Bandai Namco Holdings Inc.

FINANCIAL REPORT

for the Fiscal Year Ended March 31, 2026

V. Financial Information

1. Basis of Preparation of the Consolidated Financial Statements and the Non-Consolidated Financial Statements

(1) The consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; the "Regulation on Financial Statements").

As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulation on Financial Statements.

2. Audit Certification

The consolidated financial statements for the consolidated fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026) and the non-consolidated financial statements for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026) have been audited by KPMG AZSA LLC, pursuant to the provisions of Article 193-2, Paragraph (1) of the Financial Instruments and Exchange Act.

3. Special Efforts to Ensure the Appropriateness of the Consolidated Financial Statements

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements. Specifically, the Company has established a system that enables it to appropriately understand the content of accounting standards, etc. and respond accurately to revisions in accounting standards and similar matters, by joining the Financial Accounting Standards Foundation, a public interest incorporated foundation, and obtaining relevant information as appropriate from training sessions organized by the Foundation, as well as from the results of its research and studies on corporate accounting standards, disclosure systems, and other systems related to corporate finance.

1. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(¥ million)

		Prior Fiscal Year (As of March 31, 2025)		Current Fiscal Year (As of March 31, 2026)
Assets				
Current assets				
Cash and deposits		388,460	*3	433,262
Notes and accounts receivable - trade, and contract assets	*1	123,998	*1	146,181
Merchandise and finished goods		43,375		55,507
Work in process		77,501		64,616
Raw materials and supplies		7,834		9,319
Other		64,635		73,270
Allowance for doubtful accounts		(862)		(1,256)
Total current assets		704,942		780,901
Non-current assets				
Property, plant and equipment				
Buildings and structures	*6	55,287	*6	58,521
Accumulated depreciation		(26,929)		(29,961)
Buildings and structures, net		28,358		28,559
Machinery, equipment and vehicles	*6	18,345	*6	31,058
Accumulated depreciation		(11,847)		(16,545)
Machinery, equipment and vehicles, net		6,497		14,513
Amusement facilities and machines		67,763		72,393
Accumulated depreciation		(51,255)		(54,897)
Amusement facilities and machines, net		16,508		17,495
Land	*5	48,671	*5	48,249
Right-of-use assets		20,444		27,227
Accumulated depreciation		(10,454)		(12,339)
Right-of-use assets, net		9,989		14,888
Construction in progress		8,515		12,689
Other	*6	170,559	*6	181,946
Accumulated depreciation		(149,973)		(165,408)
Other, net		20,585		16,537
Total property, plant and equipment		139,127		152,933
Intangible assets		31,226		27,426
Investments and other assets				
Investment securities	*2	173,350	*2	161,418
Deferred tax assets		19,673		29,867
Retirement benefit asset		11,710		14,081
Other	*2, *3	23,578	*2, *3	24,570
Allowance for doubtful accounts		(972)		(705)
Total investments and other assets		227,340		229,232
Total non-current assets		397,694		409,593
Total assets		1,102,636		1,190,494

(¥ million)

		Prior Fiscal Year (As of March 31, 2025)		Current Fiscal Year (As of March 31, 2026)
Liabilities				
Current liabilities				
Notes and accounts payable - trade		98,068		101,717
Income taxes payable		40,715		35,024
Contract liabilities		28,677		31,032
Provision for bonuses for directors (and other officers)		2,178		2,185
Provision for share-based payments		1,415		1,363
Other provisions		1,504		1,207
Other		106,051		120,771
Total current liabilities		278,611		293,300
Non-current liabilities				
Retirement benefit liability		6,042		6,380
Deferred tax liabilities for land revaluation	*5	205	*5	205
Lease liabilities		7,392		12,125
Other		17,167		17,058
Total non-current liabilities		30,808		35,769
Total liabilities		309,420		329,069
Net assets				
Shareholders' equity				
Share capital		10,000		10,000
Capital surplus		43,491		7,987
Retained earnings		668,802		755,714
Treasury shares		(44,214)		(33,359)
Total shareholders' equity		678,079		740,342
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		85,451		72,768
Deferred gains or losses on hedges		(8)		1,772
Revaluation reserve for land	*5	(4,022)	*5	(4,022)
Foreign currency translation adjustment		30,769		46,482
Remeasurements of defined benefit plans		2,584		3,437
Total accumulated other comprehensive income		114,774		120,438
Non-controlling interests		362		642
Total net assets		793,216		861,424
Total liabilities and net assets		1,102,636		1,190,494

(ii) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(¥ million)

		Prior Fiscal Year (From April 1, 2024 to March 31, 2025)		Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Net sales		1,241,513		1,348,246
Cost of sales	*1	746,327	*1	817,074
Gross profit		495,185		531,172
Selling, general and administrative expenses	*2, *3	314,956	*2, *3	341,654
Operating profit		180,229		189,517
Non-operating income				
Interest income		3,390		3,329
Dividend income		1,341		1,656
Share of profit of entities accounted for using equity method		2,699		4,816
Foreign exchange gains		–		2,259
Other		1,132		1,649
Total non-operating income		8,564		13,711
Non-operating expenses				
Interest expenses		391		491
Foreign exchange losses		767		–
Penalty		884		384
Other		280		429
Total non-operating expenses		2,323		1,305
Ordinary profit		186,470		201,923
Extraordinary income				
Gain on sale of investment securities		423		1,292
Other		834		201
Total extraordinary income		1,257		1,493
Extraordinary losses				
Impairment losses	*4	1,526	*4	696
Loss on valuation of investment securities		487		605
Loss on sale of shares of subsidiaries and associates		114		2,954
Other		1,477		1,462
Total extraordinary losses		3,606		5,718
Profit before income taxes		184,122		197,699
Income taxes - current		54,961		63,255
Income taxes - deferred		(196)		(6,481)
Total income taxes		54,764		56,773
Profit		129,358		140,926
Profit attributable to non-controlling interests		56		275
Profit attributable to owners of parent		129,301		140,651

Consolidated Statements of Comprehensive Income

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Profit	129,358	140,926
Other comprehensive income		
Valuation difference on available-for-sale securities	36,096	(12,670)
Deferred gains or losses on hedges	(1,028)	1,776
Revaluation reserve for land	(5)	–
Foreign currency translation adjustment	1,131	15,713
Remeasurements of defined benefit plans, net of tax	2,418	853
Share of other comprehensive income of entities accounted for using equity method	89	(7)
Total other comprehensive income	* 38,702	* 5,664
Comprehensive income	168,060	146,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	168,004	146,315
Comprehensive income attributable to non-controlling interests	56	275

(iii) Consolidated Statements of Changes in Equity

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

(¥ million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	53,321	579,417	(19,293)	623,445
Changes during period					
Dividends of surplus			(39,918)		(39,918)
Profit attributable to owners of parent			129,301		129,301
Change in scope of equity method			1		1
Purchase of treasury shares				(35,000)	(35,000)
Cancellation of treasury shares		(9,942)		9,942	–
Disposal of treasury shares		111		134	246
Change in treasury shares arising from change in equity in entities accounted for using equity method				3	3
Net changes in items other than shareholders' equity					
Total changes during period	–	(9,830)	89,384	(24,920)	54,634
Balance at end of period	10,000	43,491	668,802	(44,214)	678,079

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	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		
Balance at beginning of period	49,262	1,022	(4,016)	29,637	166	76,071	306	699,823
Changes during period								
Dividends of surplus								(39,918)
Profit attributable to owners of parent								129,301
Change in scope of equity method								1
Purchase of treasury shares								(35,000)
Cancellation of treasury shares								–
Disposal of treasury shares								246
Change in treasury shares arising from change in equity in entities accounted for using equity method								3
Net changes in items other than shareholders' equity	36,189	(1,030)	(5)	1,131	2,418	38,702	56	38,758
Total changes during period	36,189	(1,030)	(5)	1,131	2,418	38,702	56	93,392
Balance at end of period	85,451	(8)	(4,022)	30,769	2,584	114,774	362	793,216

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

(¥ million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	43,491	668,802	(44,214)	678,079
Changes during period					
Dividends of surplus			(53,738)		(53,738)
Profit attributable to owners of parent			140,651		140,651
Change in scope of consolidation					–
Change in scope of consolidation - foreign currency translation adjustment					–
Purchase of treasury shares				(24,758)	(24,758)
Cancellation of treasury shares		(35,083)		35,083	–
Disposal of treasury shares		209		530	739
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(629)			(629)
Net changes in items other than shareholders' equity					
Total changes during period	–	(35,503)	86,912	10,854	62,263
Balance at end of period	10,000	7,987	755,714	(33,359)	740,342

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	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		
Balance at beginning of period	85,451	(8)	(4,022)	30,769	2,584	114,774	362	793,216
Changes during period								
Dividends of surplus								(53,738)
Profit attributable to owners of parent								140,651
Change in scope of consolidation							5	5
Change in scope of consolidation - foreign currency translation adjustment				(290)		(290)		(290)
Purchase of treasury shares								(24,758)
Cancellation of treasury shares								–
Disposal of treasury shares								739
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								(629)
Net changes in items other than shareholders' equity	(12,683)	1,780	–	16,003	853	5,954	275	6,229
Total changes during period	(12,683)	1,780	–	15,713	853	5,664	280	68,208
Balance at end of period	72,768	1,772	(4,022)	46,482	3,437	120,438	642	861,424

