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May 9, 2025

Consolidated Financial Results for the Nine Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: GREE Holdings, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3632
 URL: <https://hd.gree.net/jp/en/>
 Representative: Yoshikazu Tanaka, Founder, Chairman and CEO
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 Scheduled date to commence dividend payment: –
 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 Nine Months Ended March 31, 2025 (from July 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
March 31, 2025	43,136	(8.6)	3,707	(18.6)	2,890	(46.0)	900	(71.9)
March 31, 2024	47,199	(14.7)	4,555	(39.6)	5,355	(27.9)	3,201	(23.2)

(Notes) Comprehensive income: Nine months ended March 31, 2025: 63 million yen [(97.9) %]
 Nine months ended March 31, 2024: 3,094 million yen [779.9 %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2025	5.26	5.20
March 31, 2024	18.74	18.53

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	125,795	93,010	73.5
June 30, 2024	128,788	95,530	73.7

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)
 As of March 31, 2025: ¥92,409 million
 As of June 30, 2024: ¥94,946 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	0.00	-	16.50	16.50
Fiscal year ending June 30, 2025	-	0.00	-		
Fiscal year ending June 30, 2025 (Forecast)			-	14.50	14.50

(Notes)

1. Revised most-recently announced forecast of cash dividends: Yes

Details of year-end dividend for the fiscal year ending June 30, 2025 (forecast); ordinary dividend: ¥4.50, commemorative dividend ¥10.00

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 3 of this report, 1. Summary of Financial Performance, (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Statements.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 3

Company name: GREE, Inc. (newly established), GREE Capital US, LLC, GREE Studios, Inc.

Excluded: 5

Company name: QUANT, Inc., Pokelabo, Inc., jobda, Inc., REALITY XR cloud, Inc., LIMIA, Inc.

(2) Adoption of accounting treatment specific to the preparation of consolidated financial statements: Yes

(Notes)

* For details, please refer to page 8 “2. Consolidated Financial Statements and Key Notes (3) Notes to Consolidated Financial Statements (Accounting Policies Adopted Specially for the Preparation of Consolidated Financial Statements)” in the appendix.

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

(iii) Changes in accounting estimates: No

(iv) Restatements: No

(Notes)

* For details, please refer to page 8 “2. Consolidated Financial Statements and Key Notes (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in the appendix.

(4) Number of shares issued (common shares)

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

As of March 31, 2025	179,749,700 shares
As of June 30, 2024	179,749,700 shares

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

As of March 31, 2025	8,424,210 shares
As of June 30, 2024	8,714,774 shares

(iii) Average number of shares outstanding during the period

Nine months ended March 31, 2025	171,152,724 shares
Nine months ended March 31, 2024	170,813,305 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 (8,004,902 shares for the Nine months ended March 31, 2025 and 8,295,547 shares for the year ended June 30, 2024).

* Review by a certified public accountant or audit firm of the attached consolidated financial statements: No

* Appropriate use of earnings forecasts, and other special matters

(Cautionary note on forward-looking statements)

The forward-looking statements 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 Financial Performance

(1) Operating Results for the Period

The GREE Group has been aggressively investing in the Game and Anime, Metaverse, DX, and Investment Businesses. As a result, the cumulative consolidated results for the period were net sales of 43,136 million yen (down 8.6% YoY), operating profit of 3,707 million yen (down 18.6% YoY), ordinary profit of 2,890 million yen (down 46.0% YoY), and net profit attributable to owners of the parent of 900 million yen (down 71.9%).

The Group previously operated the following business segments; the Game and Anime Business, the Metaverse Business, the DX Business, the Commerce Business, the Investment Business, and Others. However, following the organizational change to merge the Commerce Business Department into the DX Business Department effective July 1, 2024, the Commerce Business has been merged into the DX Business and reclassified as such beginning of the period.

YoY comparisons and percentage changes have been calculated on the basis of the reclassified figures.

Results by business segment are discussed below.

(i) Game and Anime Business

We worked to increase profitability by implementing a long-term management system to stabilize profit from existing smartphone games and expanding overseas operations while also making progress on the development of new titles. During the period, our operations were focused on existing titles and results were weak.

