

FINANCIAL REPORT

3	CONSOLIDATED SIX-YEAR FINANCIAL SUMMARY
4	FINANCIAL REVIEW
9	CONSOLIDATED BALANCE SHEETS
11	CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
12	CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
13	CONSOLIDATED STATEMENTS OF CASH FLOWS
14	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
40	APPENDIX
41	INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED SIX-YEAR FINANCIAL SUMMARY

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
For the Fiscal Years Ended March 31

Millions of yen, except per-share data and main financial indicators						
	2020	2021	2022	2023	2024	2025
For the Year:						
Net sales	¥723,989	¥740,903	¥889,270	¥990,089	¥1,050,210	¥1,241,513
Gross profit	260,948	282,006	356,265	368,656	370,959	495,185
Selling, general and administrative expenses	182,172	197,352	230,769	252,183	280,277	314,956
Operating profit	78,775	84,654	125,496	116,472	90,682	180,229
Ordinary profit* ¹	79,797	87,612	133,608	128,006	104,164	186,470
Profit attributable to owners of parent	57,665	48,894	92,752	90,345	101,493	129,301
Comprehensive income	53,312	90,527	96,299	116,064	110,456	168,060
Capital expenditures	33,406	31,507	36,554	45,737	49,116	65,257
Depreciation and amortization	23,239	24,684	25,726	28,671	38,364	40,216
Cash flows from operating activities	43,131	60,483	121,212	95,625	88,906	187,337
At Year-End:						
Total assets	¥619,819	¥732,782	¥862,650	¥926,358	¥ 971,838	¥1,102,636
Total current assets	383,662	455,210	577,206	592,637	642,622	704,942
Total current liabilities	142,506	175,920	243,362	247,323	244,119	278,611
Total net assets	454,684	511,433	584,233	652,133	699,823	793,216
Per-Share Data (Yen):						
Basic earnings per share* ⁴	¥ 87.46	¥ 74.19	¥ 140.70	¥ 136.88	¥ 153.85	¥ 197.88
Cash dividend	132.00	112.00	212.00	206.00	60.00	71.00
Main Financial Indicators:						
Return on equity (ROE)* ² (%)	13.1	10.2	16.9	14.6	15.0	17.3
Return on assets (ROA)* ³ (%)	12.9	13.0	16.7	14.3	11.0	18.0
Selling, general and administrative expenses to net sales (%)	25.2	26.6	26.0	25.5	26.7	25.4
Operating profit margin (%)	10.9	11.4	14.1	11.8	8.6	14.5
Profit attributable to owners of parent margin (%)	8.0	6.6	10.4	9.1	9.7	10.4
Shareholders' equity ratio (%)	72.5	69.7	67.7	70.4	72.0	71.9
Debt/equity ratio (Times)	0.01	0.05	0.05	0.03	0.02	0.02

*¹ Ordinary profit is a Japanese accounting term denoting income before extraordinary items.
*² ROE = Profit attributable to owners of parent / Average total shareholders' equity (= Total net assets – Share acquisition rights – Non-controlling interests)
*³ ROA = Ordinary profit / Average total assets
*⁴ The Company conducted a share split with a ratio of three shares for every one share of common shares on April 1, 2023.
Basic earnings per share was calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2020.

FINANCIAL REVIEW

Overview of Operating Results for the Period
(April 1, 2024 to March 31, 2025)

During the fiscal year ended March 31, 2025, although employment and income improved in Japan, personal consumption was adversely affected by factors that include rising raw material and fuel prices along with escalating prices due to exchange rate fluctuations. In addition, the future of the economic environment around the world remained uncertain due to various changes in the global situation.

Under such circumstances, from April 2022, with the introduction of our Purpose, “Fun for All into the Future,” as the ultimate definition of the Group and the introduction of a new logo, the Bandai Namco Group began a new three-year Mid-term Plan. In the Mid-term Plan, in order to achieve the aims of the Bandai Namco Group for the medium to long term based on our Purpose, “Fun for All into the Future,” we have established a Mid-term Vision of “Connect with Fans” that aims to constantly meet the needs of global IP fans, a wide range of business partners, Group employees, and society around the world and to foster broad, deep, and multifaceted connections. As priority strategies, we promoted our IP axis strategy, personnel strategy, and sustainability. By propelling the priority strategies, we took advantage of the worldview and unique characteristics of IP (Intellectual Property: meaning characters and other intellectual property) to further evolve the IP axis strategy that aims to maximize IP value through the provision of the optimal products and services at the optimal times. We also strengthened the global development of the IP axis strategy and promoted initiatives to enhance our sense of unity and collective strength under the ALL BANDAI NAMCO concept.

In the fiscal year ended March 31, 2025 , with the IP axis strategy at the core, the Group strengthened initiatives unified under the ALL BANDAI NAMCO concept through collaboration across regions and businesses. On the business side, there was significant performance growth in the Digital Business and the Toys and Hobby Business, mainly due to the hit successes of some highly profitable products and services. Additionally, the IP Production Business and the Amusement Business performed well. As a result, all businesses achieved year-on-year increases in both revenue and profit. Consequently, the Group's consolidated operating results for the fiscal year ended March 31, 2025 were net sales of ¥1,241,513 million (year-on-year increase of 18.2%), operating profit of ¥180,229 million (year-on-year increase of 98.7%), ordinary profit of ¥186,470 million (year-on-year increase of 79.0%), and profit attributable to owners of parent of ¥129,301 million (year-on-year increase of 27.4%).

Net Sales

On a consolidated basis, the Group's net sales were ¥1,241,513 million (year-on-year increase of 18.2%).

Cost of Sales

Cost of sales was ¥746,327 million (year-on-year increase of 9. 9%), and the ratio of cost of sales to net sales was 60.1%. As a result, gross profit was ¥495,185 million (year-on-year increase of 33.5%), and the gross profit margin was 39.9%.

Results by Segment

	Millions of yen			Millions of yen		
	Net sales		Year on year	Segment profit		Year on year
	2024	2025		2024	2025	
Digital	¥372,667	¥455,633	¥82,966	¥ 6,257	¥ 68,527	¥62,269
Toys and Hobby	509,880	596,933	87,053	78,655	102,202	23,547
IP Production	82,468	90,738	8,270	10,048	11,778	1,729
Amusement	119,667	141,485	21,817	6,843	8,438	1,595
Other	32,358	36,224	3,866	988	1,671	683

FINANCIAL REVIEW

(character lotteries) continued to perform favorably mainly due to the successful outcomes produced by sales, marketing, and expansion of the product lineup. In addition, card products such as trading card games of the *ONE PIECE* and *DRAGON BALL* series, *GASHAPON* (capsule toys), confectionery products, and food products contributed to business performance due to the expansion of product lineups, target groups, and regions of operation, as well as the strengthening of touch points with customers. In the Toys and Hobby Business, we will keep advancing global business development, as well as strengthening our production structure, sales networks, and other aspects that bolster expansion.

As a result, net sales in the Toys and Hobby Business were ¥596,933 million (year-on-year increase of 17.1%), and segment profit was ¥102,202 million (year-on-year increase of 29.9%).

IP Production Business

As for the IP Production Business, box-office revenue for *Mobile Suit Gundam SEED FREEDOM*, which became the top-selling movie among all the *Gundam* series theatrical releases to date, and a new theatrical work of *BLUELOCK* contributed to business performance. Global business development, video streaming, and license business for the *Gundam* series, *BLUELOCK*, *LoveLive!* series and *That Time I Got Reincarnated as a Slime* showed strong performance. Moreover, sales associated with live events and live-related packaged products performed well due to mounting demand for live entertainment. In the IP Production Business, we will continue to strengthen our creation of quality IP centered on the IP axis strategy through visual and musical media.

As a result, net sales in the IP Production Business were ¥90,738 million (year-on-year increase of 10.0%), and segment profit was ¥11,778 million (year-on-year increase of 17.2%).

Amusement Business

As for the Amusement Business, net sales for existing amusement facilities in Japan increased to 105.3% year on year. In addition, stores unique to Bandai Namco based on collaboration with the Group's products and services, such as Bandai Namco Cross Stores and *GASHAPON* Department Stores, and other activity facilities performed well. In arcade games, sales associated with new products and standard machines remained stable. In the Amusement Business, we will further enhance the role of touch points with fans to increase awareness of the Group's products and services while continuing our efforts to improve efficiency in consideration of changes in the external environment, such as rising fuel prices.

As a result, net sales in the Amusement Business were ¥141,485 million (year-on-year increase of 18.2%), and segment profit was ¥8,438 million (year-on-year increase of 23.3%).

Other Businesses

Other Businesses consist of companies that conduct businesses such as logistics support and other kinds of administration and operational support for each of the Group companies. We have been making efforts to manage such operations related to group support in an efficient manner.

Net sales in the Other Businesses were ¥36,224 million (year-on-year increase of 11.9%), and segment profit was ¥1,671 million (year-on-year increase of 69.2%).

Overview of Financial Position for the Period

At the end of the fiscal year ended March 31, 2025, total assets stood at ¥1,102,636 million, an increase of ¥130,798 million from the end of the previous fiscal year. The main factors were increases of ¥66,592 million in cash and deposits, ¥57,222 million in investment securities, and ¥20,491 million in property, plant and equipment, despite a decrease of ¥15,163 million in work in process.

Total liabilities amounted to ¥309,420 million, an increase of ¥37,405 million from the end of the previous fiscal year. The main factors were an increase of ¥17,523 million in income taxes payable, and an increase of ¥15,202 million in other under current liabilities mainly due to increased

accounts payable-other.

Total net assets stood at ¥793,216 million, an increase of ¥93,392 million from the end of the previous fiscal year. The main factors were increases of ¥89,384 million in retained earnings and ¥36,189 million in valuation difference on available-for-sale securities, despite a decrease of ¥35,000 million due to purchase of treasury shares. Capital surplus and treasury shares each decreased by ¥9,942 million due to the cancellation of treasury shares.

As a result, the equity ratio became 71.9% compared with 72.0% at the end of the previous fiscal year. The current ratio*¹ was 253.0% (compared with 263.2% at the end of the previous fiscal year); the quick ratio*² was 183.9% (compared with 180.3%); and the interest coverage ratio*³ was 472.4 times (compared with 276.7 times).

*¹ Current ratio = Total current assets / Total current liabilities

*² Quick ratio = (Cash and time deposits + Trade receivables) / Total current liabilities

*³ Interest coverage ratio = Cash flows from operating activities / Interest paid

Overview of Cash Flows for the Period

As of the end of the fiscal year, cash and cash equivalents (“funds”) remaining on hand increased by ¥49,696 million from the end of the previous fiscal year to ¥360,960 million. Below is the breakdown of cash flows by activities.

Cash Flows from Operating Activities

The amount of funds provided by operating activities totaled ¥187,337 million (year-on-year increase of 110.7%). As a breakdown of funds used, income taxes paid were ¥38,030 million (compared with ¥44,132 million in the previous fiscal year). However, overall, there was a net increase in funds due to profit before income taxes of ¥184,122 million (compared with ¥146,640 million in the previous fiscal year) and depreciation of ¥40,216 million (compared with ¥38,364 million in the previous fiscal year).

Cash Flows from Investing Activities

The amount of funds used in investing activities totaled ¥62,004 million (compared with ¥10,136 million provided in the previous fiscal year). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets of ¥42,437 million (compared with ¥34,909 million in the previous fiscal year).

Cash Flows from Financing Activities

The amount of funds used in financing activities totaled ¥77,347 million (year-on-year increase of 2.8%). The main breakdown of funds used were dividends paid of ¥39,918 million (compared with ¥45,998 million in the previous fiscal year) and purchase of treasury shares of ¥35,000 million (compared with ¥17,240 million in the previous fiscal year).

Basic Policy on the Distribution of Profits and Dividends for the Current and Next Fiscal Year

The Company ranks the return of profits to shareholders as one of its highest priorities in its management. The Company aims to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value.

Under the Mid-term Plan started in April 2025, the Company conducted multifaceted considerations regarding shareholder returns, taking into account the business environment surrounding our operations, our policies on strategic investments for growth, and other factors. Consequently, the Company has changed the shareholder return basic policy as described below. For the year-end dividend of the fiscal year ended March 31, 2025, applying a new basic policy, a performance-based dividend of ¥49 will be added to a base dividend of ¥11, for a total of ¥60 per share. Since the Company paid an interim dividend of ¥11 per share on December 10, 2024, the annual cash dividend will be ¥71 per share. Furthermore, in the fourth quarter of the fiscal year ended March 31, 2025, the Company purchased treasury shares in order to improve capital efficiency through the effective use of assets held and to implement a flexible capital policy, including a

return to shareholders, in response to changes in the business environment. The total number of purchased treasury shares was 7,056,300 shares for a total purchase price of ¥34,999,814,138, resulting in a total return ratio of 62.7% when taking into account dividends and this purchase of treasury shares. As of April 30, 2025, the Company has canceled 10,000,000 treasury shares.

The Company's annual dividend forecast for the fiscal year ending March 31, 2026 is ¥23 per share, which is the interim dividend set in accordance with the new basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2026 will be considered by the Company based on the basic policy on the distribution of profits.

<New shareholder return basic policy>

The Company aims to further strengthen the competitiveness of the Group and ranks the appropriate return of profits to shareholders as one of its highest priorities in management, and the basic policy is to have a total return ratio of 50% or higher.

- Implement long-term stable dividends with a minimum DOE (dividend on equity) of 3.60%
- Acquire treasury share as appropriate with an awareness of capital cost

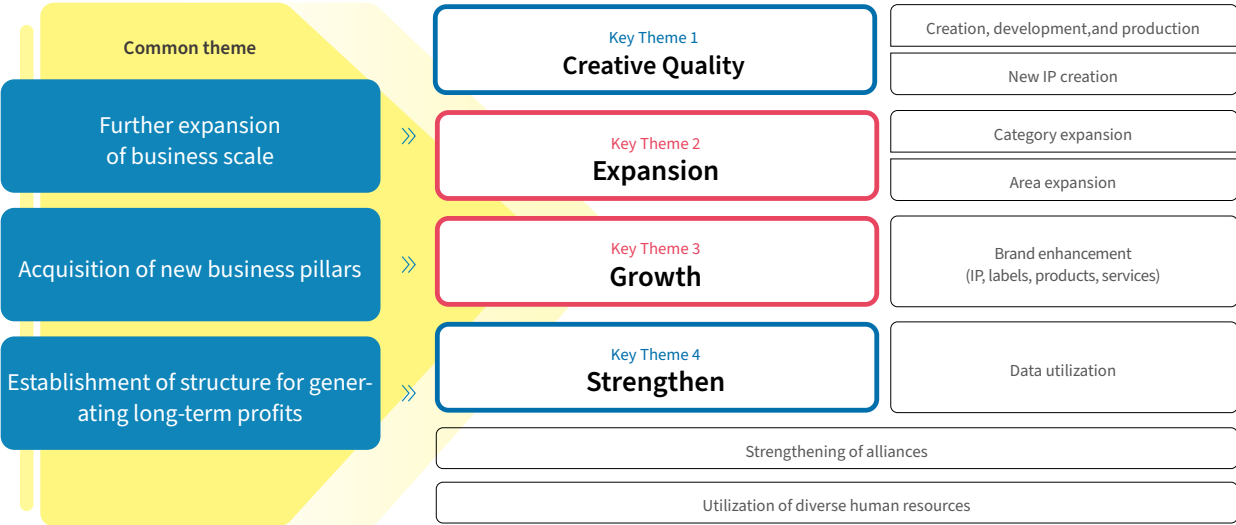
Future Outlook

Looking ahead, the Group expects uncertainty to continue in various regions around the world. We also expect the changes in the environment surrounding us such as the market as well as customer lifestyles and preferences to become even more intense.

Under these circumstances, in order to adapt to escalating competitiveness in global markets and change in lifestyles and preferences of customers, the Group started a new three-year Mid-term Plan in April 2025. Under the Group's Purpose, “Fun for All into the Future,” which is the ultimate definition of the Group, and the Mid to Long-term Vision, “Connect with Fans,” which are detailed in the Mid-term Plan, we further promote the IP axis strategy in global markets in order to achieve sustainable growth over the medium to long term.