(iv) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Profit before income taxes	184,122	197,699
Depreciation	40,216	47,204
Impairment losses	1,526	696
Amortization of goodwill	2,618	2,355
Increase (decrease) in allowance for doubtful accounts	29	22
Increase (decrease) in provision for bonuses for directors (and other officers)	864	2
Increase (decrease) in provision for share-based payments	961	(52)
Increase (decrease) in other provisions	172	(311)
Increase (decrease) in retirement benefit liability	(59)	(406)
Interest and dividend income	(4,732)	(4,986)
Interest expenses	391	491
Foreign exchange losses (gains)	123	(88)
Share of loss (profit) of entities accounted for using equity method	(2,699)	(4,816)
Loss on retirement of amusement facilities and machines	249	279
Loss (gain) on sale of shares of subsidiaries and associates	32	2,954
Loss (gain) on sale of investment securities	(423)	(1,270)
Loss (gain) on valuation of investment securities	487	605
Penalty	884	384
Decrease (increase) in trade receivables	(6,311)	(19,297)
Decrease (increase) in inventories	11,829	1,433
Acquisition of amusement facilities and machines	(9,514)	(6,321)
Increase (decrease) in trade payables	(1,440)	2,298
Increase (decrease) in contract liabilities	(680)	1,930
Decrease (increase) in other current assets	(2,395)	(6,379)
Increase (decrease) in other current liabilities	14,249	13,088
Other, net	(8,488)	688
Subtotal	222,015	228,205
Interest and dividends received	4,632	5,043
Interest paid	(396)	(475)
Income taxes refund (paid)	(38,030)	(67,668)
Penalty paid	(884)	(384)
Net cash provided by (used in) operating activities	187,337	164,719

(¥ million)

		Prior Fiscal Year (From April 1, 2024 to March 31, 2025)		Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Cash flows from investing activities				
Payments into time deposits		(49,892)		(34,026)
Proceeds from withdrawal of time deposits		32,618		42,163
Purchase of property, plant and equipment		(33,554)		(35,811)
Proceeds from sale of property, plant and equipment		792		1,491
Purchase of intangible assets		(8,882)		(10,010)
Purchase of investment securities		(3,188)		(3,654)
Proceeds from sale of investment securities		633		1,961
Purchase of shares of subsidiaries and associates		(73)		(553)
Proceeds from sale of shares of subsidiaries and associates		408		–
Payments for investments in capital of subsidiaries and associates		–		(447)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	*2	100		–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	*3	(148)	*3	(1,145)
Other, net		(819)		(1,120)
Net cash provided by (used in) investing activities		(62,004)		(41,154)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		(162)		(174)
Proceeds from long-term borrowings		100		200
Repayments of long-term borrowings		(124)		(113)
Repayments of lease liabilities		(2,241)		(2,375)
Purchase of treasury shares		(35,000)		(24,758)
Dividends paid		(39,918)		(53,738)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		–		(706)
Other, net		0		(1,299)
Net cash provided by (used in) financing activities		(77,347)		(82,966)
Effect of exchange rate change on cash and cash equivalents		1,711		10,856
Net increase (decrease) in cash and cash equivalents		49,696		51,456
Cash and cash equivalents at beginning of period		311,264		360,960
Cash and cash equivalents at end of period	*1	360,960	*1	412,416

Notes to Consolidated Financial Statements

Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

1. Information Concerning the Scope of Consolidation

(1) Total Number of Consolidated Subsidiaries: 82 companies in the prior fiscal year, 78 companies in the current fiscal year

Names of Principal Consolidated Subsidiaries:

BANDAI CO., LTD.

Bandai Namco Entertainment Inc.

Bandai Namco Filmworks Inc.

Bandai Namco Experience Inc.

Bandai Namco Holdings USA Inc.

Bandai Namco Holdings Europe S.A.S.

Bandai Namco Holdings Asia Co., Ltd.

Bandai Namco Holdings China Co., Ltd.

Bandai Namco Holdings UK Ltd.

Since Bandai Namco Online Inc. was absorbed by Bandai Namco Entertainment Inc., it has been excluded from the scope of consolidation.

Since PLEASURECAST CO., LTD. was absorbed by Bandai Namco Amusement Inc., it has been excluded from the scope of consolidation. Since the shares of Limbic Entertainment GmbH were transferred, it has been excluded from the scope of consolidation.

Since Evolving GUNDAM Inc. was liquidated, it has been excluded from the scope of consolidation.

(2) Names, etc. of the Principal Non-Consolidated Subsidiaries:

Principal Non-Consolidated Subsidiaries:

BANDAI LOGIPAL AMERICA, INC.

Non-consolidated subsidiaries have been excluded from the scope of consolidation as the scale of the business conducted by each of those companies is small and the total assets, net sales, profit or loss and retained earnings, etc. corresponding to the ownership held by the Company of each non-consolidated subsidiary have no material impact on the consolidated financial statements.

2. Information Concerning Application of the Equity Method

(1) Number of Associates to Which the Equity Method Was Applied:
3 companies in the prior fiscal year, 3 companies in the current fiscal year

Names of the Principal Companies:

HAPPINET CORPORATION

Tsuburaya Productions Co., Ltd.

(2) Non-Consolidated Subsidiaries and Associates to Which the Equity Method Was Not Applied:

The equity method was not applied to non-consolidated subsidiaries such as BANDAI LOGIPAL AMERICA, INC., and associates because it was deemed that the impact on the consolidated financial statements of the Company as a result of the exclusion of them from the scope of application of the equity method would be minor and not material as a whole in consideration of the company’s profit or loss and retained earnings, etc. corresponding to the Company’s equity share in them.

(3) If any of the companies to which the equity method is applied has a closing date that differs from the consolidated closing date, then the financial statements for the fiscal year of that company are used.

3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries

The closing date for Bandai Namco Holdings China Co., Ltd., BANDAI (SHENZHEN) CO., LTD., Bandai Namco Entertainment (Shanghai) Co., Ltd., SUNRISE (SHANGHAI) CO., LTD., and Bandai Namco Amusement (Shanghai) Co., Ltd. is December 31, and their financial data as of that closing date is used. The closing date for BANDAI CORPORACION MEXICO, S.A. de C.V. is December 31, and its financial data is based on a provisional closing as of March 31 pursuant to procedures for the fiscal year-end closing.

Necessary adjustments are made to the consolidated financial statements when material transactions occur between the closing date of the above subsidiaries and the consolidated closing date.

4. Accounting Policies

(1) Valuation Basis and Methods for Significant Assets:

(i) Securities:

Available-for-sale securities:

Securities other than shares, etc. that do not have a fair value:

Stated using the fair value method. (Valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.)

Shares, etc. that do not have a fair value:

Stated using the cost method based on the moving average method.

With respect, however, to contributions to limited partnerships for investment and similar partnerships (deemed to be securities under Article 2, Paragraph (2) of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company’s equity share, based on the most recent available financial reports according to the date for settlement of accounts provided for in the partnership agreement.

(ii) Derivative Transactions:

Stated using the fair value method.

(iii) Inventories:

Work in process, such as game software, etc.:

Stated using the cost method based on the specific-cost method.

(The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.)

Others:

Domestic consolidated subsidiaries:

Generally, stated using the cost method based on the average method.

(The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.)

Overseas consolidated subsidiaries:

Generally, stated using the lower of cost or market method based on the average method.

(2) Depreciation Methods for Significant Depreciable Assets:

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

The Company and domestic consolidated subsidiaries:

Generally stated using the declining-balance method.

However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998 and for part of the amusement facilities and machines, etc., the straight-line method was used.

The general useful life of property, plant and equipment is as follows:

Buildings and structures:	2 to 50 years
Machinery, equipment and vehicles:	2 to 20 years
Amusement facilities and machines:	3 to 15 years

Overseas consolidated subsidiaries:

Stated using the straight-line method.

The general useful life of property, plant and equipment is as follows:

Buildings and structures:	3 to 50 years
Machinery, equipment and vehicles:	2 to 15 years
Amusement facilities and machines:	4 to 25 years

(ii) Intangible Assets (Exclusive of Leased Assets and Right-of-use Assets):

Stated using the straight-line method.

The general useful life of software is as follows:

Software (used internally):	1 to 5 years

(iii) Leased Assets:

Stated using the straight-line method, with the useful life set to the lease period, for a residual value of zero.

(iv) Right-of-use Assets:

Stated using the straight-line method over the shorter of the useful life or the lease period of assets.

(3) Basis of Recognition for Significant Provision:

(i) Allowance for Doubtful Accounts:

The allowance for doubtful accounts 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, etc., the amount of the allowance is based on individually estimated unrecoverable amounts.

(ii) Provision for Bonuses for Directors (and Other Officers):

The provision for bonuses for directors (and other officers) is provided based on the estimated amounts to be paid in respect of this fiscal year.

(iii) Provision for Share-based Payments:

The provision for share-based payments is provided for the payment of share compensation to the Company’s Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and Directors of certain consolidated subsidiaries (excluding Non-Executive Directors) based on the estimated amounts to be paid this fiscal year.

(4) Method of Accounting for Retirement Benefits:

(i) Method of Attributing Expected Retirement Benefits to Periods:

In calculating the retirement benefit obligations, the benefit formula basis is mainly used in determining the amount of the expected retirement benefit obligations attributed to the period up to the end of this fiscal year.

(ii) Method of Recognizing Actuarial Gains and Losses and Past Service Costs:

Actuarial gains and losses are recognized in gain or loss in the consolidated fiscal year following the year in which a respective gain or loss arises, and are amortized proportionally on a straight-line basis over a certain period (7 to 14 years) that is within the average remaining period of service of the eligible employees.

The entire amount of past service costs is recognized in gain or loss in the fiscal year during which it arises, and is amortized on a straight-line basis over a period (10 years), which is within the average remaining years of service of the eligible employees.

(iii) 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.

(5) Accounting Standards for Significant Income and Expense:

(i) Revenue Recognition:

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

a. Toys and Hobby Business

In the Toys and Hobby Business, we mainly conduct 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.

b. Digital Business

In the Digital Business, we mainly conduct the sales and distribution of home console games and network content and the sales of entertainment content.

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.

For the distribution of network content (smartphone-based apps, 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.

c. Visual and Music Business

In the Visual and Music Business, we mainly conduct the production and management of visual and music content such as animations, the management and administration of copyrights and other rights, and live entertainment operations.

