investment securities	10,242	9,230
Deferred tax assets	1,907	2,342
Other	3,239	3,133
Allowance for doubtful accounts	(324)	(356)
Total investments and other assets	15,064	14,351
Total non-current assets	17,439	16,511
Total assets	124,806	128,788
Liabilities		
Current liabilities		
Current portion of bonds payable	5,000	-
Income taxes payable	1,684	1,600
Contract liabilities	5,919	5,037
Provision for bonuses	512	668
Accounts payable - other	6,251	6,602
Other	1,023	1,112
Total current liabilities	20,391	15,021
Non-current liabilities		
Bonds payable	10,700	16,700
Other	1,165	1,536
Total non-current liabilities	11,865	18,236
Total liabilities	32,256	33,257

(Millions of yen)

	As of June 30, 2023	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	2,365	2,362
Retained earnings	93,690	96,443
Treasury shares	(5,836)	(5,608)
Total shareholders' equity	90,319	93,298
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,657	1,431
Foreign currency translation adjustment	66	216
Total accumulated other comprehensive income	1,724	1,648
Share acquisition rights	454	487
Non-controlling interests	51	96
Total net assets	92,549	95,530
Total liabilities and net assets	124,806	128,788

(2) Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Net sales	75,440	61,309
Cost of sales	28,831	27,068
Gross profit	46,608	34,240
Selling, general and administrative expenses	34,110	28,258
Operating profit	12,498	5,981
Non-operating income		
Interest income	160	117
Dividend income	54	15
Foreign exchange gains	584	1,170
Valuation gain on crypto assets	-	22
Other	10	21
Total non-operating income	810	1,347
Non-operating expenses		
Interest expenses	122	160
Commission expenses	51	31
Valuation loss on crypto assets	46	-
Other	1	13
Total non-operating expenses	222	205
Ordinary profit	13,086	7,123
Extraordinary income		
Gain on sale of investment securities	293	72
Gain on sale of shares of subsidiaries and associates	3	-
Other	24	0
Total extraordinary income	321	72
Extraordinary losses		
Loss on retirement of non-current assets	7	21
Impairment losses	56	-
Loss on valuation of investment securities	636	-
Other	13	-
Total extraordinary losses	713	21
Profit before income taxes	12,693	7,174
Income taxes - current	3,320	2,610
Income taxes - deferred	95	(21)
Total income taxes	3,416	2,589
Profit	9,277	4,585
Loss attributable to non-controlling interests	(0)	(44)
Profit attributable to owners of parent	9,278	4,630

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Profit	9,277	4,585
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,613)	(1,138)
Foreign currency translation adjustment	66	150
Share of other comprehensive income of entities accounted for using equity method	(20)	912
Total other comprehensive income	(3,567)	(75)
Comprehensive income	5,710	4,509
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,710	4,554
Comprehensive income attributable to non-controlling interests	(0)	(44)

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended June 30, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	2,365	86,320	(3,690)	85,094
Changes during period					
Dividends of surplus			(1,905)		(1,905)
Profit attributable to owners of parent			9,278		9,278
Purchase of treasury shares				(2,414)	(2,414)
Disposal of treasury shares		(2)		269	267
Transfer of loss on disposal of treasury shares		2	(2)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	7,370	(2,145)	5,225
Balance at end of period	100	2,365	93,690	(5,836)	90,319

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	5,291	-	5,291	490	53	90,930
Changes during period						
Dividends of surplus						(1,905)
Profit attributable to owners of parent						9,278
Purchase of treasury shares						(2,414)
Disposal of treasury shares						267
Transfer of loss on disposal of treasury shares						-
Net changes in items other than shareholders' equity	(3,633)	66	(3,567)	(35)	(2)	(3,605)
Total changes during period	(3,633)	66	(3,567)	(35)	(2)	1,619
Balance at end of period	1,657	66	1,724	454	51	92,549

Fiscal year ended June 30, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	2,365	93,690	(5,836)	90,319
Changes during period					
Dividends of surplus			(1,877)		(1,877)
Profit attributable to owners of parent			4,630		4,630
Disposal of treasury shares				228	228
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during period	-	(2)	2,752	228	2,978
Balance at end of period	100	2,362	96,443	(5,608)	93,298