1) Our aims driven by our Purpose “Fun for All into the Future”
We have established our Purpose, “Fun for All into the Future,” as the ultimate definition of the Group, conveying the reason for our existence, why we conduct our businesses and corporate activities, and the meaningfulness we derive from working at Bandai Namco Group.

3) Mid-term Plan
We have established three common themes for the next Mid-term Plan with the aim of achieving the sustainable growth of the Bandai Namco Group: “Further expansion of business scale,” “Acquisition of new business pillars,” and “Establishment of structure for generating long-term profits.” Based on these common themes, we formulated the four key themes of “Creative Quality,” “Expansion,” “Growth,” and “Strengthen,” as well as eight key initiatives, such as “Strengthening of



In accordance with the Purpose, “Fun for All into the Future,” the Bandai Namco Group aims to connect with fans around the world (IP fans, a wide range of business partners, shareholders, Group employees, and society). We strive to connect more broadly with new fans and more deeply with current fans. In addition, we aim to foster multifaceted connections between communities of both new fans and current fans. In fostering connections with and among various fans, our highest priority is the quality of the connections. Under the current Mid-term Plan, we advance a variety of strategies and initiatives focusing on broad, deep, and multifaceted connections with fans and on the quality of those connections.

Bandai Namco's Purpose

Fun for All into the Future

Bandai Namco exists to share dreams, fun and

inspiration with people around the world.

Connecting people and societies in the enjoyment of

uniquely entertaining products and services,

we’re working to create a brighter future for everyone.

2) Mid to Long-term Vision

Connect with Fans

Under our Purpose, “Fun for All into the Future,” we position “Connect with Fans,” which is a commitment we continued to aim for under the previous Mid-term Plan, as our Mid to Long-term Vision. As the second chapter and action phase of our pursuit of this vision begins, we will make greater efforts than ever before to establish 360° connections with fans around the world (IP fans, a wide range of business partners, shareholders, Group employees, and society) that are broad, deep, and multifaceted by boldly taking on new challenges.

FINANCIAL REVIEW

alliances” and “Utilization of diverse human resources,” that build on the four key themes. In this way, we aim to expand the potential of IP and develop businesses that create a chain of smiles with fans around the world.

■ Key Theme 1 “Creative Quality”
Positioning *Monozukuri* as the Starting Point of the Group and Creating Products and Services Unique to Bandai Namco

The starting point of the Bandai Namco Group is *Monozukuri* (craftsmanship). To deliver experience-based value unique to Bandai Namco to our fans across the globe, we develop games, produce animated series, plan and produce products, and create new services. At the same time, we take a multifaceted approach to new IP creation, including initiatives driven by visual content, products, services, and Groupwide projects. As part of these initiatives, we will strengthen IP co-creation by working more closely with external creators, studios, and IP holders from new perspectives. We will also pursue greater efficiency in terms of content creation, development, and production as we work to realize even-higher-quality *Monozukuri*.

■ Key Theme 2 “Expansion”
Aim to Increase Fans Around the World by Expanding Our Area of Rollouts as Well as Product Categories

As the popularity of Japanese IP continues to grow across the globe, we still have many opportunities to expand our business worldwide.

To that end, in the Toys and Hobby Business, we are expanding rollouts of products for the mature fan base, trading card games, capsule toys, and other products. The Business is also collaborating with the Amusement Business to open official stores and hold workshops and other hands-on events. In these ways, we are working to enhance engagement with our products and services and deepen connections with fans.

Furthermore, in addition to Japanese IP, we are actively pursuing collaborations with local IP and corporations. With regard to expanding our areas of operation, we are stepping up the rollout of e-commerce services in each country and region.

In the Digital Business, we have further refined the structure in Japan and the United States to oversee worldwide marketing activities, thereby working to accelerate decision-making and information sharing.

In the Visual and Music Business (formerly IP Production Business), we established a visual and music works operating company in North America. Through this company, we concluded an agreement with Legendary Entertainment to co-invest in the production of a live-action adaptation of the *Mobile Suit Gundam* series and have now entered the stage of full-scale production. With a view toward a worldwide release of the film, the new operating company will serve as an investment hub for live-action films while also working to strengthen the overseas licensing, promotions, and events for the *Mobile Suit Gundam* series. By doing so, we will maximize the value of the *Gundam* IP.

■ Key Theme 3 “Growth”
Fostering Brands That Are Deeply Loved by Many Fans Over Time by Recognizing the Importance of Continuously Nurturing the IP We Create

IPs serve as the key element of the IP axis strategy, which is our greatest strength as a Group, and we understand the importance of not only creating IPs but also growing them. Under the current Mid-term Plan, we will strengthen the licensing business for Group IP, such as *Tamagotchi* from the Toys and Hobby Business, *THE IDOLM@STER* and *PAC-MAN* from the Digital Business, and *Gundam* from the Visual and Music Business. At the same time, we will expand the worldview of our IP in a manner that transcends our business domains. For game titles, we will focus on expanding the popularity of titles within our series and continuing to release new titles in the same series, while making effective use of them. By doing so, we will establish a strong presence for such titles and strengthen our brand power.

Also, products in the Toys and Hobby Business, such as *Gundam* model kits, which are the flagship product of the *Gundam* IP, use various raw materials, including plastics. Amid growing concerns regarding the environmental impact of plastics, we have established the Bandai Namco Group Plastic Environmental Consideration Policy. We have been pursuing such efforts as recycling programs involving fans and the utilization of alternative materials. Moving forward, under the Plastic Environmental Consideration Policy, we will continue to reduce plastic usage to the greatest extent possible while utilizing renewable plastics and alternative materials and promoting recycling. As a member of society, promoting Groupwide environment-friendly initiatives will help us enhance the brand value of IPs and products.

■ Key Theme 4 “Strengthen”
New technology utilization Utilizing Accumulated Data to the Greatest Extent Possible to Evolve Our Business Through “Strengthen”

Under the previous Mid-term Plan, we promoted the Data Universe, which connects, integrates, and utilizes Groupwide data, and began to utilize it across numerous businesses. Under the current Mid-term Plan, we will begin the genuine utilization of accumulated data and further deepen our application of it. By doing so, we will formulate optimized marketing plans and enhance the accuracy of our product planning and demand forecasting, thus refining our operations in each business. In addition, primarily in the fields of game development and visual content production, we will actively promote the research and application of new technologies through discussions and collaborations between external partners and our internal studios and research and development departments. Through such efforts, we will realize our goals for the theme “Strengthen.”

■ Strengthening of Alliances

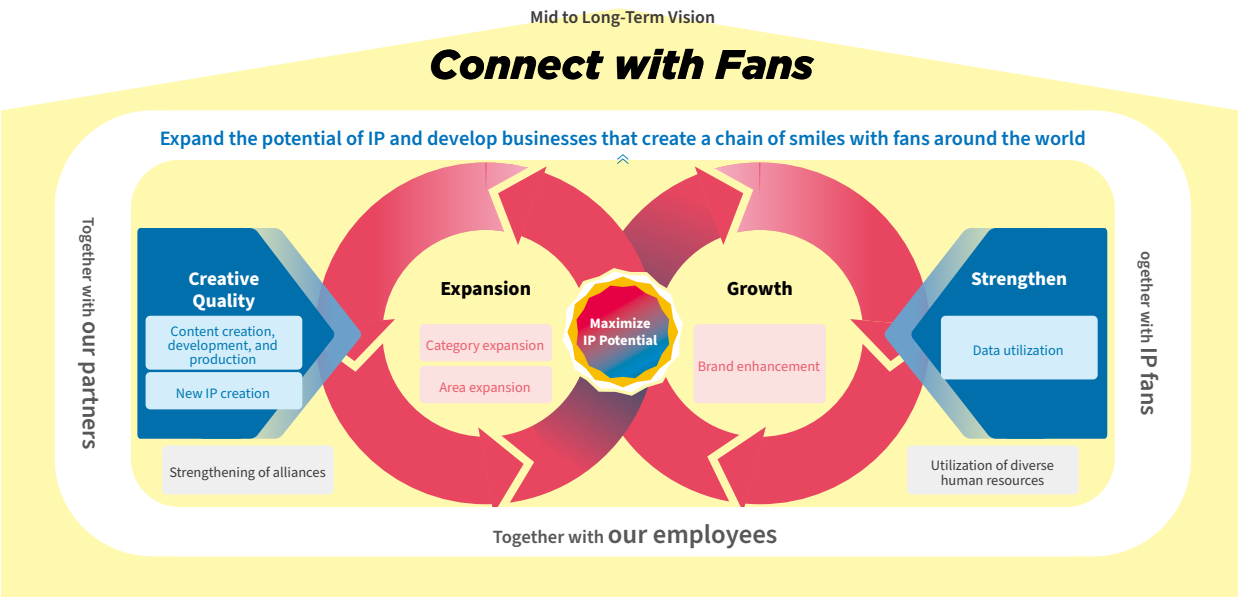
In each business, we will continue to promote collaborations and alliances with various business partners, as we have done in the past. As a new initiative, we have established the CW360 (Connect with 360) Division at the Company, embodying our desire to establish 360° connections with fans, based on our Mid to Long-term Vision of “Connect with Fans.” To date, there have been areas we wished to pursue but could not due to time, budget, and other restrictions. Through CW360, we aim to approach these areas from a Groupwide perspective, embracing challenges without fear of failure and fostering connections with external partners through projects, collaborations, and alliances. These types of efforts to support business growth will lead to the further growth of the Group over the long term.

■ Utilization of Diverse Human Resources

Initiatives led by CW360 to strengthen alliances with external partners will also provide an excellent opportunity for human resource development. Opportunities created by CW360, such as the promotion of projects and alliances with external partners and the establishment of joint-venture companies, will help us to cultivate the talent of the next generation.

In addition, we will promote a broad range of initiatives to ensure that our diverse group of employees can work in a lively manner and with peace of mind. These include developing global talent to support the Group’s business growth, reinforcing our corporate personnel and divisions, and establishing employee-friendly environments and systems. By doing so, we will lay a solid foundation for our business.

Overview of Mid-term Plan



The two central circles in the Mid-term Plan diagram comprise the four key themes of “Creative Quality,” “Expansion,” “Growth,” and “Strengthen” as well as eight key initiatives that build on these themes. These two circles embody various complementary dynamics, including “digital and physical,” “offense and defense,” and “centrifugal and centripetal forces.”

Guided by our Purpose, “Fun for All into the Future,” and our Mid to Long-term Vision, “Connect with Fans,” we will expand the potential of IP and strengthen the various multifaceted connections we have with fans around the world (IP fans, a wide range of business partners, shareholders, Group employees, and society). By doing so, we will achieve further growth of the Bandai Namco Group.

4) Capital Policy

Under the current Mid-term Plan, we will enhance corporate value by maximizing IP potential with the aim of achieving sustainable growth. We will also focus on increasing ROE with an awareness of EPS and equity spread in order to generate long-term profits. At the same, we will strive to engage in communication with the stock market. As of fiscal year 2024, we recognize that capital cost is approximately 8%, and we aim to maintain an equity spread 5% or more on an ongoing basis. In the performance evaluation of Directors, we will place a greater emphasis on capital efficiency, incorporating EPS as a KPI in addition to numerical indicators and sustainability.

5) Capital Allocation

Under the Mid-term Plan, we will realize both business growth and shareholder returns, based on our capital allocation policy.

Growth investments, with approximately ¥600 billion planned during the period of the current Mid-term Plan, largely comprise investments recorded primarily as costs, such as those related to game and visual works production; facility and equipment investments necessary for business operations, such as the acquisition of molds; and strategic investments under the Mid-term Plan, referred to as “360 Investments,” which are aimed at connecting with all stakeholders, including IP fans, business partners, and shareholders, from all directions. With these investments, we will focus not only on producing results during the current Mid-term Plan but also on contributing to growth over the medium to long term.

6) Numerical targets in the Mid-term Plan
(figures announced in February 2025)

• Fiscal year ending March 31, 2028: Numerical targets

Consolidated net sales:	¥1,450 billion
Consolidated operating profit:	¥200 billion
Overseas sales ratio (by destination)	50% or more

• Continuous Targets

Operating margin:	Continuously 12% or more
Equity spread:	Continuously 5% or more

The Bandai Namco Group aims to make connections with fans around the world (IP fans, a wide range of business partners, shareholders, Group employees, and society) that are broad, deep, and multifaceted. In its Mid-term Plan, the Group is promoting various initiatives to maximize IP value and establishing a robust management foundation for growth, with the goal of enhancing corporate value and creating long-term profits.

Segment	Millions of yen	
	Net sales	Segment profit
Toys and Hobby	¥ 600,000	¥105,000
Digital	390,000	40,000
Visual and Music (IP Production)	90,000	10,500
Amusement	150,000	9,500
Other	38,000	1,500
Elimination and Corporate	(68,000)	(21,500)
Consolidated	¥1,200,000	¥145,000

Forward-Looking Statements

Forecasts for the next fiscal year and other future projections in this report are based on information available to Bandai Namco and the Group at the time they were made and are therefore subject to various risks and uncertainties. Actual results, therefore, may differ materially from projections due to a variety of factors. Major factors that could influence results include changes in the Company and the Group’s operating environment, market trends, and exchange rate fluctuations.

CONSOLIDATED BALANCE SHEETS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
As of March 31, 2024 and 2025

			Millions of yen	Thousands of U.S. dollars (note 3)
	Note	2024	2025	2025
Assets				
Current assets:				
Cash and deposits	4, 12, 21	¥ 321,868	¥ 388,460	\$ 2,598,049
Trade receivables and contract assets	6, 12, 22	118,190	123,998	829,310
Allowance for doubtful accounts		(1,075)	(862)	(5,770)
Inventories	7	140,597	128,710	860,823
Other	4	63,042	64,635	432,288
Total current assets		642,622	704,942	4,714,701
Property, plant and equipment:				
Buildings and structures	8	47,640	55,287	369,769
Amusement facilities and machines	8	65,103	67,763	453,206
Land		46,702	48,671	325,519
Other	8	193,313	217,865	1,457,096
Total		352,759	389,588	2,605,591
Less accumulated depreciation		(234,123)	(250,461)	(1,675,100)
Net property, plant and equipment		118,636	139,127	930,491
Intangible assets:				
Total intangible assets	8	32,176	31,226	208,847
Investments and other assets:				
Investment securities	5, 12	116,127	173,350	1,159,380
Deferred tax assets	13	33,976	19,673	131,580
Retirement benefit asset	11	6,123	11,710	78,318
Other	8, 21	22,920	23,578	157,692
Allowance for doubtful accounts		(744)	(972)	(6,502)
Total investments and other assets		178,403	227,340	1,520,468
Total assets		¥ 971,838	¥1,102,636	\$ 7,374,508

See accompanying Notes to Consolidated Financial Statements.