Regarding the production and management of visual works, in addition to methods where the Group independently handles production and management, in many cases we produce visual works through the production committee system and obtain various types of revenue. For film distribution, the Group or the managing company of the production committee generally grants film exhibition companies the right to screen films, and in return, we receive distribution revenue calculated by applying a certain percentage to the films' box-office revenue reported by the film exhibition companies. The Company recognizes this distribution revenue based on reports from the film exhibition companies. Furthermore, similar to film exhibition, the Company recognizes revenue based on allocation reports for amounts calculated by applying a certain percentage to the revenue generated from each administrative service provided by each company that has invested in the production committee.

For contracted visual work production for other companies, 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.

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.

For live event operations, our performance obligation is to provide live event services. The Company recognizes revenue when the consideration to be received is determined as the amount to be billed, such as upon receipt of reports from ticketing agencies and agreements on settlement amounts with event promoters.

d. Amusement Business

In the Amusement Business, we mainly conduct 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 for users to play with amusement facilities and machines, and the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the users play.

For revenue generated from the sale of products developed by Bandai Namco Group companies, the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the product is delivered to the customer.

Regarding the sales of goods and products within Japan for 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. Consideration for performance obligations under contracts with customers is generally received within one year after the performance obligations are satisfied, and the contracts do not include any significant financing component.

(ii) Accounting of 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 apps.

(6) Accounting Policy for Translation of Significant Foreign Currency Assets or Liabilities into Japanese Yen:

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated closing date, and translation differences are accounted for as profit or loss.

Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the closing date, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment under net assets.

(7) Significant Accounting Policies for Hedging:

(i) Accounting for Hedging:

The Company used deferred hedge accounting.

In cases where forward foreign exchange contracts meet certain hedging criteria, they are accounted for under the allocation method.

(ii) Hedging Instruments and Hedged Items:

- Hedging instruments: Forward foreign exchange contracts
- Hedged items: Foreign-currency-denominated assets and liabilities and scheduled transactions

(iii) Hedging Policies:

Hedging is implemented in order to reduce risks arising from fluctuations in exchange rates involved in operational and financing activities.

(iv) Method of Assessing the Effectiveness of Hedging:

The Company assesses the effectiveness of hedging transactions, in principle, 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.

(8) Method and Period for Amortization of Goodwill:

The Company reasonably estimates the period for which the effects of goodwill are expected to emerge and amortizes the goodwill on a straight-line basis over a fixed number of years up to 10 years.

(9) Scope of Cash and Cash Equivalents in Consolidated Statements of Cash Flows:

Cash and cash equivalents in the consolidated statements of cash flows are comprised of cash in hand, demand deposits and short-term investments with maturities of three months or less from the acquisition date that are highly liquid, readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

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

(¥ million)

	Prior Fiscal Year	Current Fiscal Year
Work in process	47,578	41,729

(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.

New Accounting Standards Not Yet Applied

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

(1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee’s lease expenses in the lessee’s accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Scheduled Date of Application

To be applied effective from the beginning of the fiscal year ending March 31, 2028.

(3) Impact from the Application of the Accounting Standards, etc.

The impact from the application of the “Accounting Standard for Leases,” etc. on the consolidated financial statements is currently under evaluation.

- “Accounting Standard for Subsequent Events” (ASBJ Statement No. 41, issued on January 9, 2026, ASBJ)
- “Implementation Guidance on Accounting Standard for Subsequent Events” (ASBJ Guidance No. 35, issued on January 9, 2026, ASBJ)

(1) Overview

The “Accounting Standard for Subsequent Events,” etc. were developed with the priority objective of establishing comprehensive accounting standards addressing the definition, accounting treatment, and disclosure of subsequent events. As a basic policy, the content related to accounting presented in Auditing Standards Report No. 560, Practical Guideline No. 1 “Audit Treatment of Subsequent Events” issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants has principally been carried over and transferred to the ASBJ, and revisions to the wording and a reorganization of the evaluation period for subsequent events were conducted, while also introducing new requirements such as notes regarding the approval for disclosure of financial statements. Accordingly, these standards prescribe the accounting treatment and disclosure related to subsequent events.

(2) Scheduled Date of Application

To be applied effective from the beginning of the fiscal year ending March 31, 2028.

Changes in Method of Presentation

(Consolidated Balance Sheets)

1. "Machinery, equipment and vehicles, net," "Right-of-use assets, net," and "Construction in progress," which had been included in "Other, net" under "Property, plant and equipment" in the prior fiscal year, are stated separately since they exceeded 1 percent of the total assets in this fiscal year. Figures for the prior fiscal year have been reclassified to reflect the change in method of presentation.

   As a result, the 45,589 million yen previously presented as "Other, net" under "Property, plant and equipment" in the consolidated balance sheets for the prior fiscal year has been reclassified as "Machinery, equipment and vehicles, net" of 6,497 million yen, "Right-of-use assets, net" of 9,989 million yen, "Construction in progress" of 8,515 million yen, and "Other, net" of 20,585 million yen.

2. "Provision for share awards" under "Current liabilities," which had been stated separately in the prior fiscal year, is included in "Other provisions" in this fiscal year due to its immateriality for this fiscal year. Figures for the prior fiscal year have been reclassified to reflect the change in method of presentation.

   As a result, the 1,176 million yen previously presented as "Provision for share awards" under "Current liabilities" in the consolidated balance sheets for the prior fiscal year has been reclassified as "Other provisions."

3. "Lease liabilities," which had been included in "Other" under "Non-current liabilities" in the prior fiscal year, are stated separately since they exceeded 1 percent of the total liabilities and net assets in this fiscal year. Figures for the prior fiscal year have been reclassified to reflect the change in method of presentation.

   As a result, the 24,560 million yen previously presented as "Other" under "Non-current liabilities" in the consolidated balance sheets for the prior fiscal year has been reclassified as "Lease liabilities" of 7,392 million yen and "Other" of 17,167 million yen.

(Consolidated Statements of Income)

1. "Gain on sale of non-current assets" under "Extraordinary income," which had been stated separately in the prior fiscal year, is included in "Other" in this fiscal year since it is at or below 10 percent of the total extraordinary income. Figures for the prior fiscal year have been reclassified to reflect the change in method of presentation.

   As a result, the 532 million yen previously presented as "Gain on sale of non-current assets" under "Extraordinary income" in the consolidated statements of income for the prior fiscal year has been reclassified as "Other."

2. "Loss on sale of shares of subsidiaries and associates," which had been included in "Other" under "Extraordinary losses" in the prior fiscal year, is stated separately starting this fiscal year since it is above 10 percent of the total extraordinary losses. In addition, "Loss on valuation of shares of subsidiaries and associates," which had been stated separately in the prior fiscal year, is included in "Other" in this fiscal year since it is at or below 10 percent of the extraordinary losses. Figures for the prior fiscal year have been reclassified to reflect the change in method of presentation.

   As a result, the 475 million yen previously presented as "Loss on valuation of shares of subsidiaries and associates" and the 1,116 million yen previously presented as "Other," both under "Extraordinary losses" in the consolidated statements of income for the prior fiscal year, have been reclassified as "Loss on sale of shares of subsidiaries and associates" of 114 million yen and "Other" of 1,477 million yen.

(Consolidated Statements of Cash Flows)

1. “Loss (gain) on sale of shares of subsidiaries and associates,” which had been included in “Other, net” under “Cash flows from operating activities” in the prior fiscal year, is stated separately in this fiscal year due to its increased materiality. In addition, “Increase (decrease) in provision for share awards,” “Loss (gain) on valuation of derivatives,” “Loss (gain) on sale of non-current assets,” and “Loss on valuation of shares of subsidiaries and associates,” which had been stated separately under “Cash flows from operating activities” in the prior fiscal year, are included in “Increase (decrease) in other provisions” and “Other, net,” respectively, in this fiscal year due to their immateriality for this fiscal year. Figures for the prior fiscal year have been reclassified to reflect the change in method of presentation.

   As a result, under “Cash flows from operating activities” in the consolidated statements of cash flows, for the prior fiscal year, the 600 million yen previously presented as “Increase (decrease) in provision for share awards,” the (428) million yen previously presented as “Increase (decrease) in other provisions,” the (178) million yen previously presented as “Loss (gain) on valuation of derivatives,” the (517) million yen previously presented as “Loss (gain) on sale of non-current assets,” the 475 million yen previously presented as “Loss on valuation of shares of subsidiaries and associates,” and the (8,235) million yen previously presented as “Other, net” have been reclassified as “Increase (decrease) in other provisions” of 172 million yen, “Loss (gain) on sale of shares of subsidiaries and associates” of 32 million yen, and “Other, net” of (8,488) million yen.

2. “Repayments of lease liabilities,” which had been included in “Other, net” under “Cash flows from financing activities” in the prior fiscal year, is stated separately in this fiscal year due to its increased materiality. In addition, “Proceeds from disposal of treasury shares,” which had been stated separately under “Cash flows from financing activities” in the prior fiscal year, is included in “Other, net” in this fiscal year due to its immateriality for this fiscal year. Figures for the prior fiscal year have been reclassified to reflect the change in method of presentation.

   As a result, under “Cash flows from financing activities” in the consolidated statements of cash flows, for the prior fiscal year, the 0 million yen previously presented as “Proceeds from disposal of treasury shares” and the (2,241) million yen previously presented as “Other, net” have been reclassified as “Repayments of lease liabilities” of (2,241) million yen and “Other, net” of 0 million yen.

Consolidated Balance Sheets

*1 Of notes and accounts receivable - trade, and contract assets, the amounts arising from contracts with customers are as follows.

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Notes receivable - trade	4,482	4,854
Accounts receivable - trade	119,515	141,326

*2 Investments in non-consolidated subsidiaries and associates are as follows.

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Investment securities (shares)	20,688	24,927
"Other" under "Investments and other assets" (investments in capital)	16	654

*3 Collateral Assets and Secured Liabilities

Assets pledged as collateral are as follows.

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Cash and deposits	–	639

There are no liabilities corresponding to the collateral assets listed above.