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,657	66	1,724	454	51	92,549
Changes during period						
Dividends of surplus						(1,877)
Profit attributable to owners of parent						4,630
Disposal of treasury shares						228
Change in ownership interest of parent due to transactions with non-controlling interests						(2)
Net changes in items other than shareholders' equity	(226)	150	(75)	32	45	1
Total changes during period	(226)	150	(75)	32	45	2,980
Balance at end of period	1,431	216	1,648	487	96	95,530

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	12,693	7,174
Depreciation	332	343
Impairment losses	56	-
Interest and dividend income	(215)	(133)
Interest expenses	122	160
Foreign exchange losses (gains)	(275)	(567)
Loss (gain) on sale of investment securities	(293)	(72)
Decrease (increase) in operational investment securities	(2,817)	(1,584)
Loss (gain) on valuation of investment securities	636	-
Decrease (increase) in trade receivables	60	284
Decrease (increase) in accounts receivable - other	(731)	(17)
Increase (decrease) in allowance for doubtful accounts	7	90
Decrease (increase) in deposits paid	(47)	(108)
Decrease (increase) in prepaid expenses	(129)	189
Decrease (increase) in long-term prepaid expenses	(174)	(24)
Increase (decrease) in accounts payable - other	328	576
Increase (decrease) in accrued consumption taxes	(890)	(37)
Increase (decrease) in contract liabilities	1,262	(882)
Increase (decrease) in Allowance for Relocation cost	(16)	-
Other, net	(828)	365
Subtotal	9,083	5,756
Interest and dividends received	269	133
Interest paid	(88)	(155)
Payment amount or refund amount of income taxes	(4,674)	(2,232)
Net cash provided by (used in) operating activities	4,590	3,502
Cash flows from investing activities		
Purchase of property, plant and equipment	(429)	(138)
Purchase of investment securities	(1,500)	(372)
Proceeds from sale of investment securities	293	284
Proceeds from sale of shares of subsidiaries and associates	94	39
Payments of leasehold deposits	(12)	(3)
Proceeds from refund of leasehold deposits	1,184	173
Other, net	(70)	(7)
Net cash provided by (used in) investing activities	(439)	(23)
Cash flows from financing activities		
Proceeds from issuance of bonds	7,700	6,000
Redemption of bonds	-	(5,000)
Purchase of treasury shares	(2,414)	-
Dividends paid	(1,970)	(1,973)
Other, net	(49)	(25)
Net cash provided by (used in) financing activities	3,264	(999)
Effect of exchange rate change on cash and cash equivalents	252	515
Net increase (decrease) in cash and cash equivalents	7,668	2,994
Cash and cash equivalents at beginning of period	66,624	74,293
Cash and cash equivalents at end of period	74,293	77,288

(5) Notes to Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

No applicable items.

(Notes Regarding Segment Information)

Segment information

I. Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023)

Financial information on net sales and operating profit (loss) by reportable business segment

(Millions of yen)

	Reportable segment						Others (note 2)	Total	Adjustments (note 3)	Amount posted in consolidated financial statements
	Game and Anime Business	Metaverse Business	DX Business	Commerce Business	Investment Business	Total				
Net sales										
Sales to external customers	53,652	6,661	5,072	1,258	8,702	75,347	92	75,440	-	75,440
Inter-segment sales and transfers	6	6	371	12	-	397	61	458	(458)	-
Total	53,659	6,667	5,443	1,270	8,702	75,744	154	75,899	(458)	75,440
Segment profit (loss) (note 1)	7,643	(337)	1,031	(5)	5,875	14,207	(369)	13,837	(1,339)	12,498
Other items										
Depreciation	3	49	14	-	1	68	-	68	263	332

Notes:

(1) Segment profit (loss) totals are consistent with operating profit in consolidated statements of income.

(2) "Others" consists of business segments not included in reportable segments including new businesses under development.

(3) Segment profit (loss) adjustments of (1,339 million yen) include companywide costs, mainly general management costs not included in reportable segments.

II. Current consolidated fiscal year (from July 1, 2023 to June 30, 2024)

1. Financial information on net sales and operating profit (loss) by reportable business segment

(Millions of yen)

	Reportable segment						Others (note 2)	Total	Adjustments (note 3)	Amount posted in consolidated financial statements
	Game and Anime Business	Metaverse Business	DX Business	Commerce Business	Investment Business	Total				
Net sales										
Sales to external customers	44,833	7,221	5,304	1,225	2,638	61,222	86	61,309	-	61,309
Inter-segment sales and transfers	4	24	359	20	-	408	66	475	(475)	-
Total	44,837	7,245	5,664	1,245	2,638	61,631	153	61,785	(475)	61,309
Segment profit (loss) (note 1)	6,925	206	938	1	(88)	7,983	(90)	7,892	(1,910)	5,981
Other items										
Depreciation	11	69	11	-	12	105	-	105	238	343

Notes:

(1) Segment profit (loss) totals are consistent with operating profit in consolidated statements of income.