As a result, the cumulative consolidated results for the period were net sales of 29,120 million yen (down 17.0% YoY) and operating profit of 3,378 million yen (down 38.7% 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. We also significantly improved our earnings structure by streamlining costs. We also continued to invest aggressively in the VTuber business, resulting in a strong performance in the Metaverse Business as a whole.

As a result, the cumulative consolidated results for the period were net sales of 6,194 million yen (up 15.6% YoY) and operating profit of 555 million yen (up 586.9% YoY).

(iii) DX Business

Earnings remained firm as we made progress on our overall plan for the DX Business even as we continued to make investments aimed at transitioning to a recurring-earnings-type business structure.

As a result, the cumulative consolidated results for the period were net sales of 5,290 million yen (up 4.1% YoY) and operating profit of 706 million yen (down 2.0% YoY).

(iv) Investment Business

We have been investing in venture capital funds and startups, mainly in the Internet and IT sectors. Performance was strong due to the sale of shares held by funds in which the Company has invested.

As a result, the cumulative consolidated results for the period were net sales of 2,647 million yen (up 44.5% YoY) and operating profit of 120 million yen (operating loss of 237 million yen in the same period of the previous fiscal year).

(2) Financial Position for the Period

Total assets at the end of the period were 125,795 million yen, down 2,992 million yen from the end of the previous consolidated fiscal year. Current assets totaled 109,979 million yen (down 2,297 million yen from the end of the previous consolidated fiscal year). The main factors behind this decrease were a decrease of 8,718 million yen in “cash and deposits,” 1,107 million yen in “operational investment securities,” 339 million yen in “account receivable - other,” and increase of 7,500 million yen in “money held in trust,” and 503 million yen in “other”. Non-current assets totaled 15,816 million yen (down 694 million yen from the end of the previous consolidated fiscal year). The main factors behind this decrease were a decrease of 403 million yen in “other” and 262 million yen in “deferred tax assets” in “investments and other assets” and increase of 120 million yen in “investment securities”.

Total liabilities amounted to 32,785 million yen, down 471 million yen from the end of the previous consolidated fiscal year. Current liabilities totaled 21,139 million yen (up 6,117 million yen from the end of the previous fiscal year). The main factors behind this increase were an increase of 9,000 million yen in “current portion of bonds payable,” and decrease of 1,070 million yen in “contract liabilities,” 834 million yen in “income taxes payable,” 414 million yen in “account payable - other”. Non-current liabilities totaled 11,646 million yen (down 6,589 million yen from the end of the previous fiscal year). The main factors behind this decrease were a decrease of 9,000 million yen in “bonds payable,” 589 million yen in “other” under “non-current liabilities” and an increase of 3,000 million yen in “long-term borrowings”.

Net assets totaled 93,010 million yen, down 2,520 million yen from the end of the previous consolidated fiscal year. The main factors behind this decrease were a 195 million yen decrease in net assets due to a decrease in “treasury shares,” while decrease of 1,921 million yen in “retained earnings,” 654 million yen in “valuation difference on available-for-sale securities”.

The equity ratio, an indicator of financial stability, was 73.5% at the end of the period. The current ratio, an indicator of financial liquidity, was 520.3% at the end of the period.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Statements

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 “FY2025 Third Quarter Financial Results” published the same day as this report.

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

(Millions of yen)

	As of June 30, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	49,788	41,069
Accounts receivable - trade, and contract assets	7,410	7,241
Accounts receivable - other	2,316	1,977
Operational investment securities	22,106	20,999
Money held in trust	27,500	35,000
Other	3,214	3,717
Allowance for doubtful accounts	(59)	(25)
Total current assets	112,276	109,979
Non-current assets		
Property, plant and equipment	2,154	1,982
Intangible assets		
Other	6	4
Total intangible assets	6	4
Investments and other assets		
Investment securities	9,230	9,351
Deferred tax assets	2,342	2,080
Other	3,133	2,730
Allowance for doubtful accounts	(356)	(332)
Total investments and other assets	14,351	13,829
Total non-current assets	16,511	15,816
Total assets	128,788	125,795
Liabilities		
Current liabilities		
Current portion of bonds payable	-	9,000
Income taxes payable	1,600	765
Contract liabilities	5,037	3,967
Provision for bonuses	668	272
Accounts payable - other	6,602	6,187
Other	1,112	945
Total current liabilities	15,021	21,139
Non-current liabilities		
Long-term borrowings	-	3,000
Bonds payable	16,700	7,700
Other	1,536	946
Total non-current liabilities	18,236	11,646
Total liabilities	33,257	32,785