In addition to the above, as security deposits for issuance under the Payment Services Act, etc., the Company has deposited 2,334 million yen (included in "Other" under "Investments and other assets") in the prior fiscal year and 2,704 million yen (included in "Other" under "Investments and other assets") in the current fiscal year.

4 Guarantee Obligations

The Company has guarantee obligations concerning obligations in leasing contracts of companies other than consolidated companies.

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
BANDAI LOGIPAL AMERICA, INC.	4,224	3,653
Business buyers of the Amusement Facilities Business in North America	9	–
Total	4,234	3,653

*5 Land Revaluation

A revaluation of land for business-use was implemented pursuant to the "Land Revaluation Act" (Act No. 34 of 1998; enacted on March 31 of that year) and the revaluation reserve for land was recorded under net assets.

- 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 Act (Act No. 69 of 1991;

enacted on May 2 of that year), as stipulated in Article 2, Item (iv) of the Order for Enforcement of the Land Revaluation Act (Cabinet Order No. 119 of 1998; enacted on March 31 of that year). Reasonable adjustments are made to the official notice prices.

- Revaluation Date:
  March 31, 2002

*6 Tax Purpose Reduction Entry

The amounts of tax purpose reduction entries deducted from the acquisition price of property, plant and equipment are as follows.

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Buildings and structures	112	112
Machinery, equipment and vehicles (Note)	46	46
Other	5	5
Total	165	165

(Note) As stated in “Changes in Method of Presentation,” the method of presentation has been changed from the current fiscal year. For major items included in the tax purpose reduction entry in the prior fiscal year, the amounts presented are the reclassified figures to reflect the change in method of presentation.

Consolidated Statements of Income

*1 The year-end inventory balance is the amount after writing down the book value based on declining profitability, and the following loss on valuation of inventories is included in cost of sales.

(¥ million)

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
19,928	8,353

*2 Major items and amounts of selling, general and administrative expenses are as follows.

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Advertising expenses	71,530	82,622
Remuneration, salaries and allowances for directors (and other officers)	78,832	81,057
Retirement benefit expenses	3,136	3,222
Provision for bonuses for directors (and other officers)	2,094	2,199
Research and development expenses	36,535	35,987
Provision of allowance for doubtful accounts	204	98
Provision for share-based payments	1,415	1,362

(Changes in Method of Presentation)

"Provision for share awards," which had been presented as a major item in the prior fiscal year, is omitted in the current fiscal year due to its immateriality for the current fiscal year. Figures for the prior fiscal year have been also omitted to reflect the change in method of presentation.

*3 Total amount of research and development expenses included in general and administrative expenses and manufacturing costs for period

(¥ million)

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
36,535	35,987

*4 Impairment Losses

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

The Group recognized impairment losses on the following asset groups.

In identifying indications of impairment, the Company and its consolidated subsidiaries group assets according to management accounting categories based on Units, excluding significant idle assets, assets to be disposed of, and assets held for lease. Among them, assets of amusement operation facilities in the Amusement Business are grouped mainly by store, which is the smallest management accounting unit.

The book values of the following assets were reduced to the recoverable amounts, and the amounts reduced were recorded as impairment losses under extraordinary losses.

Reportable segment	Location	Use	Category	Impairment losses
Digital Business	Shanghai, China, and others (Note 1)	Business assets	Property, plant and equipment (Other)	150 million yen
			Intangible assets	208
	Minato-ku, Tokyo (Note 2)	Business assets	Intangible assets	44
Visual and Music Business	Mitaka-shi, Tokyo (Note 1)	Business assets	Property, plant and equipment (Other)	23
Amusement Business	Shinjuku-ku, Tokyo, and others (Note 1)	Amusement operation facilities	Amusement facilities and machines	970
		Business assets	Property, plant and equipment (Other)	5
			Intangible assets	43
			Investments and other assets (Other)	7
	Shanghai, China (Note 2)	Amusement operation facilities	Amusement facilities and machines	6
	Saiki-shi, Oita, and others (Note 3)	Amusement operation facilities	Amusement facilities and machines	20
Corporate	Shanghai, China (Note 2)	Corporate assets	Intangible assets	45
Total				1,526

(Notes)
1. The Group recorded impairment losses because the book values of the non-current assets were unlikely to be recoverable due to declines in the profitability of the business. The recoverable amount is calculated by considering the value in use as zero.
2. The Group recorded impairment losses on assets that are not expected to be used in the future. The recoverable amount is calculated by considering the value in use as zero.
3. The Group recorded impairment losses because it determined that the recoverable amount of the non-current assets had significantly declined due to its decision to close the facilities. The recoverable amount is calculated by considering the value in use as zero.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

The Group recognized impairment losses on the following asset groups.

In identifying indications of impairment, the Company and its consolidated subsidiaries group assets according to management accounting categories based on Units, excluding significant idle assets, assets to be disposed of, and assets held for lease. Among them, assets of amusement operation facilities in the Amusement Business are grouped mainly by store, which is the smallest management accounting unit.

The book values of the following assets were reduced to the recoverable amounts, and the amounts reduced were recorded as impairment losses under extraordinary losses.

Reportable segment	Location	Use	Category	Impairment losses
Digital Business	Guangzhou, Guangdong Province, China, and others (Note 1)	Business assets	Property, plant and equipment (Other)	168 million yen
			Intangible assets	296
			Investments and other assets (Other)	55
Visual and Music Business	Suginami-ku, Tokyo (Note 1)	Business assets	Property, plant and equipment (Other)	0
Amusement Business	Matsudo-shi, Chiba, and others (Note 1)	Amusement operation facilities	Amusement facilities and machines	123
		Business assets	Investments and other assets (Other)	3
	Shanghai, China (Note 2)	Amusement operation facilities	Amusement facilities and machines	24
	Shinjuku-ku, Tokyo, and others (Note 3)	Amusement operation facilities	Amusement facilities and machines	23
Total				696

(Notes) 1. The Group recorded impairment losses because the book values of the non-current assets were unlikely to be recoverable due to declines in the profitability of the business. The recoverable amount is calculated by considering the value in use as zero.

2. The Group recorded impairment losses on assets that are not expected to be used in the future. The recoverable amount is calculated by considering the value in use as zero.

3. The Group recorded impairment losses because it determined that the recoverable amount of the non-current assets had significantly declined due to its decision to close the facilities. The recoverable amount is calculated by considering the value in use as zero.

Consolidated Statements of Comprehensive Income

* Reclassification Adjustments, Income Taxes and Tax Effects Relating to Other Comprehensive Income

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	53,332	(17,573)
Reclassification adjustments	256	(935)
Before income taxes and tax effect adjustments	53,588	(18,509)
Income taxes and tax effects	(17,492)	5,838
Valuation difference on available-for-sale securities	36,096	(12,670)
Deferred gains or losses on hedges:		
Amount incurred during the period	2,044	3,589
Reclassification adjustments	(3,317)	(1,432)
Before income taxes and tax effect adjustments	(1,272)	2,157
Income taxes and tax effects	244	(381)
Deferred gains or losses on hedges	(1,028)	1,776
Revaluation reserve for land:		
Amount incurred during the period	–	–
Reclassification adjustments	–	–
Before income taxes and tax effect adjustments	–	–
Income taxes and tax effects	(5)	–
Revaluation reserve for land	(5)	–
Foreign currency translation adjustment:		
Amount incurred during the period	1,131	16,003
Reclassification adjustments	–	(290)
Before income taxes and tax effect adjustments	1,131	15,713
Income taxes and tax effects	–	–
Foreign currency translation adjustment	1,131	15,713
Remeasurements of defined benefit plans:		
Amount incurred during the period	3,106	1,314
Reclassification adjustments	350	(11)
Before income taxes and tax effect adjustments	3,456	1,302
Income taxes and tax effects	(1,038)	(449)
Remeasurements of defined benefit plans, net of tax	2,418	853
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the period	74	(7)
Reclassification adjustments	15	(0)
Before income taxes and tax effect adjustments	89	(7)
Income taxes and tax effects	–	–
Share of other comprehensive income of entities accounted for using equity method	89	(7)
Total other comprehensive income	38,702	5,664

Consolidated Statements of Changes in Equity

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

1. Type and Total Number of Issued Shares, and Type and Number of Treasury Shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares (Note 1)	666,000,000	–	6,000,000	660,000,000
Total	666,000,000	–	6,000,000	660,000,000
Treasury shares				
Common shares (Notes 2, 3)	11,813,756	7,059,589	6,090,879	12,782,466
Total	11,813,756	7,059,589	6,090,879	12,782,466

(Notes) 1. The decrease in the number of issued common shares is due to the cancellation of treasury shares.
2. The increase in the number of treasury shares of common shares is due to the purchase of treasury shares pursuant to resolutions of the Board of Directors and other factors.
3. The decrease in the number of treasury shares of common shares is due to the cancellation of treasury shares, the disposal of shares through performance-based share compensation, and other factors.

2. Matters Concerning Dividends

(1) Paid Dividend Amounts

Date of resolution	Type of shares	Total amount of dividends (¥ million)	Dividend per share (Yen)	Date of record	Effective date
June 24, 2024, Ordinary General Meeting of Shareholders	Common shares	32,719	50	March 31, 2024	June 25, 2024
November 6, 2024, Board of Directors Meeting	Common shares	7,199	11	September 30, 2024	December 10, 2024

(2) Dividends with a Date of Record in This Fiscal Year But an Effective Date in the Following Consolidated Fiscal Year

Date of resolution	Type of shares	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (Yen)	Date of record	Effective date
June 23, 2025, Ordinary General Meeting of Shareholders	Common shares	38,844	Retained earnings	60	March 31, 2025	June 24, 2025

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

1. Type and Total Number of Issued Shares, and Type and Number of Treasury Shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares (Note 1)	660,000,000	–	10,000,000	650,000,000
Total	660,000,000	–	10,000,000	650,000,000
Treasury shares				
Common shares (Notes 2, 3)	12,782,466	6,002,786	10,151,215	8,634,037
Total	12,782,466	6,002,786	10,151,215	8,634,037

(Notes) 1. The decrease in the number of issued common shares is due to the cancellation of treasury shares.
2. The increase in the number of treasury shares of common shares is due to the purchase of treasury shares pursuant to resolutions of the Board of Directors and other factors.
3. The decrease in the number of treasury shares of common shares is due to the cancellation of treasury shares, the disposal of shares through performance-based share compensation, and other factors.