			Millions of yen	Thousands of U.S. dollars (note 3)
	Note	2024	2025	2025
Liabilities and net assets				
Current liabilities:				
Trade payables	10	¥ 99,254	¥ 98,068	\$ 655,891
Income taxes payable		23,192	40,715	272,308
Contract liabilities	22	27,728	28,677	191,796
Provisions		3,095	5,098	34,099
Other	9	90,848	106,051	709,279
Total current liabilities		244,119	278,611	1,863,375
Non-current liabilities:				
Retirement benefit liability	11	4,925	6,042	40,415
Deferred tax liabilities	13	4,291	7,697	51,483
Other	9	18,678	17,067	114,149
Total non-current liabilities		27,895	30,808	206,048
Total liabilities		272,014	309,420	2,069,423
Net assets:				
Shareholders' equity:				
Share capital	18	10,000	10,000	66,880
Authorized: 2,500,000,000 shares				
Issued: 660,000,000 shares				
Capital surplus		53,321	43,491	290,871
Retained earnings	16	579,417	668,802	4,472,996
Treasury shares, at cost; 11,813,756 shares in 2024, and 12,782,466 shares in 2025	18	(19,293)	(44,214)	(295,706)
Subtotal		623,445	678,079	4,535,041
Accumulated other comprehensive income:	15			
Valuation difference on available-for-sale securities	5	49,262	85,451	571,508
Deferred gains or losses on hedges		1,022	(8)	(57)
Revaluation reserve for land	17	(4,016)	(4,022)	(26,903)
Foreign currency translation adjustment		29,637	30,769	205,787
Remeasurements of defined benefit plans	11	166	2,584	17,284
Subtotal		76,071	114,774	767,618
Non-controlling interests		306	362	2,425
Total net assets		699,823	793,216	5,305,085
Total liabilities and net assets		¥971,838	¥1,102,636	\$7,374,508

CONSOLIDATED STATEMENTS OF INCOME AND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2024 and 2025

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2024 and 2025

Consolidated Statements of Income

	Note	Millions of yen		Thousands of U.S. dollars (note 3)
		2024	2025	2025
Net sales	22	¥1,050,210	¥1,241,513	\$8,303,324
Cost of sales	7	679,251	746,327	4,991,487
Gross profit		370,959	495,185	3,311,837
Selling, general and administrative expenses	14	280,277	314,956	2,106,449
Operating profit		90,682	180,229	1,205,388
Other income (loss):				
Interest and dividend income		4,320	4,732	31,653
Interest expense		(310)	(391)	(2,619)
Foreign exchange gains (losses)		6,417	(767)	(5,130)
Gain (loss) on valuation of derivatives		(184)	178	1,194
Penalty		—	(884)	(5,914)
Share of profit (loss) of entities accounted for using equity method		2,121	2,699	18,054
Gain (loss) on sales of investment securities, net	5	45,517	423	2,830
Loss on valuation of investment securities		(751)	(487)	(3,260)
Gain (loss) on sale and retirement of non-current assets, net		(394)	165	1,105
Impairment losses	8	(1,674)	(1,526)	(10,209)
Loss on valuation of shares of subsidiaries and associates		(284)	(475)	(3,177)
Other		1,179	225	1,509
		55,958	3,892	26,036
Profit before income taxes		146,640	184,122	1,231,424
Income taxes	13	45,125	54,764	366,269
Profit		101,515	129,358	865,155
Profit (loss) attributable to non-controlling interests		21	56	376
Profit attributable to owners of parent		¥ 101,493	¥ 129,301	\$ 864,778

	Note	Yen		U.S. dollars (note 3)
		2024	2025	2025
Per-share data:	25			
Net assets at March 31		¥1,069.29	¥1,225.02	\$8.19
Earnings per share:				
Basic		153.85	197.88	1.32
Diluted		—	—	—
Cash dividends applicable to period	16	60	71	0.47

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Note	Millions of yen		Thousands of U.S. dollars (note 3)
		2024	2025	2025
Profit		¥101,515	¥129,358	\$ 865,155
Other comprehensive income:	15			
Valuation difference on available-for-sale securities	5	(13,606)	36,096	241,415
Deferred gains or losses on hedges		1,676	(1,028)	(6,876)
Revaluation reserve for land	17	—	(5)	(39)
Foreign currency translation adjustment		18,590	1,131	7,569
Remeasurements of defined benefit plans, net of tax	11	2,081	2,418	16,173
Share of other comprehensive income of entities accounted for using equity method		199	89	601
Total other comprehensive income		8,941	38,702	258,844
Comprehensive income		¥110,456	¥168,060	\$1,123,999
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		¥110,432	¥168,004	1,123,623
Comprehensive income attributable to non-controlling interests	23		56	376

See accompanying Notes to Consolidated Financial Statements.

Year ended March 31, 2024

Note	Shareholders' equity					Accumulated other comprehensive income						Millions of yen	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	18		16	18		5, 15	15	15, 17	15	11, 15			
Balance at beginning of period	¥10,000	¥52,897	¥523,923	¥ (2,102)	¥584,718	¥ 62,671	¥ (656)	¥(4,016)	¥11,049	¥(1,915)	¥67,132	¥282	¥652,133
Dividends of surplus			(45,998)		(45,998)								(45,998)
Profit attributable to owners of parent			101,493		101,493								101,493
Purchase of treasury shares				(17,240)	(17,240)								(17,240)
Disposal of treasury shares		423		48	472								472
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0								0
Net changes in items other than shareholders' equity						(13,409)	1,678	—	18,587	2,081	8,939	23	8,963
Balance at end of period	¥10,000	¥53,321	¥579,417	¥(19,293)	¥623,445	¥ 49,262	¥1,022	¥(4,016)	¥29,637	¥ 166	¥76,071	¥306	¥699,823

Year ended March 31, 2025

Note	Shareholders' equity					Accumulated other comprehensive income						Millions of yen	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	18		16	18		5, 15	15	15, 17	15	11, 15			
Balance at beginning of period	¥10,000	¥53,321	¥579,417	¥(19,293)	¥623,445	¥49,262	¥ 1,022	¥(4,016)	¥29,637	¥ 166	¥ 76,071	¥306	¥699,823
Dividends of surplus			(39,918)		(39,918)								(39,918)
Profit attributable to owners of parent			129,301		129,301								129,301
Change in scope of equity method			1		1								1
Purchase of treasury shares				(35,000)	(35,000)								(35,000)
Cancellation of treasury shares		(9,942)		9,942	—								—
Disposal of treasury shares		111		134	246								246
Change in treasury shares arising from change in equity in entities accounted for using equity method				3	3								3
Net changes in items other than shareholders' equity						36,189	(1,030)	(5)	1,131	2,418	38,702	56	38,758
Balance at end of period	¥10,000	¥43,491	¥668,802	¥(44,214)	¥678,079	¥85,451	¥ (8)	¥(4,022)	¥30,769	¥2,584	¥114,774	¥362	¥793,216

Year ended March 31, 2025

Note	Shareholders' equity					Accumulated other comprehensive income						Thousands of U.S. dollars (note 3)	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	18		16	18		5, 15	15	15, 17	15	11, 15			
Balance at beginning of period	\$66,880	\$356,619	\$3,875,183	\$(129,038)	\$4,169,645	\$329,472	\$ 6,837	\$(26,864)	\$198,218	\$ 1,110	\$508,774	\$2,048	\$4,680,468
Dividends of surplus			(266,977)		(266,977)								(266,977)
Profit attributable to owners of parent			864,778		864,778								864,778
Change in scope of equity method			10		10								10
Purchase of treasury shares				(234,088)	(234,088)								(234,088)
Cancellation of treasury shares		(66,492)		66,492	—								—
Disposal of treasury shares		744		900	1,645								1,645
Change in treasury shares arising from change in equity in entities accounted for using equity method				26	26								26
Net changes in items other than shareholders' equity						242,035	(6,895)	(39)	7,569	16,173	258,844	376	259,220
Balance at end of period	\$66,880	\$290,871	\$4,472,996	\$(295,706)	\$4,535,041	\$571,508	\$ (57)	\$(26,903)	\$205,787	\$17,284	\$767,618	\$2,425	\$5,305,085

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2024 and 2025

	Note	2024	Millions of yen 2025	Thousands of U.S. dollars (note 3) 2025
Cash flows from operating activities:				
Profit before income taxes		¥146,640	¥184,122	\$1,231,424
Depreciation		38,364	40,216	268,971
Impairment losses	8	1,674	1,526	10,209
Amortization of goodwill		2,676	2,618	17,515
Increase (decrease) in allowance for doubtful accounts		(86)	29	195
Increase (decrease) in other provisions		(1,131)	1,998	13,364
Increase (decrease) in retirement benefit liability	11	230	(59)	(397)
Interest and dividend income		(4,320)	(4,732)	(31,653)
Interest expenses		310	391	2,619
Foreign exchange losses (gains)		637	123	827
Share of loss (profit) of entities accounted for using equity method		(2,121)	(2,699)	(18,054)
Loss (gain) on valuation of derivatives		184	(178)	(1,194)
Loss (gain) on sale and retirement of non-current assets, net		394	(165)	(1,105)
Loss on retirement of amusement facilities and machines		106	249	1,665
Loss (gain) on sales of investment securities, net	5	(45,517)	(423)	(2,830)
Loss on valuation of investment securities		751	487	3,260
Loss on valuation of shares of subsidiaries and associates		284	475	3,177
Penalty		—	884	5,914
Decrease (increase) in trade receivables	6	(15,360)	(6,311)	(42,214)
Decrease (increase) in inventories	7	15,369	11,829	79,119
Acquisition of amusement facilities and machines		(8,537)	(9,514)	(63,632)
Increase (decrease) in trade payables	10	(1,880)	(1,440)	(9,631)
Increase (decrease) in contract liabilities		4,361	(680)	(4,550)
Decrease (increase) in other current assets		(1,911)	(2,395)	(16,023)
Increase (decrease) in other current liabilities		1,320	14,249	95,304
Other		(3,875)	(8,586)	(57,430)
Subtotal		128,562	222,015	1,484,853
Interest and dividends received		4,290	4,632	30,983
Interest paid		(321)	(396)	(2,652)
Income taxes refund (paid)		(44,132)	(38,030)	(254,347)
Proceeds from compensation		508	—	—
Penalty paid		—	(884)	(5,914)
Net cash provided by operating activities		88,906	187,337	1,252,922
Cash flows from investing activities:				
Decrease (increase) in time deposits, net		(5,975)	(17,273)	(115,527)
Purchases of property, plant and equipment		(24,699)	(33,554)	(224,416)
Proceeds from sales of property, plant and equipment		86	792	5,301
Purchases of intangible assets		(10,210)	(8,882)	(59,405)
Purchases of investment securities		(716)	(3,188)	(21,322)
Proceeds from sales of investment securities		53,641	633	4,237
Purchase of shares of subsidiaries and associates		(1,797)	(73)	(491)
Proceeds from sales of shares of subsidiaries and associates		—	408	2,734
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	4	—	100	674
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	4	—	(148)	(995)
Other		(191)	(819)	(5,478)
Net cash provided by (used in) investing activities		10,136	(62,004)	(414,690)
Cash flows from financing activities:				
Net increase (decrease) in short-term borrowings		157	(162)	(1,088)
Proceeds from long-term borrowings		—	100	668
Repayments of long-term borrowings		(10,206)	(124)	(829)
Purchase of treasury shares		(17,240)	(35,000)	(234,088)
Proceeds from disposal of treasury shares		0	0	0
Dividends paid		(45,998)	(39,918)	(266,977)
Other		(1,949)	(2,241)	(14,990)
Net cash used in financing activities		(75,237)	(77,347)	(517,306)
Effect of exchange rate changes on cash and cash equivalents		11,170	1,711	11,446
Net increase (decrease) in cash and cash equivalents		34,975	49,696	332,372
Cash and cash equivalents at beginning of year		276,288	311,264	2,081,757
Cash and cash equivalents at end of year	4	¥311,264	¥360,960	\$2,414,130

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

1 Basis of Presentation

Bandai Namco Holdings Inc. (“the Company”) and its consolidated subsidiaries have prepared their financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to application and disclosure requirements of “IFRS Accounting Standards” (IFRSs).

The accounts of foreign subsidiaries are based on their accounting records maintained principally in conformity with IFRSs or accounting principles generally accepted in the United States (US GAAP).

The accompanying consolidated financial statements have been prepared and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Consolidation of the remaining subsidiaries would have had no material effect on the accompanying consolidated financial statements. Investments in significant affiliates are accounted for using the equity method.

Investments in unconsolidated subsidiaries and certain affiliates other than those accounted for using the equity method are stated at cost. If the equity method had been applied to the investments in these companies, there would have been no material effect on the accompanying consolidated financial statements.

All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Cash and Cash Equivalents

In reporting cash flows, the Company considers cash on hand, demand deposits, and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

(c) Foreign Currency Translation

Foreign currency transactions are translated into yen at rates in effect at the dates they are transacted, and the gains or losses arising from the settlement of the related receivables or payables are included in “Foreign exchange gains (losses)” in the consolidated statements of income.

Receivables and payables denominated in foreign currencies at the balance sheet date are translated at the rates in effect as of the balance sheet date and the unrealized gains or losses are included in “Foreign exchange gains (losses)” in the consolidated statements of income.

The assets and liabilities of foreign consolidated subsidiaries and affiliates are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expenses of foreign consolidated subsidiaries and affiliates are translated into yen at the average rates of exchange during the fiscal year. Gains and losses resulting from the translation of foreign currency financial statements are generally excluded from the consolidated statements of income and are included in “Foreign currency translation adjustment” in “Net assets” in the consolidated balance sheets.

as required by the Financial Instruments and Exchange Act.

Some supplementary information included in the statutory Japanese-language consolidated financial statements that is not required for fair presentation is not presented in the accompanying consolidated financial statements.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued in Japan in order to present them in a form that is more useful to readers outside Japan.

Certain reclassifications have been made to the prior year’s consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2025.

Figures in this report have been rounded down.

(d) Accounting Standards for Significant Income and Expense

(1) Revenue Recognition:

The content of performance obligations and normal timing of revenue recognition for major businesses are as follows:

a. Digital Business

In the Digital Business, the Company mainly conducts the distribution of network content and sales of home console games.

For the distribution of network content (smartphone-based applications, etc.), in many cases, games are provided for free to customers, while items, etc., used in the game are provided at charge. The Company deems the performance obligation to be satisfied when the customer uses said items, etc., and estimates the customer’s usage period, recognizing revenue over such usage period.

For sales of home console games, the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the product is transferred to the customer. However, if there are elements not yet delivered to the customer, such as additional free downloadable content, the Company calculates the estimated sale value by referencing the selling price of similar paid downloadable content and recognizes revenue over the course of the customer’s average game-playing period.

Licensing of home console games under license agreements is a grant of usage rights, and the Company deems the performance obligation to be satisfied and recognizes the minimum guarantee as revenue at the point in time when licensing starts. Royalties based on net sales are determined based on the sales, etc., of the contract partner, and revenue is recognized at the point in time when the performance obligation is deemed to be satisfied while taking into consideration the time when the royalty is accrued.

b. Toys and Hobby Business

In the Toys and Hobby Business, the Company mainly conducts sales of toys, capsule toys, cards, confectionery and foods, apparel, sundries, model kits, prizes, stationery, and other products.

For such sales of goods and products, the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the good or product is transferred to the customer.

c. IP Production Business

In the IP Production Business, the Company mainly conducts the production and management of visual and music content such as animations and the management and administration of copyrights and other rights.

For contracted animation production, the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the product is delivered to the client.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Regarding the sales of visual and music content and the like, the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the product is transferred to the customer.

Licensing of animation and visual and music content under license agreements is a grant of usage rights, and the Company deems the performance obligation to be satisfied and recognizes the minimum guarantee as revenue at the point in time when licensing starts. Royalties based on net sales are determined based on the sales, etc., of the contract partner, and revenue is recognized at the point in time when the performance obligation is deemed to be satisfied while taking into consideration the time when the royalty is accrued.

d. Amusement Business

In the Amusement Business, the Company mainly conducts the sales of amusement machines and operation of amusement facilities.

For sales of amusement machines, the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the product is transferred to the customer. In addition, the Company also provides services such as sharing the playing fee with customers (facility operators) by using a network to connect the amusement machines with a large number of other facilities where amusement machines are installed. Since the performance obligation for these services is satisfied when the user plays, revenue is recognized at that time.

Revenue from the operation of amusement facilities mainly arises from charges to users to play with amusement machines, and the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the user starts playing.

Regarding the domestic sales of goods and products in each business, the Company applies the alternative treatment prescribed in paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition,” and if the period from the time of shipment to the time when control of such goods or products is transferred to the customer is a normal period of time, the Company recognizes revenue at the time of shipment. Additionally, consideration for performance obligations under customer contracts is generally received within one year after the obligations are satisfied and the contracts do not contain a significant financing component.

(2) Accounting for Video Game Content Production Costs:

A distinctive characteristic of video game content is the process through which the software is highly combined with the content that cannot be separated into identifiable components.

The content is considered to be an important component of each video game title, which includes the game content and visual/music data.

Once management makes a decision to go forward in distributing a title, the Company records the video game content development costs as work in process.