(2) "Others" consists of business segments not included in reportable segments including new businesses under development.

(3) Segment profit (loss) adjustments of (1,910 million yen) include companywide costs, mainly general management costs not included in reportable segments.

2. Notes regarding changes to reportable segments

(Changes to reportable segments)

The Group previously operated two business segments; the Internet and Entertainment Business and the Investment and Incubation Business. However, a structural reorganization was carried out to improve understanding of the GREE Group's businesses and to strengthen the autonomous management structure of each business and, starting from the current consolidated financial year, the four businesses previously included in the Internet and Entertainment Business segment have been reclassified as the following separate reportable segments: the Game and Anime Business, the Metaverse Business, the DX Business, the Commerce Business, and Others. Also, the name of the Investment and Incubation Business was changed to the Investment Business to reflect the nature of the business. Segment information from previous fiscal years has been recalculated and presented on the basis of the reclassified business segments.

(Per-share Information)

Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023)		Current consolidated fiscal year (from July 1, 2023 to June 30, 2024)	
Net assets per share	539.35 Yen	Net assets per share	555.13 Yen
Net profit per share	54.07 Yen	Net profit per share	27.10 Yen
Diluted net profit per share	53.47 Yen	Diluted net profit per share	26.79 Yen

Methods used to calculate net profit per share and diluted net profit per share are shown below.

	Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023)	Current consolidated fiscal year (from July 1, 2023 to June 30, 2024)
Net profit per share		
Net profit attributable to owners of parent (million yen)	9,278	4,630
Amount not attributable to common shareholders (million yen)	-	-
Net profit attributable to parent company shareholders of common stock (million yen)	9,278	4,630
Average number of common shares during fiscal year (1,000 shares)	171,601	170,862
Diluted net profit per share		
Net profit adjustment attributable to owners of parent (million yen)	-	-
Amount of increase in common shares (1,000 shares)	1,925	1,956
(of which, attributable to new stock options)	(1,925)	(1,956)
Description of potentially non-dilutive common shares not included in the calculation of diluted net profit per share	-	-

Note:

Calculation of average number of common shares during fiscal year does not include the Company’s shares held in trust under the Employee Stock Option Program (ESOP) and the Directors’ Board Incentive Plan (BIP).

(Significant Subsequent Events)

(Changes in business segments)

Previously, the Group had operated the following six segments: the Game and Anime Business, the Metaverse Business, the DX Business, the Commerce Business, the Investment Business, and Others. However, in a business restructuring implemented on July 1, 2024, the Commerce Business was integrated into the DX Business. It has therefore been decided that the Commerce Business will be integrated into the DX Business in reporting starting with the next consolidated fiscal year.

Net sales, profit, and other financial information by reportable segment for the current fiscal year reflecting the aforementioned changes in business segments is provided below.

Current consolidated fiscal year (from July 1, 2023 to June 30, 2024)

(Millions of yen)

	Reportable segment					Others (note 2)	Total	Adjustments (note 3)	Amount posted in consolidated financial statements
	Game and Anime Business	Metaverse Business	DX Business	Investment Business	Total				
Net sales									
Sales to external customers	44,833	7,221	6,530	2,638	61,222	86	61,309	-	61,309
Inter-segment sales and transfers	4	24	306	-	334	66	401	(401)	-
Total	44,837	7,245	6,836	2,638	61,557	153	61,711	(401)	61,309
Segment profit (loss) (note 1)	6,925	206	940	(88)	7,983	(90)	7,892	(1,910)	5,981
Other items									
Depreciation	11	69	11	12	105	-	105	238	343

Notes:

(1) Segment profit (loss) totals are consistent with operating profit in consolidated statements of income.

(2) “Others” consists of business segments not included in reportable segments including new businesses under development.

(3) Segment profit (loss) adjustments of (1,910 million yen) include companywide costs, mainly general management costs not included in reportable segments.