2. Matters Concerning Dividends

(1) Paid Dividend Amounts

Date of resolution	Type of shares	Total amount of dividends (¥ million)	Dividend per share (Yen)	Date of record	Effective date
June 23, 2025, Ordinary General Meeting of Shareholders	Common shares	38,844	60	March 31, 2025	June 24, 2025
November 6, 2025, Board of Directors Meeting	Common shares	14,893	23	September 30, 2025	December 9, 2025

(2) Dividends with a Date of Record in This Fiscal Year But an Effective Date in the Following Consolidated Fiscal Year

The following dividends of surplus are scheduled to be resolved at the Ordinary General Meeting of Shareholders to be held on June 22, 2026.

Date of resolution	Type of shares	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (Yen)	Date of record	Effective date
June 22, 2026, Ordinary General Meeting of Shareholders	Common shares	32,078	Retained earnings	50	March 31, 2026	June 23, 2026

Consolidated Statements of Cash Flows

*1 Reconciliations of Cash and Cash Equivalents at End of Period and the Related Account on the Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Cash and deposits	388,460	433,262
Time deposits with maturity over 3 months	(27,842)	(20,861)
Deposits paid (“Other” under “Current assets”)	343	15
Cash and cash equivalents	360,960	412,416

*2 Major Components of Assets and Liabilities of Consolidated Subsidiaries Acquired by Purchase of Shares

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

The information is omitted as it is immaterial.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

Not applicable.

*3 Major Components of Assets and Liabilities of Companies That Ceased to Be Consolidated Subsidiaries Due to Sale of Shares

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

The information is omitted as it is immaterial.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

The information is omitted as it is immaterial.

Leases

As Lessee

Operating Lease Transactions

Future lease payments to be paid under non-cancellable operating leases

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Within 1 year	3,427	3,488
Over 1 year	4,721	1,386
Total	8,149	4,875

Financial Instruments

1. Financial Instruments

(1) Policy on Financial Instruments

The Group manages funds by means of highly secure financial instruments only and procures funds through borrowing from banks and issuance of bonds. The Group uses derivatives to avoid the risks described below and has a policy of not engaging in speculative transactions.

(2) Details and Risks of Financial Instruments and System for Risk Management

Notes and accounts receivable - trade, which are trade receivables, are subject to customer credit risk. To manage this risk, the Group monitors balances by customer and due date, and updates the credit information of its major customers at least once a year. In addition, the Group has established a system to immediately share information on credit concerns and other relevant matters regarding customers within the Group upon obtaining such information. It should be noted that 16.2% of trade receivables as of the end of the current fiscal year are attributable to a specific major customer. Foreign-currency-denominated trade receivables arising from the Group's global business operations are exposed to the risk of exchange rate fluctuations. The Group manages these balances by customer and by currency, closely monitors market trends, and hedges such risk using forward foreign exchange contracts as necessary.

Marketable securities and investment securities consist primarily of shares in companies with which the Group has business relationships. While these securities are exposed to the risk of market price fluctuations, the Group assesses their fair value quarterly and reviews its holdings annually, taking into account market conditions and its relationships with those companies.

Almost all notes and accounts payable - trade, which are trade payables, fall due within one year. Some of these payables are denominated in foreign currencies and are exposed to the risk of exchange rate fluctuations. As with trade receivables, the Group manages these balances by customer and by currency, closely monitors market trends, and hedges such risk using forward foreign exchange contracts and currency options as necessary.

Notes and accounts payable - trade are exposed to liquidity risk, which the Group manages by having the Company and each of its consolidated subsidiaries prepare and update monthly cash flow plans.

The Group uses derivative transactions for hedging. For details regarding hedge accounting, including hedging instruments, hedged items, hedging policies, and methods for assessing hedge effectiveness, please refer to "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements, 4. Accounting Policies, (7) Significant Accounting Policies for Hedging" described above.

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 of Fair Values of Financial Instruments

Since the measurement of the fair value of financial instruments incorporates market factors, the value may fluctuate depending on the assumptions and other conditions used. In addition, regarding the contract amounts, etc. related to derivative transactions listed under “Derivative Transactions” in the Notes to Consolidated Financial Statements, these amounts themselves do not indicate the market risk associated with the derivative transactions.

2. Fair Values of Financial Instruments

The book values of financial instruments as stated in the consolidated balance sheets, their fair values, and the differences between book values and fair values are as stated below.

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

	Book value stated in the consolidated balance sheets	Fair value	Difference
Marketable securities and investment securities (*2)	158,247	180,124	21,876
Total assets	158,247	180,124	21,876
Derivative transactions (*3)	[50]	[50]	–

Current Fiscal Year (As of March 31, 2026)

(¥ million)

	Book value stated in the consolidated balance sheets	Fair value	Difference
Marketable securities and investment securities (*2)	143,083	161,424	18,340
Total assets	143,083	161,424	18,340
Derivative transactions (*3)	2,614	2,614	–

(*1) Notes regarding “cash” are omitted, and “deposits,” “notes and accounts receivable - trade,” “notes and accounts payable - trade” 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 and other similar business entities for which the net amount of the Company’s equity share in the partnerships is recorded on the consolidated balance sheets are not included in “Marketable securities and investment securities.” The book values of these financial instruments as stated in the consolidated balance sheets are as follows.

(¥ million)

Category	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Unlisted shares	5,640	8,464
Shares of subsidiaries and associates (unlisted shares)	8,818	9,147
Convertible-bond-type bonds with share acquisition rights	77	9
Investments in capital of investment partnerships	565	713

(*3) Debts and credits derived from derivative transactions are stated on a net basis. Items to be recorded as net debts in the total are enclosed in brackets.

(Note) Expected redemption amounts of monetary receivables after the consolidated closing date

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	381,391	–	–	–
Notes and accounts receivable - trade	121,594	2,403	–	–
Total	502,986	2,403	–	–

Current Fiscal Year (As of March 31, 2026)

(¥ million)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	399,588	–	–	–
Notes and accounts receivable - trade	142,633	3,548	–	–
Total	542,222	3,548	–	–

3. Matters Relating to the Breakdown of the Fair Value of Financial Instruments by Level

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 fair value measurement among levels which each input belongs to.

(1) Financial Instruments for Which Fair Value Is Used as Book Value Stated in the Consolidated Balance Sheets

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Shares	146,302	–	–	146,302
Other	–	–	74	74
Total assets	146,302	–	74	146,377
Derivative transactions				
Currency related	–	50	–	50
Total liabilities	–	50	–	50

Current Fiscal Year (As of March 31, 2026)

(¥ million)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Shares	127,303	–	–	127,303
Other	–	–	0	0
Derivative transactions				
Currency related	–	2,614	–	2,614
Total assets	127,303	2,614	0	129,917

(2) Financial Instruments for Which Fair Value Is Not Used as Book Value Stated in the Consolidated Balance Sheets

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Shares of associates				
Shares	33,746	–	–	33,746
Total assets	33,746	–	–	33,746

Current Fiscal Year (As of March 31, 2026)

(¥ million)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Shares of associates				
Shares	34,120	–	–	34,120
Total assets	34,120	–	–	34,120

(Notes) 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 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 on the Level 3 fair value of financial instruments for which fair value is used as book value stated in the consolidated balance sheets

(1) Reconciliations from balance at beginning of period to balance at end of period, and valuation gains/losses recognized in profit or loss for the period

(¥ million)

Category	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Balance at beginning of period	52	74
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss (*1)	(52)	–
Recorded in other comprehensive income (*2)	2	5
Purchases, sales, redemptions, etc.	71	(79)
Balance at end of period	74	0

(*1) Included in "Loss on valuation of investment securities" in the consolidated statements of income.

(*2) Included in "Valuation difference on available-for-sale securities" in the consolidated statements of comprehensive income.

(2) Description of the fair value valuation process

For financial instruments classified as Level 3, fair value is determined in accordance with accounting policies and other relevant guidelines regarding fair value measurement. In determining fair value, the appropriateness of the classification of fair value levels and the valuation technique used to measure fair value is considered in accordance with the nature, characteristics and risks of the relevant assets.

Securities

1. Available-for-sale Securities

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

	Type	Book value stated in the consolidated balance sheets	Acquisition cost	Difference
Securities whose book value stated in the consolidated balance sheets exceeds acquisition cost	(1) Shares	145,957	23,511	122,445
	(2) Other	74	71	3
	Subtotal	146,032	23,583	122,449
Securities whose book value stated in the consolidated balance sheets do not exceed acquisition cost	(1) Shares	345	376	(31)
	(2) Other	0	0	–
	Subtotal	345	376	(31)
Total		146,377	23,959	122,417

(Note) Unlisted shares (book value stated in the consolidated balance sheets: 5,640 million yen), convertible-bond-type bonds with share acquisition rights (book value stated in the consolidated balance sheets: 77 million yen) and investments in capital of investment partnerships (book value stated in the consolidated balance sheets: 565 million yen) are not included in the table above since they fall under shares, etc. that do not have market prices.