The capitalized production costs are amortized to cost of sales based on projected sales revenue for home console games and are amortized to cost of sales over the minimum operating period for smartphone-based applications.

(e) Marketable Securities and Investment Securities

Available-for-sale securities other than shares, etc., that do not have a fair value are principally carried at fair value. The difference, net of tax, between the acquisition cost and the carrying amount of available-for-sale securities with market quotations is recognized in “Valuation difference on available-for-sale securities” in “Net assets” in the consolidated balance sheets until realized. Available-for-sale shares, etc., that do not have a fair value are principally carried at cost. The cost of available-for-sale securities sold is principally computed based on the moving-average

method. Investments in investment limited partnerships or similar associations (investments that are deemed to be securities under the Financial Instruments and Exchange Act, Article 2, Clause 2) are carried at the net amount proportionate to the Company’s ownership interests, based on the most recent financial statements available in accordance with the financial reporting date specified in the partnership agreement.

(f) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided for possible losses on unrecoverable receivables. For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, the amount of the allowance is based on individually estimated unrecoverable amounts.

(g) Inventories

Domestic Consolidated Subsidiaries

Generally, inventories are stated using the cost method based on the average method. The value stated in the consolidated balance sheets is calculated by writing down the carrying amount based on declining profitability.

Foreign Consolidated Subsidiaries

Generally, inventories are stated using the lower cost and net realizable value method based on the average method.

Both domestic and foreign consolidated subsidiaries state game software as work in process by the specific-cost method. The value stated in the consolidated balance sheets is calculated by writing down the carrying amount based on declining profitability.

(h) Income Taxes

Current income taxes are accounted for based on income. Deferred income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income in the period that includes the enactment date.

(i) Property, Plant and Equipment (Exclusive of Leased Assets and Right-of-Use Assets)

The Company and Its Domestic Consolidated Subsidiaries:

Depreciation of property, plant and equipment is principally computed by the declining-balance method based on estimated useful lives. The straight-line method is used for buildings (except for building fixtures) acquired since April 1, 1998, and for part of the amusement facilities and machines, etc. The estimated useful lives for Buildings and structures and Amusement facilities and machines are 2–50 years and 3–15 years, respectively.

Foreign Consolidated Subsidiaries:

Depreciation of property, plant and equipment is principally computed by the straight-line method based on estimated useful lives. The estimated useful lives for Buildings and structures and Amusement facilities and machines are 3–50 years and 4–25 years, respectively.

(j) Intangible Assets (Exclusive of Leased Assets and Right-of-Use Assets)

Amortization of intangible assets is computed by the straight-line method based on estimated useful lives. Software for internal use is amortized over 1–5 years.

Goodwill is amortized using the straight-line method over a period within 10 years. The Company reasonably estimates the period for which the benefits associated with goodwill are expected to be experienced.

(k) Leased Assets and Right-of-Use Assets

Depreciation of leased assets is computed by the straight-line method over the period of the lease with a residual value of zero.

Depreciation of right-of-use assets is computed by the straight-line method over the shorter of the useful life or the lease period of assets.

(l) Derivatives and Hedging Activities

The Company and its consolidated subsidiaries use derivative instruments, such as forward foreign exchange contracts, to reduce market risks arising from fluctuations in foreign exchange rates and interest rates. The Company and its consolidated subsidiaries use these derivative instruments solely for the purpose of reducing the risks resulting from such fluctuations to which they are exposed in the course of their ordinary business activities. Accordingly, the Company and its consolidated subsidiaries do not use derivative instruments or other financial instruments for speculative purposes.

The Company and its consolidated subsidiaries’ counterparties for derivative instruments are all highly creditworthy financial institutions and, therefore, the Company believes that it is exposed to almost no counterparty risk. Derivative transactions are conducted in accordance with internal rules that specify transaction authority and transaction amount limits.

As a general rule, derivative instruments are stated at fair value. For derivative instruments that meet the criteria for hedge accounting, recognition of unrealized gains or losses is deferred. In cases where forward foreign exchange contracts meet certain hedging criteria, the hedged receivables and payables are translated at the corresponding forward foreign exchange contract rate (the “allocation method”).

The Company and its consolidated subsidiaries assess the effectiveness of hedging transactions from the start of the transaction to the point at which effectiveness is assessed by comparing the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedged item with the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedging instrument. In the event that critical terms are the same for the hedging instrument and the hedged assets, liabilities, or scheduled transaction, it is assumed that the hedge is 100% effective, so the assessment of effectiveness is not performed.

In the event that a hedge becomes ineffective, hedge accounting is no longer applied and the recognition of the gains or losses on the hedge transaction is no longer deferred.

(m) Retirement and Severance Benefits

The Company and certain domestic consolidated subsidiaries have established a defined benefit corporate pension plan, a defined benefit retirement lump-sum benefit system plan, and a defined contribution pension plan. Retirement benefits trusts have been established for certain defined benefit corporate pension plans. Other domestic consolidated subsidiaries (excluding domestic consolidated subsidiaries with no retirement benefit system) have established a defined benefit corporate pension plan and a defined benefit retirement lump-sum benefit system. Certain consolidated subsidiaries have established a defined contribution pension plan and a defined contribution smaller corporate retirement allowance mutual aid system. Certain foreign consolidated subsidiaries have established defined benefit pension plans, retirement lump-sum benefit systems, and defined contribution pension plans. Moreover, additional benefits may be paid at retirement.

Also, as of April 1, 2025, the Company and certain domestic consolidated subsidiaries transitioned the defined benefit corporate pension plan to a closed-type plan, and—except for certain portions—transitioned the retirement lump-sum benefit system to a defined contribution pension plan.

In calculating the retirement benefit obligations, the benefit-formula basis is principally used to attribute expected benefit payments to the period extending up to the end of the current fiscal year. Prior service costs are amortized from the time they are incurred by the straight-line method for a certain number of years (10 years) within employees’ average remaining years of service. Actuarial gains or losses are amortized from the consolidated fiscal year following the year in which the gain or loss is incurred by the straight-line method for a certain number of years (7–14 years) not longer than employees’ average remaining years of service. The Company and certain consolidated subsidiaries use a simplified method in calculating retirement benefit asset, retirement benefit liability, and periodic pension cost under which retirement benefit obligations are principally based on accrued benefits at the end of the year.

(n) Appropriation of Retained Earnings

Retained earnings with respect to a given financial period are appropriated by resolution of the shareholders at a general meeting to be held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations.

(o) Per-Share Data

In computing basic earnings per share, the average number of shares outstanding during each year has been used. Diluted earnings per share assumes the dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common share, or resulted in issuance of common shares.

Cash dividends per common share are computed based on dividends declared with respect to income for the fiscal year.

(p) Significant Accounting Estimates

Valuation of Work in Process for Home Console Games before Launch at Major Domestic Development Bases

(1) Amount recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Work in process	¥57,101	¥47,578	\$318,207

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

(2) Information concerning the contents of significant accounting estimates for the identified items

The value of work in process for home console games before launch in the Digital Business stated on the consolidated balance sheets is stated at an amount calculated by writing down the carrying amount based on the declining profitability and is evaluated to be the lower of the net realizable value or the book value of work in process.

For titles before launch, we calculate the net realizable value based on sales plans and development plans that take into consideration sales performance of similar game titles and sales potential based on future demand forecasts. If the book value of work in process exceeds the net realizable value due to revisions to plans, etc., the book value of work in process is written down to the net realizable value.

Estimates involving such determinations and assumptions may be affected by future demand trends and other factors; if such change in circumstances occurs, these estimates may possibly have a significant effect on the amount of work in process in the consolidated financial statements in the following consolidated fiscal year and onwards.

(q) Changes in Accounting Policy

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of this fiscal year.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Implementation Guidance of 2022”). This has no impact on the consolidated financial statements for this fiscal year.

Furthermore, the Company has applied the Revised Implementation Guidance of 2022 from the beginning of this fiscal year, with respect to revisions associated with review of the treatment in the consolidated financial statements when deferring tax on gains or losses arising from the sale of subsidiary shares, etc., between consolidated companies. This has no impact on the consolidated financial statements for this fiscal year.

(r) New Accounting Standards Not Yet Adopted

The following accounting standards and guidance have been issued but are not yet adopted:

- “Accounting Standard for Leases” (ASBJ Statement No. 34, issued on September 13, 2024, by the Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, issued on September 13, 2024, by the Accounting Standards Board of Japan) (and others)

(1) Overview

As part of efforts by the Accounting Standards Board of Japan (ASBJ) to align Japanese accounting standards with international practices, the ASBJ has developed new lease accounting standards. These standards require lessees to recognize assets and liabilities for all leases, based on a single accounting model similar to that of IFRS 16.

Rather than adopting all provisions of IFRS 16, the new standards incorporate only its key requirements. This approach aims to simplify implementation while ensuring that the use of the standards in standalone financial statements generally does not require adjustments when applying IFRS 16.

Under the new standards, lessees are required to apply a single accounting model in which depreciation of the right-of-use asset and interest expense on the lease liability are recognized for all leases, regardless of whether they are classified as finance leases or operating leases.

(2) Effective Date

The new standards will be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Effects of Application of the Standards and Guidance

The impact of applying the *Accounting Standard for Leases* and related guidance on the Group's consolidated financial statements is currently under evaluation.

3 Financial Statement Translation

The consolidated financial statements are expressed in yen. However, solely for the convenience of the reader, the consolidated financial statements as of and for the fiscal year ended March 31, 2025 have been translated into U.S. dollars at the rate of ¥149.52 = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market on March 31, 2025.

This translation should not be construed as an indication that the amounts shown could be converted into U.S. dollars at such a rate.

4 Cash and Cash Equivalents

Reconciliations of cash and cash equivalents as of March 31, 2024 and 2025 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash and deposits	¥321,868	¥388,460	\$2,598,049
Time deposits with maturities in excess of three months	(10,718)	(27,842)	(186,214)
Deposits paid (“Other” in Current assets)	114	343	2,295
Cash and cash equivalents	¥311,264	¥360,960	\$2,414,130

The breakdown of major assets and liabilities of companies that became newly consolidated subsidiaries due to the acquisition of shares is as follows:
Fiscal year ended March 31, 2024
None

Fiscal year ended March 31, 2025
The information has been omitted because the amounts are insignificant.

The breakdown of major assets and liabilities of subsidiaries that are excluded from the scope of consolidation due to the sales of shares is as follows:
Fiscal year ended March 31, 2024
None

Fiscal year ended March 31, 2025
The information has been omitted because the amounts are insignificant.

5 Marketable Securities and Investment Securities

Marketable securities and investment securities as of March 31, 2024 and 2025 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Securities with market quotations	¥ 89,999	¥146,377	\$ 978,981
Securities without market quotations	5,999	5,640	37,726
Investments in non-consolidated subsidiaries and affiliated companies	19,566	20,688	138,366
Convertible bonds with subscription rights to shares	73	77	521
Contributions to investment partnerships	488	565	3,783
Total	¥116,127	¥173,350	\$1,159,380

The original cost, carrying amount (fair value), and gross unrealized gain (loss) for securities with market quotations as of March 31, 2024 and 2025 are summarized as follows:

	Millions of yen			
	2024			
	Original cost	Gross unrealized gain	Gross unrealized loss	Carrying amount (fair value)
Securities with market quotations:				
Equity securities	¥21,140	¥68,806	—	¥89,946
Other	52	0	—	52
Total	¥21,193	¥68,806	—	¥89,999

	Millions of yen			
	2025			
	Original cost	Gross unrealized gain	Gross unrealized loss	Carrying amount (fair value)
Securities with market quotations:				
Equity securities	¥23,888	¥122,445	(31)	¥146,302
Other	71	3	—	74
Total	¥23,959	¥122,449	(31)	¥146,377

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Thousands of U.S. dollars				
	2025			
	Original cost	Gross unrealized gain	Gross unrealized loss	Carrying amount (fair value)
Securities with market quotations:				
Equity securities	\$159,765	\$818,924	\$(208)	\$978,481
Other	477	22	—	500
Total	\$160,242	\$818,947	\$(208)	\$978,981

The following is a summary of the carrying amount of securities without market quotations as of March 31, 2024 and 2025:

Millions of yen			Thousands of U.S. dollars
2024	2025	2025	
Carrying amount	Carrying amount	Carrying amount	
Securities without market quotations:			
Unlisted securities	¥5,999	¥5,640	\$37,726
Total	¥5,999	¥5,640	\$37,726

Proceeds and gross realized gains and losses from the sales of securities in the fiscal years ended March 31, 2024 and 2025 are as follows:

Millions of yen			Thousands of U.S. dollars
2024	2025	2025	
Equity securities	¥53,641	¥633	\$4,237
Proceeds from the sales of securities	¥53,641	¥633	\$4,237
Gross realized gains from the sales of securities	45,517	423	2,832
Gross realized losses from the sales of securities	—	0	1

6 Trade Receivables and Contract Assets

Trade receivables and contract assets as of March 31, 2024 and 2025 are summarized as follows:

Millions of yen			Thousands of U.S. dollars
2024	2025	2025	
Notes receivable	¥ 5,010	¥ 4,482	\$ 29,980
Accounts receivable–trade	113,110	119,515	799,329
Contract assets	69	—	—
Total	¥118,190	¥123,998	\$829,310

7 Inventories

Inventories as of March 31, 2024 and 2025 are summarized as follows:

Millions of yen			Thousands of U.S. dollars
2024	2025	2025	
Merchandise and finished goods	¥ 40,170	¥ 43,375	\$290,095
Work in process	92,665	77,501	518,332
Raw materials and supplies	7,761	7,834	52,395
Total	¥140,597	¥128,710	\$860,823

The value of inventories stated in the consolidated balance sheets is calculated by writing down the carrying amount based on declining profitability, and the valuation loss on inventories included in cost of sales is as follows:

Millions of yen			Thousands of U.S. dollars
2024	2025	2025	
Valuation loss on inventories	¥25,476	¥19,928	\$133,280

8 Impairment Losses

For the Company and its consolidated subsidiaries, evaluation of impairment is performed by grouping assets according to management accounting classifications based on Units, excluding significant idle assets, assets scheduled for disposal, and assets for lease. In the amusement facility operations of the Amusement Business, the individual facility is the smallest unit used in management accounting and is the basic unit for evaluating impairment.

The book value of the following assets was reduced to the recoverable amount and the amount of reduction was recorded in “Other income (loss)” as impairment losses.

					Millions of yen		Thousands of U.S. dollars
Business	Location	Note	Usage	Type	2024	2025	2025
Digital	Minato-ku, Tokyo, and others	1	Assets for business use	Buildings and structures	¥ 138	¥ —	\$ —
				Other property, plant and equipment	266	—	—
				Other intangible assets	595	—	—
	Langen, Germany	4	Other	Goodwill	445	—	—
Toys and Hobby	Taito-ku, Tokyo, and others	1	Assets for business use	Other property, plant and equipment	8	—	—
	Minato-ku, Tokyo	2	Assets scheduled for disposal	Other property, plant and equipment	17	—	—
IP Production	Mitaka-shi, Tokyo	1	Assets for business use	Buildings and structures	0	—	—
				Other property, plant and equipment	9	—	—
				Other intangible assets	0	—	—
Amusement	Nagoya-shi, Aichi, and others	1	Amusement operation facilities	Amusement facilities and machines	100	—	—
			Assets for business use	Other property, plant and equipment	1	—	—
				Other intangible assets	34	—	—
				Other investments and assets	9	—	—
	Toshima-ku, Tokyo, and others	2	Amusement operation facilities	Amusement facilities and machines	12	—	—
			Assets scheduled for disposal	Other property, plant and equipment	21	—	—
	Kurashiki-shi, Okayama, and others	3	Amusement operation facilities	Amusement facilities and machines	11	—	—
Digital	Shanghai, China, and others	1	Assets for business use	Other property, plant and equipment	—	150	1,006
				Intangible assets	—	208	1,396
	Minato-ku, Tokyo	2	Assets for business use	Intangible assets	—	44	299
IP Production	Mitaka-shi, Tokyo	1	Assets for business use	Other property, plant and equipment	—	23	157
Amusement	Shinjuku-ku, Tokyo, and others	1	Amusement operation facilities	Amusement facilities and machines	—	970	6,491
			Assets for business use	Other property, plant and equipment	—	5	35
				Intangible assets	—	43	291
				Other investments and assets	—	7	51
	Shanghai, China	2	Amusement operation facilities	Amusement facilities and machines	—	6	42
	Saiki-shi, Oita, and others	3	Amusement operation facilities	Amusement facilities and machines	—	20	135
Holding company	Shanghai, China	2	Corporate assets	Intangible assets	—	45	302
Total					¥1,674	¥1,526	\$10,209

*1. The Group recorded impairment losses as the book value of the fixed assets is unlikely to be recoverable due to declines in the profitability of business. The recoverable amount is calculated by deeming the value in use as zero.