(Millions of yen)

	As of June 30, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	2,362	2,362
Retained earnings	96,443	94,522
Treasury shares	(5,608)	(5,413)
Total shareholders' equity	93,298	91,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,431	776
Foreign currency translation adjustment	216	61
Total accumulated other comprehensive income	1,648	837
Share acquisition rights	487	498
Non-controlling interests	96	102
Total net assets	95,530	93,010
Total liabilities and net assets	128,788	125,795

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income (Cumulative)

(Millions of yen)

	Nine months ended March 31, 2024	Nine months ended March 31, 2025
Net sales	47,199	43,136
Cost of sales	20,570	20,614
Gross profit	26,629	22,522
Selling, general and administrative expenses	22,073	18,814
Operating profit	4,555	3,707
Non-operating income		
Interest income	71	170
Dividend income	15	70
Foreign exchange gains	580	-
Valuation gain on crypto assets	270	-
Other	19	11
Total non-operating income	957	252
Non-operating expenses		
Interest expenses	112	133
Commission expenses	31	0
Foreign exchange losses	-	929
Valuation loss on crypto assets	-	6
Other	13	0
Total non-operating expenses	157	1,070
Ordinary profit	5,355	2,890
Extraordinary income		
Gain on sale of investment securities	47	46
Total extraordinary income	47	46
Extraordinary losses		
Loss on retirement of non-current assets	19	0
Loss on valuation of investment securities	-	85
Loss on sale of shares of subsidiaries and associates	-	102
Total extraordinary losses	19	188
Profit before income taxes	5,384	2,748
Income taxes	2,205	1,874
Profit	3,178	873
Loss attributable to non-controlling interests	(22)	(26)
Profit attributable to owners of parent	3,201	900

Consolidated Statement of Comprehensive Income (Cumulative)

(Millions of yen)

	Nine months ended March 31, 2024	Nine months ended March 31, 2025
Profit	3,178	873
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,112)	250
Foreign currency translation adjustment	57	(155)
Share of other comprehensive income of entities accounted for using equity method	971	(904)
Total other comprehensive income	(83)	(810)
Comprehensive income	3,094	63
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,117	90
Comprehensive income attributable to non-controlling interests	(22)	(26)

(3) Notes to Consolidated Financial Statements

(Changes in Accounting Policies)

(Application of “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.”)

The “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.” (Corporate Accounting Standards No. 27, October 28, 2022, hereinafter referred to as the “2022 Revised Accounting Standards”), etc. have been applied from the beginning of the period.

With regard to the amendments to the classification of corporate tax, etc. (taxation on other comprehensive income), we follow the transitional treatment set forth in the proviso of the 2022 Revised Accounting Standards No. 20-3 and the transitional treatment set forth in the proviso of the “Guidelines for the Implementation of Accounting Standards for Tax-Effect Accounting” (Corporate Accounting Standards Implementation Guideline No. 28, October 28, 2022, hereinafter referred to as the “2022 Revised Implementation Guideline”). We follow the transitional treatment set forth in the proviso of Article 65-2, Paragraph (2). The change in accounting policy has no impact on the consolidated financial statements.

In addition, with regard to the amendments related to the review of the treatment in consolidated financial statements when profits and losses arising from the sale of subsidiary shares, etc. between consolidated companies are deferred for tax purposes, the 2022 Revised Implementation Guideline has been applied from the beginning of the period. The change in accounting policy has been applied retroactively, and consolidated financial statements for the same period of the previous fiscal year and consolidated financial statements for the previous fiscal year are retroactively applied. The change in accounting policy has no impact on those previous financial statements.