Current Fiscal Year (As of March 31, 2026)

(¥ million)

	Type	Book value stated in the consolidated balance sheets	Acquisition cost	Difference
Securities whose book value stated in the consolidated balance sheets exceeds acquisition cost	(1) Shares	126,957	22,845	104,111
	(2) Other	–	–	–
	Subtotal	126,957	22,845	104,111
Securities whose book value stated in the consolidated balance sheets do not exceed acquisition cost	(1) Shares	345	580	(234)
	(2) Other	0	0	–
	Subtotal	345	580	(234)
Total		127,303	23,425	103,877

(Note) Unlisted shares (book value stated in the consolidated balance sheets: 8,464 million yen), convertible-bond-type bonds with share acquisition rights (book value stated in the consolidated balance sheets: 9 million yen) and investments in capital of investment partnerships (book value stated in the consolidated balance sheets: 713 million yen) are not included in the table above since they fall under shares, etc. that do not have market prices.

2. Sale of Available-for-sale Securities

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

(¥ million)

Type	Sales amount	Total gain on sale	Total loss on sale
(1) Shares	633	423	0
Total	633	423	0

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

(¥ million)

Type	Sales amount	Total gain on sale	Total loss on sale
(1) Shares	1,961	1,292	21
Total	1,961	1,292	21

3. Securities for Which Impairment Losses Were Recognized

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

Impairment loss of 487 million yen was recognized for available-for-sale securities. With regard to available-for-sale securities, if their fair value declines by 50% or more from the acquisition cost at the end of the fiscal year, the Company recognizes an impairment loss on all such securities, and if their fair value declines by 30% to less than 50%, the Company recognizes an impairment loss of the amount deemed necessary in consideration of recoverability and other factors. In addition, when recognizing an impairment loss on unlisted shares, if their net realizable value declines significantly due to a deterioration in the issuer’s financial position, the Company recognizes an impairment loss in consideration of recoverability and other factors.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

Impairment loss of 605 million yen was recognized for available-for-sale securities. With regard to available-for-sale securities, if their fair value declines by 50% or more from the acquisition cost at the end of the fiscal year, the Company recognizes an impairment loss on all such securities, and if their fair value declines by 30% to less than 50%, the Company recognizes an impairment loss of the amount deemed necessary in consideration of recoverability and other factors. In addition, when recognizing an impairment loss on unlisted shares, if their net realizable value declines significantly due to a deterioration in the issuer's financial position, the Company recognizes an impairment loss in consideration of recoverability and other factors.

Derivative Transactions

1. Derivative Transactions Not Qualifying for Hedge Accounting

Currency related

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

Category	Type of transaction	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value	Valuation gains/losses
Transactions other than market transactions	Forward foreign exchange contracts				
	Sold				
	JPY	4,777	–	(25)	(25)
	USD	6,519	–	12	12
	EUR	477	–	(4)	(4)
	Purchased				
	USD	463	–	(12)	(12)
	HKD	42	–	(0)	(0)
	RMB	75	–	(1)	(1)
Total		12,354	–	(31)	(31)

(Note) While hedge accounting is applied to the above forward foreign exchange contracts in the non-consolidated financial statements, primarily to hedge transactions between consolidated companies, hedge accounting is not applied in the consolidated financial statements because such transactions between consolidated companies are eliminated on consolidation.

Current Fiscal Year (As of March 31, 2026)

(¥ million)

Category	Type of transaction	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value	Valuation gains/losses
Transactions other than market transactions	Forward foreign exchange contracts				
	Sold				
	JPY	6,203	–	496	496
	USD	2,436	–	(45)	(45)
	EUR	435	–	(2)	(2)
	Purchased				
	USD	183	–	15	15
	HKD	16	–	0	0
	RMB	11	–	(0)	(0)
Total		9,286	–	464	464

(Note) While hedge accounting is applied to the above forward foreign exchange contracts in the non-consolidated financial statements, primarily to hedge transactions between consolidated companies, hedge accounting is not applied in the consolidated financial statements because such transactions between consolidated companies are eliminated on consolidation.

2. Derivative Transactions Qualifying for Hedge Accounting

Currency related

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value
Basic accounting treatment	Forward foreign exchange contracts				
	Sold				
	JPY	Accounts receivable - trade	22,448	–	(348)
	USD	Accounts receivable - trade	218	–	(3)
	Purchased				
	JPY	Accounts payable - trade	152	–	(2)
	USD	Accounts payable - trade	22,476	–	334
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts				
	Purchased				
	USD	Accounts payable - trade	142	–	(Note)
Total			45,438	–	(19)

(Note) The fair value of forward foreign exchange contracts that are accounted for using the allocation method is included in that of the corresponding accounts payable - trade, since those forward foreign exchange contracts are treated as an adjustment to the accounts payable - trade as hedged items.

Current Fiscal Year (As of March 31, 2026)

(¥ million)

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value
Basic accounting treatment	Forward foreign exchange contracts				
	Sold				
	JPY	Accounts receivable - trade	22,952	–	1,136
	USD	Accounts receivable - trade	237	–	(1)
	Purchased				
	JPY	Accounts payable - trade	60	–	(0)
	USD	Accounts payable - trade	23,481	–	1,014
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts				
	Sold				
	USD	Accounts receivable - trade	3,111	–	(Note)
Total			49,843	–	2,149

(Note) The fair value of forward foreign exchange contracts that are accounted for using the allocation method is included in that of the corresponding accounts receivable - trade, since those forward foreign exchange contracts are treated as an adjustment to the accounts receivable - trade as hedged items.

Retirement Benefits

1. Overview of Retirement Benefit Plans Adopted

The Company and certain domestic consolidated subsidiaries:	The Company and certain domestic consolidated subsidiaries have established defined benefit corporate pension plans (closed-type) and lump-sum retirement benefit plans as defined benefit plans, and defined contribution pension plans as defined contribution plans. In addition, retirement benefit trusts are established for some of the defined benefit corporate pension plans.
Other domestic consolidated subsidiaries (excluding domestic consolidated subsidiaries without a retirement benefit plan):	Defined benefit corporate pension plans and lump-sum retirement benefit plans are adopted as defined benefit plans. Certain consolidated subsidiaries in Japan have established defined contribution pension plans and small and medium-sized enterprise retirement allowance mutual aid systems as defined contribution plans.
Overseas consolidated subsidiaries:	Certain overseas consolidated subsidiaries have established defined benefit pension plans, lump-sum retirement benefit plans, and defined contribution retirement pension plans.

For defined benefit corporate pension plans and lump-sum retirement benefit plans that the Company and certain consolidated subsidiaries have, retirement benefit liability, retirement benefit asset and retirement benefit expenses are calculated by the simplified method. In addition, the Company may pay extra retirement payments upon an employee's retirement or under similar circumstances.

Effective April 1, 2025, the Company and certain domestic consolidated subsidiaries transitioned their defined benefit corporate pension plans to closed-type plans and, at the same time, transitioned to defined contribution pension plans. Lump-sum retirement benefit plans have also been transitioned to defined contribution pension plans, except for a portion thereof.

2. Defined Benefit Plans

(1) Reconciliations of Balances of Retirement Benefit Obligations at Beginning and End of Period (Excluding Plans to Which the Simplified Method Shown in (3) Is Applied)

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Balance of retirement benefit obligations at beginning of period	29,093	26,344
Service cost	1,927	550
Interest cost	185	295
Actuarial gains and losses accrued	391	(769)
Retirement benefits paid	(1,908)	(2,047)
Past service cost accrued	(3,316)	27
Increase resulting from the change from the simplified method to the principal method	–	278
Increase or decrease due to the effects of business combinations	(87)	–
Other	58	184
Balance of retirement benefit obligations at end of period	26,344	24,864

(2) Reconciliations of Balances of Plan Assets at Beginning and End of Period (Excluding Plans to Which the Simplified Method Shown in (3) Is Applied)

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Balance of plan assets at beginning of period	31,613	33,367
Expected return on plan assets	469	414
Actuarial gains and losses accrued	181	572
Contribution from employer	2,577	103
Retirement benefits paid	(1,477)	(1,463)
Increase resulting from the change from the simplified method to the principal method	–	685
Other	2	56
Balance of plan assets at end of period	33,367	33,737

(3) Reconciliations of Balances of Retirement Benefit Liabilities and Retirement Benefit Assets at Beginning and End of Period for Plans to Which the Simplified Method Is Applied

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Balance of retirement benefit liability and retirement benefit asset at beginning of period (net)	1,322	1,355
Retirement benefit expenses	572	266
Retirement benefits paid	(391)	(346)
Contributions to the plans	(252)	(14)
Other	105	(89)
Balance of retirement benefit liability and retirement benefit asset at end of period (net)	1,355	1,171

(4) Reconciliation Between Ending Balance of Retirement Benefit Obligations and Plan Assets, and Retirement Benefit Liability/Asset Recorded in the Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Retirement benefit obligations of funded plans	24,114	21,366
Plan assets	(35,812)	(35,448)
	(11,697)	(14,081)
Retirement benefit obligations of unfunded plans	6,030	6,380
Net amount of liabilities and assets recorded in the consolidated balance sheets	(5,667)	(7,701)
Retirement benefit liability	6,042	6,380
Retirement benefit assets	(11,710)	(14,081)
Net amount of liabilities and assets recorded in the consolidated balance sheets	(5,667)	(7,701)

(5) Amounts of Retirement Benefit Expenses and Their Components

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Service cost	1,927	550
Interest cost	185	295
Expected return on plan assets	(469)	(414)
Amortization of actuarial gains and losses	541	457
Amortization of past service cost	(191)	(516)
Retirement benefit expenses calculated using the simplified method	572	266
Retirement benefit expenses for defined benefit plans	2,566	639
Other (Note)	347	429
Gains and losses related to defined benefit plans	2,913	1,068

(Note) In the prior fiscal year, the Company recorded 19 million yen of extra retirement payments and similar expenses in selling, general and administrative expenses, 237 million yen of special retirement payments in “Other” under extraordinary losses, and 91 million yen of loss on termination of retirement benefit plan in “Other” under extraordinary losses. In the current fiscal year, the Company recorded 1 million yen of extra retirement payments and similar expenses in selling, general and administrative expenses, 31 million yen of special retirement payments in “Other” under extraordinary losses, and 395 million yen of loss on termination of retirement benefit plan in “Other” under extraordinary losses.