*2. The Group recorded impairment losses of assets, which are not expected to be used in the future. The recoverable amount is calculated by deeming the value in use as zero.

*3. The Group recorded impairment losses as it judged that the recoverable amounts of the fixed assets significantly decreased due to its decision to close locations. The recoverable amount is calculated by deeming the value in use as zero.

*4. The Group recorded impairment losses as the book value of the fixed assets is unlikely to be recoverable due to declines in the profitability of business. The recoverable amount is calculated by value in use and calculated by discounting the future cash flows at 8.5% in the fiscal year ended March 31, 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

9 Borrowings, Lease Obligations and Bonds

Borrowings and lease obligations as of March 31, 2024 and 2025 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2025	
	Carrying amount	Weighted average interest rate (%)	Carrying amount	Weighted average interest rate (%)
Short-term borrowings	¥ 713	0.23	¥ 550	0.67
Current portion of long-term borrowings	112	0.26	82	0.79
Current portion of lease obligations	3,625	1.88	3,892	2.94
Long-term borrowings (less current portion)	91	0.25	98	0.66
Lease obligations (less current portion)	7,823	2.50	7,392	3.17
Total	¥12,366	—	¥12,017	—

The aggregate maturities of long-term borrowings and lease obligations (less current portion) outstanding as of March 31, 2025 are as follows:

	Millions of yen	Thousands of U.S. dollars
More than one year, within two years	¥2,517	\$16,839
More than two years, within three years	1,603	10,721
More than three years, within four years	1,270	8,499
More than four years, within five years	640	4,285
More than five years	1,458	9,752
Total	¥7,490	\$50,098

Bonds as of March 31, 2024 and 2025 are summarized as follows:

2024							
Name	Issue	Date of issue	Balance as of April 1, 2023 (Millions of yen)	Balance as of March 31, 2024 (Millions of yen)	Interest rate (%)	Pledged asset	Redemption date
Reflector Entertainment Ltd.	Convertible bonds	October 22, 2020	¥1,085	¥1,215	5.0	None	December 31, 2025

2025							
Name	Issue	Date of issue	Balance as of April 1, 2024 (Millions of yen)	Balance as of March 31, 2025 (Millions of yen)	Balance as of March 31, 2025 (Thousands of U.S. dollars)	Interest rate (%)	Pledged asset
Reflector Entertainment Ltd.	Convertible bonds	October 22, 2020	¥1,215	¥1,207	\$8,073	5.0	None

As of March 31, 2025, the planned redemption amounts of bonds are as follows:

	Millions of yen	Thousands of U.S. dollars
Within one year	¥1,207	\$8,073
More than one year, within two years	—	—
More than two years, within three years	—	—
More than three years, within four years	—	—
More than four years, within five years	—	—
More than five years	—	—
Total	¥1,207	\$8,073

10 Trade Payables

Trade payables as of March 31, 2024 and 2025 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Notes payable	¥12,977	¥ 3,674	\$ 24,572
Accounts payable–trade	86,277	94,394	631,318
Total	¥99,254	¥98,068	\$655,891

11 Retirement and Severance Benefits

1. Defined benefit plans

(a) For the fiscal years ended March 31, 2024 and 2025, the reconciliation of the beginning and ending balances of retirement benefit obligations is as follows (excluding plans for which the simplified method is applied):

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Beginning balance of retirement benefit obligations	¥30,324	¥29,093	\$194,581
Service cost	2,018	1,927	12,891
Interest cost	40	185	1,243
Actuarial gains or losses incurred	(1,500)	391	2,619
Retirement benefits paid	(1,495)	(1,908)	(12,766)
Prior service costs incurred	—	(3,316)	(22,183)
Effect of business combinations	—	(87)	(585)
Other	(294)	58	393
Ending balance of retirement benefit obligations	¥29,093	¥26,344	\$176,194

(b) For the fiscal years ended March 31, 2024 and 2025, the reconciliation of the beginning and ending balances of plan assets is as follows (excluding plans for which the simplified method is applied):

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Beginning balance of plan assets	¥28,504	¥31,613	\$211,433
Expected return on assets	415	469	3,141
Actuarial gains or losses incurred	990	181	1,214
Contributions to plan from employer	2,514	2,577	17,240
Retirement benefits paid	(642)	(1,477)	(9,884)
Other	(168)	2	19
Ending balance of plan assets	¥31,613	¥33,367	\$223,165

(c) For the fiscal years ended March 31, 2024 and 2025, the reconciliation of the beginning and ending balances of net defined benefit liability and net defined benefit asset for plans using the simplified method is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Beginning balance of net defined benefit liability and net defined benefit asset, net	¥1,294	¥1,322	\$ 8,841
Retirement benefit expenses	433	572	3,830
Retirement benefits paid	(155)	(391)	(2,618)
Contributions to plan from employer	(278)	(252)	(1,691)
Other	27	105	706
Ending balance of net defined benefit liability and net defined benefit asset, net	¥1,322	¥1,355	\$ 9,068

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

(d) As of March 31, 2024 and 2025, the reconciliation of the ending balances of retirement benefit obligations and plan assets with the net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Retirement benefit obligations of funded plans	¥ 27,783	¥ 24,114	\$ 161,281
Plan assets	(33,898)	(35,812)	(239,516)
	(6,114)	(11,697)	(78,235)
Retirement benefit obligations of non-funded plans	4,916	6,030	40,332
Net amount of liabilities and assets recorded on consolidated balance sheet	(1,197)	(5,667)	(37,903)
Retirement benefit liability	4,925	6,042	40,415
Retirement benefit asset	(6,123)	(11,710)	(78,318)
Net amount of liabilities and assets recorded on consolidated balance sheet	¥ (1,197)	¥ (5,667)	\$ (37,903)

(e) For the fiscal years ended March 31, 2024 and 2025, the breakdown of retirement benefit expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Service cost	¥2,018	¥1,927	\$12,891
Interest cost	40	185	1,243
Expected return on assets	(415)	(469)	(3,141)
Amortization of actuarial gains or losses	721	541	3,618
Amortization of prior service costs	(191)	(191)	(1,279)
Retirement benefit expenses calculated using the simplified method	433	572	3,830
Retirement benefit expenses related to defined benefit plans	2,607	2,566	17,162
Other* ¹	16	347	2,323
Total retirement benefit expenses	¥2,624	¥2,913	\$19,486

*¹ In the fiscal year ended March 31, 2024, the following extra retirement payments were recorded: ¥0 million in "Selling, general and administrative expenses" and extra retirement payments were recorded: ¥15 million in "Other income (loss)."
In the fiscal year ended March 31, 2025, the following extra retirement payments were recorded: ¥19 million (\$127 thousand) in "Selling, general and administrative expenses", extra retirement payments were recorded: ¥237 million (\$1,586 thousand) in "Other income (loss)" and loss on termination of retirement benefit plan was recorded: ¥91 million (\$609 thousand) in "Other income (loss)."

(f) For the fiscal years ended March 31, 2024 and 2025, the breakdown of items recorded in remeasurements of defined benefit plans (before tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Prior service costs	¥ (191)	¥3,121	\$20,878
Actuarial gains or losses	3,213	335	2,242
Total	¥3,021	¥3,456	\$23,120

(g) As of March 31, 2024 and 2025, the breakdown of items recorded in cumulative remeasurements of defined benefit plans (before tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Unrecognized prior service costs	¥ 1,584	¥4,705	\$31,472
Unrecognized actuarial gains or losses	(1,318)	(983)	(6,576)
Total	¥ 265	¥3,722	\$24,896

(h) As of March 31, 2024 and 2025, the major categories of plan assets as a percentage of total plan assets are as follows:

	2024	2025
Bonds	24%	8%
Equities	16	19
Life insurance general account	19	18
Other* ¹	41	55
Total	100%	100%

*¹ The "Other" category mainly includes cash and alternative investments.

*² The total of plan assets includes 17% and 16% representing assets contributed to a retirement benefit trust for the corporate pension plan as of March 31, 2024 and 2025, respectively.

(i) For the fiscal years ended March 31, 2024 and 2025, the principal actuarial assumptions are as follows:

	2024	2025
Discount rate	0.00%–1.00%	0.50%–1.50%
Long-term expected rate of return on assets* ¹	0.56%–1.68%	0.68%–1.70%
Salary increase rate	1.57%–4.77%	1.67%–3.33%

Method of determining long-term expected rate of return on assets

*¹ To determine the long-term expected rate of return on plan assets, reference was made to the current and expected future allocations of plan assets and to the current and expected future long-term rate of returns on the various assets that make up plan assets.

2. Defined contribution plans

For the fiscal years ended March 31, 2024 and 2025, the required contributions to defined contribution plans for the Company and its consolidated subsidiaries are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Required contributions to defined contribution plans	¥1,393	¥1,545	\$10,339

12 Financial Instruments

1. Financial instruments

(1) Policy for financial instruments

The Company and its consolidated subsidiaries manage funds by means of highly secure financial instruments only and procures funds through borrowing from banks and other methods, such as issuing corporate bonds.

The Company and its consolidated subsidiaries utilize derivatives to hedge the risks noted below and do not engage in speculative transactions.

(2) Types of financial instruments and related risks

With regard to credit risk posed by customers with respect to trade receivables, the Company and its consolidated subsidiaries manage balance by counterparty and due date, and credit information on major customers is updated at least once a year to minimize such credit risk. The Company and its consolidated subsidiaries have a system for immediately sharing within the Company and its consolidated subsidiaries adverse credit and other information regarding counterparties in the event that such information is received. As of March 31, 2025, designated large customers were counterparties for 16.2% of trade receivables.

Receivables denominated in foreign currencies arising as a result of the fact that the Company and its consolidated subsidiaries conduct business on a global basis are subject to foreign exchange rate fluctuation risk. The Company and its consolidated subsidiaries manage balances by counterparty and currency, and in addition the Company and its consolidated subsidiaries track market trends and, as necessary, utilize forward foreign exchange contracts for hedging.

Marketable securities and investment securities are principally the shares of companies with which the Company has a business relationship. These investments are exposed to the risk of fluctuations in market prices. The market price is confirmed at least once per quarter, and the holdings are reevaluated once per year with consideration of market conditions and relationships with counterparties.

All trade payables substantially have due dates within one year. Certain trade payables are denominated in foreign currencies and are exposed to the risk of fluctuations in foreign exchange rates. In the same manner as receivables, the Company and its consolidated subsidiaries manage balances by counterparty and currency, and in addition the Company and its consolidated subsidiaries track market trends and, as necessary, utilize forward foreign exchange contracts and currency option contracts for hedging.

Trade payables are exposed to liquidity risk. The Company and its consolidated subsidiaries manage this risk through the formulation and revision of monthly funding plans for the Company and its consolidated subsidiaries.

Derivative transactions are used for hedging purposes. With regard to hedging methods and hedged items, hedging policies, and methods of assessing the effectiveness of hedging transactions, for which hedge accounting is applied, please refer to Note "2 Summary of Significant Accounting Policies—(I) Derivatives and Hedging Activities."

Derivative transactions are executed and managed according to internal rules that determine trading authority and limits on amounts traded. Derivatives are used in ways that minimize credit risk, and thus transactions are carried out only with highly creditworthy financial institutions.

(3) Supplementary explanation on the fair value of financial instruments
As certain variables are used for calculations of the fair value of financial instruments, the result of such calculations may vary if different assumptions are used.

The contract amounts of derivative transactions in Note "20 Foreign Exchange Risk Management and Interest Rate Risk Management" should not be considered indicative of the market risk associated with the derivative financial instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

2. Fair value of financial instruments

The carrying amounts of financial instruments as stated in the consolidated balance sheets, their fair values as of March 31, 2024 and 2025, and the differences between carrying amounts and fair values are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2024			2025			2025		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Marketable securities and investment securities*2	¥101,136	¥114,664	¥13,527	¥158,247	¥180,124	¥21,876	\$1,058,367	\$1,204,682	\$146,314
Total assets	¥101,136	¥114,664	¥13,527	¥158,247	¥180,124	¥21,876	\$1,058,367	\$1,204,682	\$146,314
Derivative financial instruments*3	¥ 1,428	¥ 1,428	¥ —	¥ (50)	¥ (50)	¥ —	\$ (340)	\$ (340)	\$ —

*1 Notes regarding "cash" are omitted, and notes regarding "deposits," "trade receivables," "trade payables," and "income taxes payable" are omitted due to the fair value approximating the book value as they are settled in a short period of time.
*2 Shares, etc. that do not have a market price and investments in partnerships for which the net amount of the Company's equity share in the partnerships is recorded on the balance sheet are not included in "Marketable securities and investment securities."
The carrying amounts of these financial instruments are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2025	
	Carrying amount	Carrying amount	Carrying amount	
Unlisted shares	¥5,999	¥5,640	\$37,726	
Shares of affiliated companies (unlisted shares)	8,429	8,818	58,980	
Convertible-bond-type bonds with share acquisition rights	73	77	521	
Contributions to investment partnerships	488	565	3,783	

*3 Assets and liabilities derived from derivative transactions are stated on a net basis. Items for which the total is a net liability are shown in parentheses.

Notes: 1. Maturity analysis of financial assets

	Millions of yen								Thousands of U.S. dollars			
	2024				2025				2025			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	¥316,827	¥ —	¥—	¥—	¥381,391	¥ —	¥—	¥—	\$2,550,771	\$ —	\$—	\$—
Trade receivables	115,563	2,557	—	—	121,594	2,403	—	—	813,234	16,075	—	—
Total	¥432,391	¥2,557	¥—	¥—	¥502,986	¥2,403	¥—	¥—	\$3,364,006	\$16,075	\$—	\$—

2. Matters relating to the breakdown of the fair value of financial instruments by appropriate classification, etc.
The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.
Level 1 fair value: Fair value measured using observable inputs such as quoted prices in active markets for the assets or liabilities that are the subject of the measurement.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.
If multiple inputs are used that have a significant impact to the fair value measurement, such fair value is categorized in its entirety at the level with the lowest priority in the fair value measurement among levels to which each input belongs.