(Accounting Policies Adopted Specially for the Preparation of Consolidated Financial Statements)

(Calculation of tax expenses)

With regard to tax expenses, we have made a reasonable estimate of the effective tax rate after the application of tax effect accounting for income before income taxes for the consolidated fiscal year, including the period, and have calculated tax expenses by multiplying net profit/loss before income taxes for the period by the estimated effective tax rate.

However, if the use of the relevant estimated effective tax rate to calculate tax expenses yields a clearly unreasonable result, the statutory tax rate after adjusting for significant differences that do not fall under temporary differences, etc., in quarterly net profit/loss before income taxes is used.

(Segment Information)

I. Nine months ended March 31, 2024

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)	Consolidated total
	Game and Anime Business	Metaverse Business	DX Business	Investment Business	Total				
Net sales									
Sales to external customers	35,099	5,342	4,857	1,832	47,131	67	47,199	-	47,199
Inter-segment sales and transfers	2	18	226	-	248	49	298	(298)	-
Total	35,102	5,361	5,083	1,832	47,379	117	47,497	(298)	47,199
Segment profit (loss) (note 1)	5,507	80	721	(237)	6,072	(55)	6,016	(1,461)	4,555

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 (1,461 million yen) include companywide costs, mainly general management costs not included in reportable segments.

II. Nine months ended March 31, 2025

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)	Consolidated total
	Game and Anime Business	Metaverse Business	DX Business	Investment Business	Total				
Net sales									
Sales to external customers	29,108	6,173	5,060	2,647	42,989	146	43,136	-	43,136
Inter-segment sales and transfers	12	21	230	-	264	118	382	(382)	-
Total	29,120	6,194	5,290	2,647	43,253	265	43,519	(382)	43,136
Segment profit (loss) (note 1)	3,378	555	706	120	4,761	(35)	4,726	(1,018)	3,707

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 (1,018 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 the following business segments; the Game and Anime Business, the Metaverse Business, the DX Business, the Commerce Business, the Investment Business, and Others. However, following the organizational change to merge the Commerce Business Department into the DX Business Department effective July 1, 2024, the Commerce Business has been merged into the DX Business and reclassified as such beginning of the consolidated fiscal year.

Segment information from the previous fiscal years has been recalculated and presented on the basis of the reclassified business segments.

(Significant Changes in Shareholders' Equity)

No applicable items.

(Going Concern Assumption)

No applicable items.

(Consolidated Statement of Cash Flows)

Quarterly consolidated statements of cash flows for the period have not been prepared. Depreciation (including amortization of fixed assets) for the period is as follows.

	Consolidated Q3 FY2024 (nine months ended March 31, 2024)	Consolidated Q3 FY2025 (nine months ended March 31, 2025)
Depreciation	269 million yen	178 million yen

(Significant Subsequent Events)

(Changes in business segments)

The Group previously operated the following business segments; the Game and Anime Business, the Metaverse Business, the DX Business, and the Investment Business. However, the IP Business Department, which was established on April 1, 2025, and the anime and license-related business previously developed within the Game and Anime Business and the manga-related business previously included in "Others" outside of the reportable segments will be classified in the newly established the IP Business segment.

Information on sales, profit, and other items by reportable segment for the nine months ended March 31, 2025, using the segment classifications after the change, is as follows.

Nine months ended March 31, 2025

(Millions of yen)

	Reportable segment						Others (note 2)	Total	Adjustments (note 3)	Consolidated total
	Game Business	Metaverse Business	IP Business	DX Business	Investment Business	Total				
Net sales										
Sales to external customers	27,589	6,173	1,308	5,060	2,647	43,049	86	43,136	-	43,136
Inter-segment sales and transfers	12	21	11	230	-	276	118	394	(394)	-
Total	27,871	6,194	1,320	5,290	2,647	43,325	205	43,531	(394)	43,136
Segment profit (loss) (note 1)	2,962	555	306	706	120	4,652	73	4,726	(1,018)	3,707

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 (1,018 million yen) include companywide costs, mainly general management costs not included in reportable segments.