(6) Remeasurements of Defined Benefit Plans

The components of remeasurements of defined benefit plans (before deduction of income taxes and tax effects) are as follows.

(¥ million)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Past service cost	3,121	(543)
Actuarial gains and losses	335	1,846
Total	3,456	1,302

(7) Accumulated Remeasurements of Defined Benefit Plans

The components of accumulated remeasurements of defined benefit plans (before deduction of income taxes and tax effects) are as follows.

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Unrecognized past service cost	4,705	4,162
Unrecognized actuarial gains and losses	(983)	863
Total	3,722	5,025

(8) Plan Assets

(i) Major Components of Plan Assets

The ratio of each major category to total plan assets is as follows.

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Debentures	8%	–%
Shares	19	15
General account of life insurance companies	18	16
Other (Note 1)	55	69
Total	100	100

(Notes) 1. The “Other” category mainly consists of cash and alternative investments.

2. Retirement benefit trusts established for corporate pension plans are included in total plan assets and accounted for 16% of total plan assets in both the prior fiscal year and the current fiscal year.

(ii) Method for Setting the Long-term Expected Rate of Return on Plan Assets

To determine the long-term expected rate of return on plan assets, the Company takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

(9) Actuarial Assumptions

Major actuarial assumptions

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Discount rate	0.50% to 1.50%	1.00% to 2.70%
Long-term expected rate of return	0.68% to 1.70%	0.64% to 1.37%
Expected rate of salary increase	1.67% to 3.33%	1.27% to 3.34%

3. Defined Contribution Plans

The amounts of required contributions to defined contribution plans of the Company and its consolidated subsidiaries were 1,545 million yen for the prior fiscal year (from April 1, 2024 to March 31, 2025), and 3,490 million yen for the current fiscal year (from April 1, 2025 to March 31, 2026).

Tax Effect Accounting

1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities by Main Factors

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Deferred tax assets		
Tax loss carryforwards (Note 1)	10,403	8,490
Excess depreciation of non-current assets	19,156	22,547
Accrued bonuses	6,673	6,966
Loss on valuation of inventories	9,743	11,550
Retirement benefit assets and liabilities	1,140	1,975
Unrealized gains	3,235	3,829
Loss on valuation of advance payments to suppliers	744	1,256
Accrued enterprise taxes	2,226	1,742
Research and development expenses	1,135	916
Other	12,649	15,465
Subtotal of deferred tax assets	67,108	74,741
Valuation allowance for tax loss carryforwards (Note 1)	(9,346)	(6,444)
Valuation allowance for total deductible temporary differences	(4,613)	(7,818)
Subtotal of valuation allowances	(13,959)	(14,263)
Total of deferred tax assets	53,148	60,478
Deferred tax liabilities		
Retained earnings of overseas subsidiaries	(1,351)	(1,675)
Valuation difference on available-for-sale securities	(37,350)	(31,517)
Other	(2,265)	(3,963)
Total of deferred tax liabilities	(40,967)	(37,156)
Net deferred tax assets	12,181	23,321

(Note) 1. Amounts of tax loss carryforwards and related deferred tax assets by carryforward period

Prior Fiscal Year (As of March 31, 2025)

(¥ million)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	60	138	165	113	497	9,427	10,403
Valuation allowance	(49)	(138)	(165)	(113)	(311)	(8,567)	(9,346)
Deferred tax assets	10	–	–	–	185	860	(*2) 1,056

(*1) Tax loss carryforwards represent the amounts multiplied by statutory effective tax rate.

(*2) The Company recorded deferred tax assets of 1,056 million yen in relation to tax loss carryforwards of 10,403 million yen (amount multiplied by the statutory effective tax rate). The deferred tax assets of 1,056 million yen were recognized primarily in connection with tax loss carryforwards of 840 million yen at overseas subsidiaries (amount multiplied by the statutory effective tax rate). The Company has not recognized a valuation allowance for the tax loss carryforwards for which the deferred tax assets were recorded as it has determined that the deferred tax assets are expected to be recoverable due to projected future taxable income.

Current Fiscal Year (As of March 31, 2026)

(¥ million)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	90	71	150	357	794	7,025	8,490
Valuation allowance	(89)	(71)	(150)	(197)	(704)	(5,231)	(6,444)
Deferred tax assets	1	–	–	160	89	1,794	(*2) 2,045

(*1) Tax loss carryforwards represent the amounts multiplied by statutory effective tax rate.

(*2) The Company recorded deferred tax assets of 2,045 million yen in relation to tax loss carryforwards of 8,490 million yen (amount multiplied by the statutory effective tax rate). The deferred tax assets of 2,045 million yen were recognized primarily in connection with tax loss carryforwards of 1,773 million yen at overseas subsidiaries (amount multiplied by the statutory effective tax rate). The Company has not recognized a valuation allowance for the tax loss carryforwards for which the deferred tax assets were recorded as it has determined that the deferred tax assets are expected to be recoverable due to projected future taxable income.

(Note) 2. In addition to the above, the breakdown of the deferred tax assets and deferred tax liabilities for land revaluation, recorded as "Deferred tax liabilities for land revaluation," is as follows.

(¥ million)

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Deferred tax assets for land revaluation	1,407	1,407
Valuation allowance	(1,407)	(1,407)
Total of deferred tax assets	–	–
Deferred tax liabilities for land revaluation	(205)	(205)
Net deferred tax liabilities	(205)	(205)

2. Main Components of the Difference Between the Statutory Effective Tax Rate and the Effective Income Tax Rate After Application of Tax Effect Accounting

	Prior Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Entertainment and other expenses that are never tax deductible	0.2	0.2
Proportional resident tax	0.2	0.2
Bonuses for directors (and other officers)	0.2	0.3
Increase or decrease in valuation allowance	0.2	(0.2)
Differences in tax rates of overseas subsidiaries	(0.5)	(0.9)
Tax credit for experimentation and research expenses	(1.0)	(1.1)
Tax credit under the wage increase tax incentive system	(0.1)	(0.4)
Tax credit under the local revitalization support tax system	(0.6)	–
Income taxes for prior periods	0.9	0.5
Amortization of goodwill	0.4	0.3
Increase in deferred tax assets at the end of the period due to a change in tax rate	(0.3)	–
Other	(0.5)	(0.8)
Effective income tax rate after application of tax effect accounting	29.7	28.7

3. Accounting of Corporate and Local Corporate Income Tax and Tax Effect Accounting with Respect Thereto

The Company and certain domestic consolidated subsidiaries have adopted the group tax sharing system. Accordingly, the Company has conducted, and makes disclosure regarding, accounting of corporate and local corporate income taxes and tax effect accounting with respect thereto in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

Business Combinations

Transactions Conducted by Commonly Controlled Entities

(Reorganization of Subsidiaries)

1. Outline of Transaction

(1) Absorption-type Company Split from Bandai Namco Amusement Inc. into Bandai Namco Experience Inc.

(i) Name of the Subject Business and the Description of the Business

Real entertainment business, including planning, production, and sales of amusement machines, and planning of amusement facilities and facilities that leverage IP

(ii) Date of Business Combination

April 1, 2025

(iii) Legal Form of Business Combination

Absorption-type company split by which Bandai Namco Amusement Inc. shall be the splitting company and Bandai Namco Experience Inc. shall be the successor company

(iv) Name of Company After Combination

Not changed.

(2) Absorption-type Company Split from the Company into Bandai Namco Experience Inc.

(i) Name of the Subject Business and the Description of the Business

In this absorption-type company split, all the shares of Bandai Namco Amusement Inc. held by the Company were transferred to Bandai Namco Experience Inc., and there was no transfer of business operations.

(ii) Date of Business Combination

April 1, 2025

(iii) Legal Form of Business Combination

Absorption-type company split by which the Company was the splitting company and Bandai Namco Experience Inc. was the successor company

(iv) Name of Company After Combination

Not changed.

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."

3. Other Matters Regarding the Outline of the Transaction

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

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

Revenue Recognition

1. Disaggregation of Revenue from Contracts with Customers

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

(¥ million)

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

(Notes) 1. The "Other" category is a business segment not included in reportable segments under which operations such as logistics services are classified.

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.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

(¥ million)

	Reportable segments					Other (Note 1)	Total
	Toys and Hobby Business	Digital Business	Visual and Music Business	Amusement Business	Subtotal		
Japan	493,138	282,767	73,093	118,142	967,142	6,340	973,483
Americas	48,896	66,766	–	6,587	122,250	–	122,250
Europe	21,625	84,201	–	19,783	125,610	–	125,610
Asia	82,519	36,978	157	7,245	126,902	–	126,902
Revenue from contracts with customers	646,180	470,714	73,251	151,759	1,341,906	6,340	1,348,246
Revenue from other sources	–	–	–	–	–	–	–
Net sales to external customers	646,180	470,714	73,251	151,759	1,341,906	6,340	1,348,246

(Notes) 1. The "Other" category is a business segment not included in reportable segments under which operations such as logistics services are classified.

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. Useful Information in Understanding Revenue from Contracts with Customers

Useful information in understanding revenue from contracts with customers is as stated in "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements, 4. Accounting Policies, (5) Accounting Standards for Significant Income and Expense."

3. Information on the Relationship Between the Satisfaction of Performance Obligations Based on Contracts With Customers and Cash Flow Arising From These Contracts, and Information on the Amount and Timing of Revenue Expected to Be Recognized in Future Fiscal Years From Contracts Existing at the End of the Current Fiscal Year

(1) Balance of Contract Assets and Contract Liabilities, etc.

(¥ million)

	Prior Fiscal Year	Current Fiscal Year
Receivables from contracts with customers (beginning balance)	118,120	123,998
Receivables from contracts with customers (ending balance)	123,998	146,181
Contract assets (beginning balance)	69	–
Contract assets (ending balance)	–	–
Contract liabilities (beginning balance)	27,728	28,677
Contract liabilities (ending balance)	28,677	31,032

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

- Advances received as consideration paid by customers within 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 of home console games 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 prior fiscal year that was included in the contract liability balance at the beginning of the period is 24,634 million yen.