(1) Financial assets and liabilities stated at fair value in the consolidated balance sheets

	Millions of yen								Thousands of U.S. dollars			
	2024				2025				2025			
	Fair value				Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities												
Available-for-sale securities												
Shares	¥89,946	¥ —	¥—	¥89,946	¥146,302	¥—	¥—	¥146,302	\$978,481	\$ —	\$ —	\$978,481
Other	—	—	52	52	—	—	74	74	—	—	500	500
Derivative transactions												
Currency related	—	1,428	—	1,428	—	—	—	—	—	—	—	—
Total assets	¥89,946	¥1,428	¥52	¥91,428	¥146,302	¥—	¥74	¥146,377	\$978,481	\$ —	\$500	\$978,981
Derivative transactions												
Currency related	—	—	—	—	—	50	—	50	—	340	—	340
Total liabilities	¥ —	¥ —	¥—	¥ —	¥ —	¥50	¥—	¥ 50	\$ —	\$340	\$ —	\$ 340

(2) Financial assets and liabilities not stated at fair value in the consolidated balance sheets

	Millions of yen								Thousands of U.S. dollars			
	2024				2025				2025			
	Fair value				Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities												
Shares of affiliated companies												
Shares	¥24,664	¥—	¥—	¥24,664	¥33,746	¥—	¥—	¥33,746	\$225,700	\$—	\$—	\$225,700
Total assets	¥24,664	¥—	¥—	¥24,664	¥33,746	¥—	¥—	¥33,746	\$225,700	\$—	\$—	\$225,700

*1 Description of the valuation techniques and inputs used to measure fair value:
Marketable securities and investment securities
Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.
Others are SAFE investments. Their latest fair value is estimated by taking into consideration events affecting the value of the financial instruments and is classified as Level 3.
Derivative transactions
The fair value of forward exchange contracts is measured using observable inputs, such as exchange rates, and is classified as Level 2.
*2 Information regarding the fair value of financial instruments carried at fair value in the consolidated balance sheets that is classified as Level 3
(1) Changes in net valuation gain/loss recognized in gain/loss for the fiscal year ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2025	
Balance at beginning of year	¥ 86	¥ 52	\$ 354	
Net income (loss) and other comprehensive income (loss) for the year				
Net income (loss) for the year*1	(86)	(52)	(350)	
Other comprehensive income (loss) for the year*2	0	2	\$18	
Purchase, sale, or redemption	52	71	477	
Balance at end of year	¥ 52	¥ 74	\$ 500	

*1 The amount is included in "Loss on valuation of investment securities" in the consolidated statements of income.
*2 The amount is included in "Valuation difference on available-for-sale securities" in the consolidated statements of comprehensive income.

(2) Explanation of the fair value valuation process
The fair value of financial assets classified as Level 3 is calculated in accordance with accounting methods, etc., pertaining to the calculation of fair value. When calculating fair value, the Company considers the appropriateness of the classified level of fair value and the valuation techniques used to calculate fair value, in accordance with the nature, characteristics, and risks of identified assets.

13 Income Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese corporate, inhabitant, and enterprise taxes based on income which, in the aggregate, resulted in a normal tax rate of 30.6% for the years ended March 31, 2024 and 2025.

Income tax expenses reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2024 and 2025 consist of the following:

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2025	
Income taxes—current	¥46,682	¥54,961	\$367,585	
Income taxes—deferred	(1,556)	(196)	(1,316)	
Total	¥45,125	¥54,764	\$366,269	

Reconciliation of the normal tax rate and the effective tax rate as a percentage of profit before income taxes for the fiscal years ended March 31, 2024 and 2025 is as follows:

	2024	2025
Normal tax rate	30.6%	30.6%
Entertainment expenses not deductible for tax purposes	0.2	0.2
Corporate inhabitant tax on per capita basis	0.2	0.2
Directors' bonuses	0.4	0.2
Change in valuation allowance for deferred tax assets	2.3	0.2
Differences in tax rates of foreign consolidated subsidiaries	(0.4)	(0.5)
Tax credit for research and development expenses	(0.9)	(1.0)
Tax credit under Japan's wage increase promotion tax system	(0.6)	(0.1)
Tax credit under Japan's local revitalization support tax system	(0.6)	(0.6)
Income taxes for prior periods	—	0.9
Amortization of goodwill	0.4	0.4
Adjustment to Deferred tax assets at the end of the period due to tax rate change	—	(0.3)
Other	(0.8)	(0.5)
Effective tax rate	30.8%	29.7%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets:			
Tax loss carryforward* ²	¥ 10,046	¥ 10,403	\$ 69,578
Excess depreciation of fixed assets	23,809	19,156	128,122
Accrued employee bonuses	5,271	6,673	44,635
Inventory valuation losses	7,757	9,743	65,162
Net defined benefit liability	1,620	1,140	7,627
Unrealized profit	2,836	3,235	21,635
Loss on valuation of advance payments	1,418	744	4,978
Accrued enterprise taxes and others	1,700	2,226	14,888
Research and development expenses	1,218	1,135	7,596
Revaluation reserve for land	1,367	1,407	9,414
Other	11,657	12,649	84,601
Total gross deferred tax assets	68,703	68,516	458,241
Valuation allowance for tax loss carryforward* ²	(7,226)	(9,346)	(62,512)
Valuation allowance for total deductible temporary differences	(8,734)	(6,020)	(40,266)
Total valuation allowance* ¹	(15,961)	(15,367)	(102,779)
Total deferred tax assets	52,742	53,148	355,461
Deferred tax liabilities:			
Retained earnings of foreign consolidated subsidiaries	(1,628)	(1,351)	(9,041)
Valuation difference on available-for-sale securities	(19,859)	(37,350)	(249,801)
Revaluation reserve for land	(199)	(205)	(1,372)
Other	(1,369)	(2,265)	(15,148)
Total deferred tax liabilities	(23,056)	(41,172)	(275,364)
Net deferred tax assets	¥ 29,685	¥ 11,976	\$ 80,096

*1 The valuation allowance decreased by ¥ 594 million (\$3,973 thousand). The principal content of this decrease was a decrease in valuation allowance for total deductible temporary differences.

*2 Amounts of tax loss carryforward and related deferred tax assets by carryforward period

	Millions of yen						
	2024						
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years	Total
Tax loss carryforward* ¹	¥ 54	¥ 26	¥ 20	¥—	¥ 5	¥ 9,938	¥10,046
Valuation allowance	(48)	(24)	(20)	—	(5)	(7,127)	(7,226)
Deferred tax assets* ²	6	2	—	—	—	2,810	2,819

*1 The tax loss carryforward was calculated using the normal tax rate.

*2 The Group recorded deferred tax assets of ¥2,819 million in relation to tax loss carryforward of ¥10,046 million (calculated using the normal tax rate). The deferred tax assets of ¥2,819 million were recognized mainly for tax loss carryforward of ¥2,737 million (calculated using the normal tax rate) of foreign subsidiaries. The Group judged that the deferred tax assets for the tax loss carryforward were recoverable due to projected future taxable income and did not recognize any valuation allowance.

	Millions of yen						
	2025						
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years	Total
Tax loss carryforward* ¹	¥ 60	¥ 138	¥ 165	¥ 113	¥ 497	¥ 9,427	¥10,403
Valuation allowance	(49)	(138)	(165)	(113)	(311)	(8,567)	(9,346)
Deferred tax assets* ²	10	—	—	—	185	860	1,056

*1 The tax loss carryforward was calculated using the normal tax rate.

*2 The Group recorded deferred tax assets of ¥1,056 million in relation to tax loss carryforward of ¥10,403 million (calculated using the normal tax rate). The deferred tax assets of ¥1,056 million were recognized mainly for tax loss carryforward of ¥840 million (calculated using the normal tax rate) of foreign subsidiaries. The Group judged that the deferred tax assets for the tax loss carryforward were recoverable due to projected future taxable income and did not recognize any valuation allowance.

	Thousands of U.S. dollars						
	2025						
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years	Total
Tax loss carryforward* ¹	\$ 405	\$ 929	\$ 1,106	\$ 760	\$ 3,324	\$ 63,051	\$ 69,578
Valuation allowance	(332)	(929)	(1,106)	(760)	(2,086)	(57,297)	(62,512)
Deferred tax assets* ²	73	—	—	—	1,238	5,754	7,065

*1 The tax loss carryforward was calculated using the normal tax rate.

*2 The Group recorded deferred tax assets of \$7,065 thousand in relation to tax loss carryforward of \$69,578 thousand (calculated using the normal tax rate). The deferred tax assets of \$7,065 thousand were recognized mainly for tax loss carryforward of \$5,619 thousand (calculated using the normal tax rate) of foreign subsidiaries. The Group judged that the deferred tax assets for the tax loss carryforward were recoverable due to projected future taxable income and did not recognize any valuation allowance.

Accounting for Corporation Tax and Local Corporation Tax and Tax Effect Accounting

The Company and certain domestic consolidated subsidiaries adopt the Group Tax Sharing System and conduct accounting and disclosure of corporate tax and local corporate tax, as well as tax-effect accounting pertaining to such taxes, in accordance with Practical Issues Task Force Report No. 42, “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (August 12, 2021).

Revisions to the amounts of deferred tax assets and liabilities due to changes in the tax rates of the Japanese Corporation Tax

Following the enactment in Japan of the “Act to Partially Amend the Income Tax Act, etc.” (Act No. 13 of 2025) on March 31, 2025, a new “Defense Special Corporate Tax” will be imposed starting from the consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, for temporary differences expected to be reversed in or after the consolidated fiscal year beginning on April 1, 2026, the statutory effective tax rate has been revised from 30.6% to 31.5% in calculating deferred tax assets and deferred tax liabilities of the Company and domestic consolidated subsidiaries.

As a result of this change, the amount of deferred tax assets (net of deferred tax liabilities) decreased by ¥594 million (US\$3,978 thousand), the income taxes decreased by ¥477 million (US\$3,195 thousand), and the valuation difference on available-for-sale securities decreased by ¥1,072 million (US\$7,174 thousand).

14 Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the fiscal years ended March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Advertising expenses	¥ 64,509	¥ 71,530	\$ 478,402
Remuneration, salaries, and allowances for directors (and other officers)	68,979	78,832	527,234
Retirement benefit expenses	3,057	3,136	20,979
Provision for bonuses for directors (and other officers)	1,274	2,094	14,008
Research and development expenses	32,316	36,535	244,351
Provision of allowance for doubtful accounts	(14)	204	1,367
Other	110,154	122,622	820,105
Total	¥280,277	¥314,956	\$2,106,449

15 Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2024 and 2025 are as follows::

	Millions of yen				
	2024				
	Amounts arising	Reclassification adjustments	Before income taxes and tax effect	Income taxes and tax effect	After income taxes and tax effect
Valuation difference on available-for-sale securities	¥25,035	¥(44,667)	¥(19,632)	¥6,026	¥(13,606)
Deferred gains or losses on hedges	7,244	(5,178)	2,066	(389)	1,676
Foreign currency translation adjustment	18,590	—	18,590	—	18,590
Remeasurements of defined benefit plans, net of tax	2,491	530	3,021	(939)	2,081
Share of other comprehensive income of entities accounted for using equity method	193	5	199	—	199
Total	¥53,554	¥(49,309)	¥ 4,244	¥4,696	¥ 8,941

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

	Millions of yen					Thousands of U.S. dollars				
	2025					2025				
	Amounts arising	Reclassification adjustments	Before income taxes and tax effect	Income taxes and tax effect	After income taxes and tax effect	Amounts arising	Reclassification adjustments	Before income taxes and tax effect	Income taxes and tax effect	After income taxes and tax effect
Valuation difference on available-for-sale securities	¥53,332	¥ 256	¥53,588	¥(17,492)	¥36,096	\$356,690	\$ 1,713	\$358,403	\$(116,988)	\$241,415
Deferred gains or losses on hedges	2,044	(3,317)	(1,272)	244	(1,028)	13,676	(22,188)	(8,511)	1,635	(6,876)
Revaluation reserve for land	—	—	—	(5)	(5)	—	—	—	(39)	(39)
Foreign currency translation adjustment	1,131	—	1,131	—	1,131	7,569	—	7,569	—	7,569
Remeasurements of defined benefit plans, net of tax	3,106	350	3,456	(1,038)	2,418	20,778	2,342	23,120	(6,946)	16,173
Share of other comprehensive income of entities accounted for using equity method	74	15	89	—	89	496	105	601	—	601
Total	¥59,690	¥(2,695)	¥56,994	¥(18,292)	¥38,702	\$399,211	\$(18,028)	\$381,183	\$(122,339)	\$258,844

16 Retained Earnings and Dividends

In Japan, in the event a dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common share over the total of additional paid-in capital and legal earnings reserve must be set aside as a legal reserve until the aggregate amount of capital surplus and the legal reserve equals 25% of stated capital.

Certain foreign consolidated subsidiaries are also required to appropriate their earnings to legal reserves under the laws of the respective countries.

The Company’s retained earnings include legal reserves of ¥1,645 million and ¥1,645 million (\$11,005 thousand) at March 31, 2024 and 2025, respectively. Proposed appropriations of retained earnings have not been reflected in the consolidated financial statements at the end of the fiscal year. The Company’s approved appropriations of retained earnings for the fiscal year ended March 31, 2025 were cash dividends of ¥38,844 million (\$259,795 thousand). In addition, a mid-year dividend may be paid based on approval by the Board of Directors, which is subject to limitations. The mid-year dividend for the fiscal year ended March 31, 2025 was ¥7,199 million (\$48,148 thousand).

17 Revaluation Reserve for Land

In accordance with the Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998), the land used for business purposes was revalued and “Revaluation reserve for land” was reported in “Net assets” in the consolidated balance sheets.

Revaluation method

The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of

the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in Article 16 of the Land Value Tax Law (Law No. 69, promulgated on May 2, 1991), as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Cabinet Order No. 119, promulgated on March 31, 1998). Reasonable adjustments are made to the official notice prices.

18 Common Shares and Treasury Shares

The changes in the number of common shares and treasury shares for the fiscal years ended March 31, 2024 and 2025 are as follows:

	Shares	
	2024	2025
Common shares (number of shares)		
Number of shares at beginning of year	222,000,000	666,000,000
Increase due to share split	444,000,000	—
Cancellation of treasury shares	—	(6,000,000)
Number of shares at end of year	666,000,000	660,000,000
	Shares	
	2024	2025
Treasury shares (number of shares)		
Number of shares at beginning of year	1,983,216	11,813,756
Increase due to share split	3,966,432	—
Purchase of treasury shares as per a resolution made by the Board of Directors	6,000,000	7,056,300
Cancellation of treasury shares	—	(6,000,000)
Purchases and others	(135,892)	(87,590)
Number of shares at end of year	11,813,756	12,782,466

19 Leases

As lessee

The Company and its consolidated subsidiaries occupy offices and other facilities and use various assets under operating lease arrangements.

Operating leases

Future minimum payments required under non-cancelable operating leases as of March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Within one year	¥1,478	¥3,427	\$22,922
Over one year	2,980	4,721	31,578
Total	¥4,458	¥8,149	\$54,501

20 Foreign Exchange Risk Management and Interest Rate Risk Management

Derivative financial instruments are comprised principally of forward foreign exchange contracts and currency option contracts. These instruments are used to reduce the risk of changes in foreign exchange rates, but are not used for speculation.

The Company is exposed to credit risk related to non-performance by the counterparties to forward foreign exchange contracts and currency option contracts, but the Company does not expect any instances of non-performance due to the high credit ratings of the counterparties.

Contract amounts, fair values, and gains or losses from valuation of forward foreign exchange contracts outstanding as of March 31, 2024 and 2025 are as follows. The contract amounts in themselves should not be considered indicative of the market risk associated with the derivative financial instruments.

(1) Derivative transactions not qualifying for hedge accounting

	Millions of yen						Thousands of U.S. dollars		
	2024			2025			2025		
Hedging method	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)
Forward foreign exchange contracts									
Sold:									
Yen	¥ 4,419	¥ 338	¥ 338	¥ 4,777	¥(25)	¥(25)	\$31,950	\$(169)	\$(169)
U.S. dollars	5,905	(196)	(196)	6,519	12	12	43,599	83	83
Euro	955	(17)	(17)	477	(4)	(4)	3,192	(30)	(30)
Purchased:									
U.S. dollars	474	33	33	463	(12)	(12)	3,097	(83)	(83)
H.K. dollars	14	0	0	42	(0)	(0)	287	(4)	(4)
Chinese yuan	34	0	0	75	(1)	(1)	503	(7)	(7)
Total	¥11,803	¥ 158	¥ 158	¥12,354	¥(31)	¥(31)	\$82,630	\$(211)	\$(211)

*1 For certain of the above forward foreign exchange contracts, hedge accounting is applied mainly for the transactions between consolidated subsidiaries in each financial statement, but these transactions have been eliminated in the consolidated financial statements. As a result, these transactions are not treated as effective hedges of the hedged assets and/or liabilities in the consolidated financial statements.

(2) Derivative transactions qualifying for hedge accounting

	Hedge accounting method	Hedging method	Hedge items	Millions of yen				Thousands of U.S. dollars	
				2024	2025	2024	2025	2025	2025
				Contract amount	Estimated fair value	Contract amount	Estimated fair value	Contract amount	Estimated fair value
			Forward foreign exchange contracts						
			Sold:						
		Yen	Account receivable–trade	¥19,570	¥ 734	¥22,448	¥(348)	\$150,136	\$(2,327)
Deferred		U.S. dollars	Account receivable–trade	4,074	(35)	218	(3)	1,463	(25)
			Purchased:						
		Yen	Account payable–trade	61	(1)	152	(2)	1,022	(14)
		U.S. dollars	Account payable–trade	11,966	571	22,476	334	150,325	2,238
			Forward foreign exchange contracts						
			Purchased:						
Foreign exchange allocation method		U.S. dollars	Account payable–trade	77	(*)	142	(*)	950	(*)
Total				¥35,750	¥1,269	¥45,438	¥ (19)	\$303,898	\$ (129)

*1 Forward foreign exchange contracts and other contracts for which the allocation method is applied are accounted for together with the accounts payable—trade that are the hedged items, and as a result the fair values of those contracts are included in the fair values of the accounts payable—trade.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

21 Commitments and Contingent Liabilities

1. Pledged assets

As of March 31, 2024 and 2025 details of assets deposited as a security deposit for issuance under the Payment Services Act are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Other investments and assets	¥2,440	¥2,334	\$15,609

2. Commitments

Commitments as of March 31, 2024 and 2025 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Bandai Namco Will Inc.	¥ 23	¥ —	\$ —
BANDAI LOGIPAL AMERICA, INC.	5,068	4,224	28,254
Transferee of amusement facilities business in North America	110	9	64
Total	¥5,202	¥4,234	\$28,319

22 Revenue Recognition

1. Disaggregation of revenue from contracts with customers

	Millions of yen						
	2024						
	Reportable Segment						Total
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal	Other	Total
Japan	¥231,618	¥357,917	¥68,244	¥ 94,829	¥ 752,609	¥5,853	¥ 758,462
Americas	50,547	39,226	—	1,672	91,446	—	91,446
Europe	63,341	23,006	—	16,588	102,936	—	102,936
Asia	20,602	71,053	162	5,545	97,364	—	97,364
Revenue from contracts with customers	¥366,110	¥491,204	¥68,407	¥118,636	¥1,044,357	¥5,853	¥1,050,210
Revenue from other sources	—	—	—	—	—	—	—
Net sales to external customers	¥366,110	¥491,204	¥68,407	¥118,636	¥1,044,357	¥5,853	¥1,050,210

	Millions of yen						
	2025						
	Reportable Segment						Total
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal	Other*1	Total
Japan	¥251,630	¥430,178	¥75,458	¥103,150	¥ 860,417	¥6,647	¥ 867,064
Americas	91,941	44,173	—	4,416	140,531	—	140,531
Europe	84,077	21,900	—	19,805	125,783	—	125,783
Asia	22,438	78,585	157	6,952	108,132	—	108,132
Revenue from contracts with customers	¥450,088	¥574,837	¥75,615	¥134,324	¥1,234,866	¥6,647	¥1,241,513
Revenue from other sources	—	—	—	—	—	—	—
Net sales to external customers	¥450,088	¥574,837	¥75,615	¥134,324	¥1,234,866	¥6,647	¥1,241,513

	Thousands of U.S. dollars						
	2025						
	Reportable Segment						Total
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal	Other*1	Total
Japan	\$1,682,924	\$2,877,060	\$504,671	\$689,876	\$5,754,533	\$44,455	\$5,798,989
Americas	614,914	295,433	—	29,535	939,883	—	939,883
Europe	562,316	146,473	—	132,460	841,251	—	841,251
Asia	150,066	525,584	1,050	46,498	723,200	—	723,200
Revenue from contracts with customers	\$3,010,223	\$3,844,552	\$505,721	\$898,371	\$8,258,868	\$44,455	\$8,303,324
Revenue from other sources	—	—	—	—	—	—	—
Net sales to external customers	\$3,010,223	\$3,844,552	\$505,721	\$898,371	\$8,258,868	\$44,455	\$8,303,324

*1 The “Other” category is a business segment not included in reportable segments that includes operations such as logistics services.

*2 Net sales to external customers are based on the location of the Company or its consolidated subsidiaries and are recorded by country or region.

2. Information for understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is as stated in Note “2 Summary of Significant Accounting Policies—(d) Accounting Standards for Significant Income and Expenses.”

3. Information for understanding amounts of revenue in this fiscal year and onwards

(1) Balances of contract assets and liabilities, etc.

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Receivables from contracts with customers (beginning balance)	¥ 99,007	¥118,120	\$790,000
Receivables from contracts with customers (ending balance)	118,120	123,998	829,310
Contract assets (beginning balance)	—	69	463
Contract assets (ending balance)	69	—	—
Contract liabilities (beginning balance)	22,567	27,728	185,450
Contract liabilities (ending balance)	27,728	28,677	191,796

Contract liabilities are mainly related to the following and are reversed upon recognition of revenue:

- Advances received as consideration paid by customers for content of the Digital Business, which are recognized as revenue when the Group’s performance obligation is satisfied by the acquisition and use of such paid-for items by the customer;
- Advances received for which, if there are elements not yet delivered to the customer, such as additional free downloadable content in the Digital Business, the Company calculates the estimated sale value by referencing the selling price of similar paid downloadable content and recognizes revenue over the course of the customer’s average game-playing period; and
- Advances received from customers before the transfer of goods and products in the Toys and Hobby Business.

The amount of revenue that was recognized in the previous fiscal year that was included in the contract liability balance at the beginning of the period is ¥19,004 million. The amount of revenue that was recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period is ¥24,634 million (\$164,755 thousand).

(2) Transaction price allocated to the remaining performance obligations

As there were no material contracts with original expected terms of over one year, descriptions in regard thereto are omitted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

23 Segment Information

The reportable segments of the Company are components of the Group whose separate financial information is available and which are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group is made up of (1) three Units, one for each business domain, namely, the Entertainment Unit (Digital Business, Toys and Hobby Business), the IP Production Unit, and the Amusement Unit, and (2) the affiliated business companies that mainly serve a supporting role for these Units. The business management company of each business leads the planning and promotion of the business strategies of the business for Japan and overseas.

Accordingly, the Group has the following four reportable segments: the Digital Business, the Toys and Hobby Business, the IP Production Business, and the Amusement Business.

The Digital Business conducts planning, development, and distribution of network content, and planning, development, and sales of home console games. The Toys and Hobby Business conducts planning, development, production, and sales of toys, capsule toys, cards, confectionery and foods, apparel, sundries, model kits, prizes, stationery, and other products. The IP Production Business conducts planning, production, and management of visual and music content such as animations, management and administration of copyrights and other rights, artist discovery and development, and live entertainment operations. The Amusement Business conducts planning, development, production, sales and after-service for amusement machines, and planning and operation of amusement facilities, including theme parks and indoor playgrounds.

The accounting method used for the business segments reported is the same as the accounting method stated in Note “2 Summary of Significant Accounting Policies.” Segment profit or loss in the segment information below is measured by operating profit, and segment assets are measured by total assets. Amounts of inter-segment transactions are based on the prevailing market prices.

Millions of yen									
2024									
	Reportable Segment					Other* ¹	Total	Adjustments* ²	Consolidated total* ³
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal				
Net sales									
To external customers	¥366,110	¥491,204	¥68,407	¥118,636	¥1,044,357	¥ 5,853	¥1,050,210	¥ —	¥1,050,210
Inter-segment sales and transfers	6,557	18,676	14,061	1,031	40,325	26,505	66,830	(66,830)	—
Total	¥372,667	¥509,880	¥82,468	¥119,667	¥1,084,683	¥32,358	¥1,117,041	¥ (66,830)	¥1,050,210
Segment profit	6,257	78,655	10,048	6,843	101,805	988	102,793	(12,111)	90,682
Segment assets	258,161	235,523	69,614	72,606	635,906	27,323	663,230	308,608	971,838
Other items:									
Depreciation	¥ 9,290	¥ 20,214	¥ 1,135	¥ 5,556	¥ 36,197	¥ 797	¥ 36,994	¥ 1,370	¥ 38,364
Amortization of goodwill	344	472	1,859	—	2,676	—	2,676	—	2,676
Impairment losses	1,446	25	10	192	1,674	—	1,674	—	1,674
Investments in entities accounted for using equity method	—	4,380	—	—	4,380	10,668	15,048	—	15,048
Increase in property, plant and equipment and intangible assets	7,227	27,685	839	11,228	46,981	554	47,535	1,580	49,116

Millions of yen									
2025									
	Reportable Segment					Other* ¹	Total	Adjustments* ²	Consolidated total* ³
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal				
Net sales									
To external customers	¥450,088	¥574,837	¥75,615	¥134,324	¥1,234,866	¥ 6,647	¥1,241,513	¥ —	¥1,241,513
Inter-segment sales and transfers	5,545	22,096	15,123	7,161	49,925	29,577	79,502	(79,502)	—
Total	¥455,633	¥596,933	¥90,738	¥141,485	¥1,284,791	¥36,224	¥1,321,015	¥(79,502)	¥1,241,513
Segment profit	68,527	102,202	11,778	8,438	190,947	1,671	192,619	(12,390)	180,229
Segment assets	311,135	343,842	70,554	79,297	804,830	26,340	831,170	271,466	1,102,636
Other items:									
Depreciation	¥ 6,616	¥ 22,847	¥ 1,192	¥ 7,471	¥ 38,128	¥ 725	¥ 38,854	¥ 1,362	¥ 40,216
Amortization of goodwill	266	257	2,094	—	2,618	—	2,618	—	2,618
Impairment losses	404	—	23	1,053	1,481	—	1,481	45	1,526
Investments in entities accounted for using equity method	—	4,793	—	—	4,793	11,869	16,663	—	16,663
Increase in property, plant and equipment and intangible assets	5,206	41,230	1,320	13,065	60,822	807	61,630	3,627	65,257

Thousands of U.S. dollars									
2025									
	Reportable Segment					Other* ¹	Total	Adjustments* ²	Consolidated total* ³
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal				
Net sales									
To external customers	\$3,010,223	\$3,844,552	\$505,721	\$898,371	\$8,258,868	\$ 44,455	\$8,303,324	\$ —	\$8,303,324
Inter-segment sales and transfers	37,085	147,780	101,143	47,896	333,905	197,814	531,720	(531,720)	—
Total	\$3,047,308	\$3,992,332	\$606,865	\$946,267	\$8,592,774	\$242,270	\$8,835,044	\$ (531,720)	\$8,303,324
Segment profit	458,315	683,539	78,776	56,440	1,277,072	11,182	1,288,254	(82,866)	1,205,388
Segment assets	2,080,895	2,299,644	471,871	530,349	5,382,761	176,164	5,558,925	1,815,583	7,374,508
Other items:									
Depreciation	\$ 44,254	\$ 152,803	\$ 7,978	\$ 49,970	\$ 255,007	\$ 4,853	\$ 259,860	\$ 9,110	\$ 268,971
Amortization of goodwill	1,783	1,724	14,007	—	17,515	—	17,515	—	17,515
Impairment losses	2,702	—	157	7,047	9,907	—	9,907	302	10,209
Investments in entities accounted for using equity method	—	32,061	—	—	32,061	79,385	111,447	—	111,447
Increase in property, plant and equipment and intangible assets	34,818	275,752	8,829	87,383	406,784	5,402	412,187	24,257	436,444

*1 The "Other" category is a business segment not included in reportable segments under which operations such as logistics services for each of the Group companies are classified.

*2 The details of adjustment amounts are as follows:

(1) The adjustment to segment profit of -¥12,111 million for the fiscal year ended March 31, 2024, includes elimination of inter-segment transactions of ¥313 million and corporate expenses not allocated to reportable segments of -¥12,425 million. The adjustment to segment profit of -¥12,390 million (-\$82,866 thousand) for the fiscal year ended March 31, 2025, includes elimination of inter-segment transactions of ¥502 million (\$3,359 thousand) and corporate expenses not allocated to reportable segments of -¥12,892 million (-\$86,226 thousand). Principal corporate expenses are expenses related to administrative divisions not belonging to reportable segments.

(2) The adjustment to segment assets of ¥308,608 million as of March 31, 2024, includes elimination of inter-segment transactions of -¥35,485 million and corporate assets not allocated to reportable segments of ¥344,093 million. The adjustment to segment assets of ¥271,466 million (\$1,815,583 thousand) as of March 31, 2025, includes elimination of inter-segment transactions of -¥47,311 million (-\$316,420 thousand) and corporate assets not allocated to reportable segments of ¥318,777 million (\$2,132,003 thousand). Principal corporate assets are cash and deposits, investment securities, and assets related to administrative divisions not belonging to reportable segments.

(3) The adjustment to depreciation of ¥1,370 million for the fiscal year ended March 31, 2024, includes elimination of inter-segment transactions of -¥30 million and depreciation not allocated to reportable segments of ¥1,400 million. The adjustment to depreciation of ¥1,362 million (\$9,110 thousand) for the fiscal year ended March 31, 2025, includes elimination of inter-segment transactions of -¥137 million (-\$921 thousand) and depreciation not allocated to reportable segments of ¥1,500 million (\$10,032 thousand).

(4) The adjustment to impairment losses of fixed assets of ¥45 million (\$302 thousand) for the fiscal year ended March 31, 2025 is related to corporate assets not allocated to reportable segments.

(5) The adjustment to increase in property, plant and equipment and intangible assets of ¥1,580 million for the fiscal year ended March 31, 2024, is related to corporate assets not allocated to reportable segments. The adjustment to increase in property, plant and equipment and intangible assets of ¥3,627 million (\$24,257 thousand) for the fiscal year ended March 31, 2025, is related to corporate assets not allocated to reportable segments.

*3 Segment profit is adjusted with operating profit in the consolidated statements of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Additional segment information as of and for the fiscal years ended March 31, 2024 and 2025 is as follows:

1. Information by product and service

This information is included in the segment information above.

2. Information by geographic region

Net sales and Property, plant and equipment

Millions of yen					
2024					
	Japan	Americas	Europe	Asia, excluding Japan	Total
Net sales	¥624,539	¥165,678	¥129,017	¥130,975	¥1,050,210
Property, plant and equipment	94,006	5,094	10,430	9,104	118,636

Millions of yen					
2025					
	Japan	Americas	Europe	Asia, excluding Japan	Total
Net sales	¥697,418	¥233,251	¥157,764	¥153,079	¥1,241,513
Property, plant and equipment	113,227	5,173	10,248	10,477	139,127

Thousands of U.S. dollars					
2025					
	Japan	Americas	Europe	Asia, excluding Japan	Total
Net sales	\$4,664,379	\$1,560,001	\$1,055,136	\$1,023,806	\$8,303,324
Property, plant and equipment	757,272	34,601	68,543	70,073	930,491

*1 Net sales are classified by country and region based on customer location.

3. Information by major customer

Fiscal year ended March 31, 2024	Name	Net sales (Millions of yen)	Name of related segment
	Apple Inc.	¥108,143	Digital Business, Toys and Hobby Business, and IP Production Business

*1 Apple Inc. is a platform-provision company. The actual result of sales to the company is usage fees, etc., for users (ordinary users) of game services provided by the Group.

Fiscal year ended March 31, 2025

Information by major customer is omitted because there is no specific external customer that accounts for 10% or more of net sales in the consolidated statements of operations.

4. By reportable segment, information regarding the amount of amortization of goodwill for the fiscal years ended March 31, 2024 and 2025, and the unamortized balance of goodwill as of March 31, 2024 and 2025 is as follows:

Millions of yen							
2024							
	Digital	Toys and Hobby	IP Production	Amusement	Other	Corporate and eliminations	Total
Amortization of goodwill	¥344	¥472	¥1,859	¥—	¥—	¥—	¥ 2,676
Unamortized balance of goodwill	931	308	10,368	—	—	—	11,608

Millions of yen							
2025							
	Digital	Toys and Hobby	IP Production	Amusement	Other	Corporate and eliminations	Total
Amortization of goodwill	¥266	¥257	¥2,094	¥—	¥—	¥—	¥2,618
Unamortized balance of goodwill	660	50	9,729	—	—	—	10,441

Thousands of U.S. dollars							
2025							
	Digital	Toys and Hobby	IP Production	Amusement	Other	Corporate and eliminations	Total
Amortization of goodwill	\$1,783	\$1,724	\$14,007	\$—	\$—	\$—	\$17,515
Unamortized balance of goodwill	4,417	339	65,074	—	—	—	69,830

24 Related-Party Disclosures

Fiscal year ended March 31, 2024

(1)Transactions by consolidated subsidiaries of the Company with non-consolidated subsidiaries and affiliated companies of the Company

Type	Company	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content	Transaction amount	Account items	Balance as of March 31, 2024
Affiliated company	HAPPINET CORPORATION	Taito-ku, Tokyo	¥2,751 million	Wholesaler of toys, video games, and amusement products	Holding directly 25.8% indirectly 0.3%	Sales agency	Sales of products, and others	¥86,641 million	Accounts receivable—trade	¥15,342 million

*1 Transaction terms and policy for determining transaction terms
For the transaction stated above, the products were sold on the same terms as general transactions with third parties in the ordinary course of business.

(2) Transactions between the Company and related parties

Directors, Audit & Supervisory Board Members, major shareholders (limited to individuals), etc.

Type	Name	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content	Transaction amount	Account items	Balance as of March 31, 2024
Officer	Masaru Kawaguchi	—	—	President and Representative Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥45 million	—	—
Officer	Yuji Asako	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥22 million	—	—
Officer	Nobuhiko Momoi	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥22 million	—	—
Officer	Nao Udagawa	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥36 million	—	—
Officer	Kazuhiro Takenaka	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥41 million	—	—
Officer	Makoto Asanuma	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥27 million	—	—
Officer	Hiroshi Kawasaki	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥27 million	—	—
Officer	Shuji Ohtsu	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥17 million	—	—
Person equivalent to Officer	Yasuo Miyakawa	—	—	Senior advisor of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥41 million	—	—
							Payment of outsourcing fees*2	¥41 million	Other current liabilities	¥6 million

*1 These items are due to contribution in kind of monetary compensation claims accompanying the performance-based share compensation plan. The disposal price of treasury shares is determined based on the closing price of common shares of the Tokyo Stock Exchange Prime Market on June 16, 2023 (the business day immediately preceding the date of the resolution at the Board of Directors' meeting).

*2 Outsourcing fees are determined through negotiations between both parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Fiscal year ended March 31, 2025

(1)Transactions by consolidated subsidiaries of the Company with non-consolidated subsidiaries and affiliated companies of the Company

Type	Company	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content	Transaction amount	Account items	Balance as of March 31, 2025
Affiliated company	HAPPINET CORPORATION	Taito-ku, Tokyo	¥2,751 million (\$18,400 thousand)	Wholesaler of toys, video games, and amusement products	Holding directly 26.2% indirectly 0.3%	Sales agency	Sales of products, and others	¥99,626 million (\$666,307 thousand)	Accounts receivable–trade	¥20,039 million (\$134,024 thousand)

*1. Transaction terms and policy for determining transaction terms
For the transaction stated above, the products were sold on the same terms as general transactions with third parties in the ordinary course of business.

(2) Transactions between the Company and related parties

Directors, Audit & Supervisory Board Members, major shareholders (limited to individuals), etc.

Type	Name	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content	Transaction amount	Account items	Balance as of March 31, 2025
Officer	Masaru Kawaguchi	—	—	President and Representative Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥24 million (\$161 thousand)	—	—
Officer	Yuji Asako	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥12 million (\$80 thousand)	—	—
Officer	Nobuhiko Momoi	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥12 million (\$80 thousand)	—	—
Officer	Nao Udagawa	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥21 million (\$145 thousand)	—	—
Officer	Kazuhiro Takenaka	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥21 million (\$145 thousand)	—	—
Officer	Makoto Asanuma	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥14 million (\$97 thousand)	—	—
Officer	Hiroshi Kawasaki	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥14 million (\$97 thousand)	—	—

* 1 These items are due to contribution in kind of monetary compensation claims accompanying the performance-based share compensation plan. The disposal price of treasury shares is determined based on the closing price of common shares of the Tokyo Stock Exchange Prime Market on June 21, 2024 (the business day immediately preceding the date of the resolution at the Board of Directors’ meeting).

25 Per-Share Data

		Yen	U.S. dollars
	2024	2025	2025
Net assets per share	¥1,069.29	¥1,225.02	\$8.19
Basic earnings per share	153.85	197.88	1.32

*1 Diluted earnings per share is not presented since no potentially dilutive shares exist.
*2 The basis of calculating basic earnings per share is as follows:

		Millions of yen	Thousands of U.S. dollars
	2024	2025	2025
Basic earnings per share			
Profit attributable to owners of parent	¥101,493	¥129,301	\$864,778
Amount not applicable to common shareholders	—	—	—
Profit attributable to owners of parent available to common share	101,493	129,301	864,778
Average number of common share outstanding (shares)	659,682,874	653,449,486	

26 Business Combinations

Fiscal year ended March 31, 2024

There are no material business combinations to be disclosed.

Fiscal year ended March 31, 2025

Transactions conducted by commonly controlled entities

(Reorganization in the European region)

1. Overview of transaction

(1) Name and description of the business involved in the reorganization

Name	Digital business of Bandai Namco Europe S.A.S. (“BNEU”) *BNEU was renamed Bandai Namco Holdings Europe S.A.S. (“BNHE”) on October 1, 2024.
Business description	Planning, development, marketing and sales of home console and PC game software, and planning, development, and distribution of network content

(2) Date of business combination

September 30, 2024

(3) Legal form of business combination

Method equivalent to absorption-type company split in Japan (assets and liabilities related to BNEU’s digital business were transferred to Bandai Namco Entertainment Europe S.A.S. (“BNEE”) at book value, and BNEE delivered shares to BNEU as consideration).

(4) Company name after combination

Bandai Namco Entertainment Europe S.A.S.
(Company name changed from BANDAI NAMCO EUROPE NEWCO S.A.S. on September 30, 2024)

(5) Other matters related to overview of transaction

In Europe, BNEU, located in France, had been operating as an operating holding company that had the two functions of the operating company that operated the Digital Business and a holding company. Through this reorganization, BNEU clearly separated the operating company function and holding company function of BNEU whereby there is a holding company (BNHE) that oversees Continental Europe and strengthens governance functions and an operating company (BNEE) that devotes itself to executing business strategy and expanding the Digital Business.

2. Overview of accounting process

The accounting process was carried out as transactions conducted by commonly controlled entities, in accordance with the “Accounting Standard for Business Combinations” and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”

27 Significant Subsequent Events

(Cancellation of treasury shares)

At the Board of Directors meeting held on April 16, 2025, the Company approved a resolution to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act, and implemented as described below.

1. Class of shares canceled	Common shares of the Company
2. Number of shares canceled	10,000,000 shares (1.52% of total number of issued shares before cancellation)
3. Total number of issued shares after cancellation	650,000,000 shares
4. Date of cancellation	April 30, 2025

(Reorganization of subsidiaries)

The Company resolved at the Board of Directors meeting held on February 5, 2025 to implement a company split in which the shares of Bandai Namco Amusement Inc. (“Bandai Namco Amusement”) would be transferred to Bandai Namco Experience Inc. (“Bandai Namco Experience”), which was established on February 14, 2025 as a wholly owned subsidiary of the Company, by means of an absorption-type company split (the “Company Split”). The Company implemented the Company Split on April 1, 2025.

1. Objective

The Company Split was implemented as part of a reorganization within the Amusement Unit aimed at strengthening planning and development capabilities as well as acquiring and training human resources for facility operations, in order to promote the Group’s new Mid-term Plan, which began in April 2025.

As a result of the Company Split taking effect, Bandai Namco Experience oversees the entire Amusement Unit’s business of the Group as the business management company for the Unit, and also plans and sells facilities, amusement machines, and content, while Bandai Namco Amusement specializes in the facility operation business. By clarifying the roles of each organization, the Group will promote growth in the amusement business through optimal allocation of management resources and efficient business operations.

2. Outline of the new subsidiary

(1) Name	Bandai Namco Experience Inc.
(2) Description of business	Amusement business
(3) Share capital	¥100 million
(4) Date of establishment	February 14, 2025
(5) Shareholding ratio	The Company 100%

3. Transactions conducted by commonly controlled entities

(1) Outline of transaction

- (i) Absorption-type company split from Bandai Namco Amusement into Bandai Namco Experience
- a. Name and description of the subject business
- Real entertainment business, including planning, production, and sales of amusement machines, and planning of amusement facilities and facilities that leverage IP
- b. Date of business combination
- April 1, 2025
- c. Legal form of business combination
- Absorption-type company split by which Bandai Namco Amusement shall be the splitting company and Bandai Namco Experience shall be the successor company
- d. Name of company after combination
- No change

- (ii) Absorption-type company split from the Company into Bandai Namco Experience
- a. Name and description of the subject business
- In this absorption-type company split, all the shares of Bandai Namco Amusement held by the Company were transferred to Bandai Namco Experience, and there was no transfer of business operations.
- b. Date of business combination
- April 1, 2025
- c. Legal form of business combination
- Absorption-type company split by which the Company shall be the splitting company and Bandai Namco Experience shall be the successor company
- d. Name of company after combination
- No change

(2) Outline of accounting process

The accounting process was carried out as transactions conducted by commonly controlled entities, in accordance with the “Accounting Standard for Business Combinations” and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”

(Disposal of treasury shares as share compensation)

Based on a resolution at the Board of Directors’ meeting held on June 23, 2025, a disposal of treasury shares as share compensation has been implemented, as follows:

1. Overview of disposal

- (1) Date of disposal
- July 11, 2025
- (2) Class and number of shares to be disposed
- 151,100 shares of the Company’s common shares
- (3) Disposal value
- ¥4,894 per share
- (4) Total disposal value
- ¥739 million
- (5) Method of offering or disposal
- Share compensation allotment method
- (6) Individuals eligible for allotment, number of eligible individuals and number of shares to be allotted
- Directors of the Company*1
- 3 individuals, 29,700 shares
- Directors of subsidiaries of the Company*2
- 29 individuals, 121,400 shares
- (7) Other
- The taking effect of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act is a condition for this disposal of treasury shares.

*1 Company directors (excluding those serving concurrently as president and representative director of Bandai Namco Entertainment Inc., BANDAI CO., LTD., Bandai Namco Filmworks Inc., Bandai Namco Amusement Inc., and Bandai Namco Business Arc Inc., directors who are Audit & Supervisory Committee member and outside directors)

*2 Directors (excluding non-executive directors) of Bandai Namco Entertainment Inc., BANDAI CO., LTD., Bandai Namco Filmworks Inc., Bandai Namco Amusement Inc., BANDAI SPIRITS CO., LTD., Bandai Namco Music Live Inc., and Bandai Namco Business Arc Inc.

2. Objective of, and reasons for, the disposal

As performance-based remuneration related to this fiscal year, monetary compensation claims from the Company and subsidiaries are granted to the directors of the Company and subsidiaries (“eligible directors”). Eligible directors pay in the monetary compensation claims as property contributed in kind to receive delivery of the Company’s common shares.

Audit Fees

a. Details of fees to auditor of the filing company

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2025	2025
	Audit fees	Fees for non-audit services	Audit fees	Fees for non-audit services
Filing company	¥113	¥ 1	¥123	¥36
Consolidated subsidiaries	264	—	274	—
Total	¥377	¥ 1	¥398	¥36
			\$ 828	\$242
			1,835	—
			\$2,664	\$242

For the filing company, non-audit services in the fiscal year ended March 31, 2024 consisted of evaluation services related to defined contribution pension plan management institutions, while in the fiscal year ended March 31, 2025, they consisted of support services for compliance with the Corporate Sustainability Reporting Directive (CSRD).

In addition to the fees indicated above, additional audit fees of ¥27 million related to the fiscal year ended March 31, 2023 were paid in the fiscal year ended March 31, 2024.

b. Details of fees to other member firms of the network to which auditors belong (member firms of KPMG international) (excluding fees to the filing company auditor in a. above)

	Millions of yen		Thousands of U.S. dollars	
	2024	2025	2025	2025
	Audit fees	Fees for non-audit services	Audit fees	Fees for non-audit services
Filing company	¥ —	¥ 11	¥ —	¥32
Consolidated subsidiaries	514	98	548	56
Total	¥514	¥110	¥548	¥89
			\$ —	\$218
			3,666	379
			\$3,666	\$598

The non-audit service provided to the filling company is tax-related advice.

The non-audit services provided to consolidated subsidiaries are mainly advisory services etc. related to taxes.

INDEPENDENT AUDITOR’S REPORT

Independent Auditor’s Report

To the Board of Directors of Bandai Namco Holdings Inc.

Report on the Audit of the Consolidated Financial Statements
Opinion

We have audited the accompanying consolidated financial statements of Bandai Namco Holdings Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets, consolidated statements of cash flows for the years then ended, and the notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the valuation of work in process for home video games before the launch at major domestic development bases	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet, Bandai Namco Holdings Inc. and its consolidated subsidiaries (collectively referred to as the “Group”) recognized work in process of ¥77,501 million as part of inventories as of March 31, 2025. As described in Note 2 “Summary of Significant Accounting Policies, (p) Significant Accounting Estimates, Valuation of Work in Process for Home Video Games before Launch at Major Domestic Development Bases” to the consolidated financial statements, the amount included ¥47,578 million of work in process for home video games before the launch at major domestic development bases that belonged to the Digital Business segment, representing 4.3% of total assets in the consolidated financial statements.</p> <p>As described in Note 2 “Summary of Significant Accounting Policies, (g) Inventories” to the consolidated financial statements, work in process recognized in the consolidated balance sheet is accounted for using a method of writing down the book value according to the declining profit-ability, and is measured at the lower of cost of work in process or its net realizable value. The Group calculates the net realizable value of work in process for home video games before the launch based on the sales plans and the development plans that take into consideration the sales performance of similar game titles and sales potential based on future demand forecasts. If the book value of work in process exceeds the net realizable value due to revisions to the plans or otherwise, the book value is written down to the net realizable value.</p> <p>In developing the sales plans that provide a particularly important basis for calculating the net realizable value, the Group estimates sales volume based on the sales performance of similar game titles launched in the past, demand trends and other factors.</p> <p>The demand forecasts after the launch involved a high degree of estimation uncertainty and they were highly dependent upon subjective judgment by management of the major domestic development bases.</p> <p>We, therefore, determined that our assessment of the reasonableness of the valuation of work in process for home video games before the launch at major domestic development bases was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the reasonableness of the valuation of work in process for home video games before the launch at major domestic development bases included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to the valuation of work in process for home video games before the launch at major domestic development bases. In this assessment, we focused our testing on the following controls:</p> <ul style="list-style-type: none">controls to ensure the appropriateness of the estimated sales volume of game titles including consideration at meetings with decision-making authority <p>(2) Assessment of the reasonableness of the estimated sales volume</p> <p>We assessed the appropriateness of the estimated sales volume of home video game titles before the launch, by performing the following procedures, among others:</p> <ul style="list-style-type: none">evaluated the precision of management’s estimated net realizable value by comparing the sales plans of game titles that were launched in the previous year with their sales performance after the launch;assessed the appropriateness of similar game titles determined to be the benchmarks by inquiring of personnel in charge of the department regarding their similarities including game concepts and the popularity of Intellectual Property (IP), such as game characters, and inspecting relevant documents; andcompared the estimated sales volume of game titles with the sales performance of similar game titles determined to be the benchmarks, and also assessed the reasonableness of the adjustments to the estimated sales volume considering demand trends and other factors by inquiring of personnel in charge of the department and inspecting relevant documents.

INDEPENDENT AUDITOR’S REPORT

Other Information

The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its consolidated subsidiaries are described in “Audit fees” included in Appendix of the Financial Report.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Michiaki Yamabe

Designated Engagement Partner
Certified Public Accountant

Yasuko Kawamata

Designated Engagement Partner
Certified Public Accountant

Kenta Kurosu

Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan
August 5, 2025