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 25,980 million yen.

(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 for the sake of practical expediency.

Segment Information, etc.

Segment Information

1. Overview of Reportable Segments

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 business performance.

The Group is made up of (1) four Units, one for each business domain, namely the Toys and Hobby Unit, Digital Unit, Visual and Music Unit, and 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: Toys and Hobby Business, Digital Business, Visual and Music Business, and Amusement Business.

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

2. Method for Calculating the Amounts of Net Sales, Profit/Loss, Assets, Liabilities and Others by Reportable Segment

The accounting method used for the business segments reported is the same as the accounting method stated in “Important Information Constituting the Basis for Preparation of Consolidated Financial Statements.”

The profit of reportable segments is measured by operating profit.

The inter-segment transactions are based on prevailing market prices.

3. Information Regarding the Amounts of Net Sales, Profit/Loss, Assets, Liabilities and Others by Reportable Segment

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

(¥ million)

	Reportable segments					Other (Note 1)	Total	Adjust-ments (Note 2)	Consoli-dated Total (Note 3)
	Toys and Hobby Business	Digital Business	Visual and Music Business	Amuse-ment Business	Subtotal				
Net sales									
To external customers	574,837	450,088	75,615	134,324	1,234,866	6,647	1,241,513	–	1,241,513
Inter-segment sales and transfers	22,096	5,545	15,123	7,161	49,925	29,577	79,502	(79,502)	–
Total	596,933	455,633	90,738	141,485	1,284,791	36,224	1,321,015	(79,502)	1,241,513
Segment profit	102,202	68,527	11,778	8,438	190,947	1,671	192,619	(12,390)	180,229
Segment assets	343,842	311,135	70,554	79,297	804,830	26,340	831,170	271,466	1,102,636
Others									
Depreciation	22,847	6,616	1,192	7,471	38,128	725	38,854	1,362	40,216
Amortization of goodwill	257	266	2,094	–	2,618	–	2,618	–	2,618
Impairment losses	–	404	23	1,053	1,481	–	1,481	45	1,526
Investment 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	41,230	5,206	1,320	13,065	60,822	807	61,630	3,627	65,257

(Notes) 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) Included in the 12,390 million yen deducted from segment profit as adjustment are an addition of 502 million yen in inter-segment eliminations, and a deduction of 12,892 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.

(2) Included in the 271,466 million yen added to segment assets as adjustment are a deduction of 47,311 million yen in inter-segment eliminations, and an addition of 318,777 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and deposits, investment securities, and assets, etc., related to the administration division that has not been attributed to a reportable segment.

(3) Included in the 1,362 million yen added to depreciation as adjustment are a deduction of 137 million yen in inter-segment eliminations, and an addition of 1,500 million yen in depreciation related to the administration division that has not been attributed to a reportable segment.

(4) Included in the 45 million yen added to impairment losses as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

(5) Included in the 3,627 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

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

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

(¥ million)

	Reportable segments					Other (Note 1)	Total	Adjust-ments (Note 2)	Consoli-dated Total (Note 3)
	Toys and Hobby Business	Digital Business	Visual and Music Business	Amuse-ment Business	Subtotal				
Net sales									
To external customers	646,180	470,714	73,251	151,759	1,341,906	6,340	1,348,246	–	1,348,246
Inter-segment sales and transfers	27,788	5,878	22,254	987	56,908	32,632	89,541	(89,541)	–
Total	673,968	476,592	95,506	152,747	1,398,814	38,973	1,437,788	(89,541)	1,348,246
Segment profit	126,938	56,682	12,181	10,106	205,908	2,819	208,727	(19,210)	189,517
Segment assets	417,289	307,159	81,991	89,925	896,365	30,515	926,880	263,613	1,190,494
Others									
Depreciation	27,516	7,199	1,169	9,203	45,088	789	45,878	1,326	47,204
Amortization of goodwill	50	210	2,094	–	2,355	–	2,355	–	2,355
Impairment losses	–	519	0	175	696	–	696	–	696
Investment in entities accounted for using equity method	4,897	–	–	–	4,897	15,780	20,678	–	20,678
Increase in property, plant and equipment and intangible assets	34,270	6,887	418	14,667	56,244	911	57,156	6,749	63,906

(Notes) 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) Included in the 19,210 million yen deducted from segment profit as adjustment are an addition of 243 million yen in inter-segment eliminations, and a deduction of 19,453 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.

(2) Included in the 263,613 million yen added to segment assets as adjustment are a deduction of 34,215 million yen in inter-segment eliminations, and an addition of 297,828 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and deposits, investment securities, and assets, etc., related to the administration division that has not been attributed to a reportable segment.

(3) Included in the 1,326 million yen added to depreciation as adjustment are a deduction of 196 million yen in inter-segment eliminations, and an addition of 1,522 million yen in depreciation related to the administration division that has not been attributed to a reportable segment.

(4) Included in the 6,749 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

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

Related Information

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

1. Information by Product and Service

This information is omitted because the same information has been presented in Segment Information.

2. Information by Region

(1) Net Sales

(¥ million)

Japan	Americas	Europe	Asia	Total
697,418	233,251	157,764	153,079	1,241,513

(Note) Net sales are classified by country and region based on customer location.

(2) Property, Plant and Equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
113,227	5,173	10,248	10,477	139,127

3. Information by Major Customer

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 income.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

1. Information by Product and Service

This information is omitted because the same information has been presented in Segment Information.

2. Information by Region

(1) Net Sales

(¥ million)

Japan	Americas	Europe	Asia	Total
779,926	229,191	157,572	181,556	1,348,246

(Note) Net sales are classified by country and region based on customer location.

(2) Property, Plant and Equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
120,642	9,455	11,624	11,210	152,933

3. Information by Major Customer

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 income.

Information Regarding Impairment Losses of Non-current Assets by Reportable Segment

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

This information is omitted because the same information has been presented in Segment Information.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

This information is omitted because the same information has been presented in Segment Information.

Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

(¥ million)

	Toys and Hobby Business	Digital Business	Visual and Music Business	Amusement Business	Other	Eliminations and Corporate	Total
Amortized amount	257	266	2,094	–	–	–	2,618
Unamortized balance	50	660	9,729	–	–	–	10,441

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

(¥ million)

	Toys and Hobby Business	Digital Business	Visual and Music Business	Amusement Business	Other	Eliminations and Corporate	Total
Amortized amount	50	210	2,094	–	–	–	2,355
Unamortized balance	–	–	7,635	–	–	–	7,635

Information Regarding Gain on Bargain Purchase by Reportable Segment

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

Not applicable.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

Not applicable.

Related Party Information

Transactions with Related Parties

(1) Transactions Between the Company Filing the Consolidated Financial Statements and Related Parties

Officers and major shareholders (limited to individuals) of the company filing the consolidated financial statements, etc.

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

Type	Name	Location	Share capital or investments in capital (¥ million)	Business or occupation	Ratio of voting rights ownership (%)	Relation-ship with related parties	Content	Amount (¥ million)	Account items	Balance as of March 31, 2025 (¥ million)
Officer	Masaru Kawaguchi	–	–	President and Repre-sentative Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	24	–	–
Officer	Yuji Asako	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	12	–	–
Officer	Nobuhiko Momoi	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	12	–	–
Officer	Nao Udagawa	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	21	–	–
Officer	Kazuhiro Takenaka	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	21	–	–
Officer	Makoto Asanuma	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	14	–	–
Officer	Hiroshi Kawasaki	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	14	–	–

(Note) 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 Company on the Prime Market of the Tokyo Stock Exchange on June 21, 2024 (the business day immediately preceding the date of the resolution at the Board of Directors meeting).

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

Type	Name	Location	Share capital or investments in capital (¥ million)	Business or occupation	Ratio of voting rights ownership (%)	Relation-ship with related parties	Content	Amount (¥ million)	Account items	Balance as of March 31, 2026 (¥ million)
Officer	Masaru Kawaguchi	–	–	Chairman and Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	72	–	–
Officer	Yuji Asako	–	–	President and Representa-tive Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	36	–	–
Officer	Nobuhiko Momoi	–	–	Executive Vice President and Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	36	–	–
Officer	Kazuhiro Takenaka	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	65	–	–
Officer	Nao Udagawa	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	65	–	–
Officer	Makoto Asanuma	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	43	–	–
Officer	Hiroshi Kawasaki	–	–	Director of the Company	Ownership directly 0.0	–	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims (Note)	43	–	–

(Note) 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 Company on the Prime Market of the Tokyo Stock Exchange on June 20, 2025 (the business day immediately preceding the date of the resolution at the Board of Directors meeting).

(2) Transactions Between Consolidated Subsidiaries of the Company Filing the Consolidated Financial Statements and Related Parties

Non-consolidated subsidiaries and associates of the company filing the consolidated financial statements

Prior Fiscal Year (From April 1, 2024 to March 31, 2025)

Type	Name	Location	Share capital or investments in capital (¥ million)	Business or occupation	Ratio of voting rights ownership (%)	Relation-ship with related parties	Content	Amount (¥ million)	Account items	Balance as of March 31, 2025
Associate	HAPPINET CORPORATION	Taito-ku, Tokyo	2,751	Wholesale of toys, videogames and amusement-related merchandise	Holding directly 26.2 indirectly 0.3	Sales agent	Sale of products, etc.	99,626	Accounts receivable - trade	20,039

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

Type	Name	Location	Share capital or investments in capital (¥ million)	Business or occupation	Ratio of voting rights ownership (%)	Relation-ship with related parties	Content	Amount (¥ million)	Account items	Balance as of March 31, 2026
Associate	HAPPINET CORPORATION	Taito-ku, Tokyo	2,751	Wholesale of toys, videogames and amusement-related merchandise	Holding directly 26.2 indirectly 0.3	Sales agent	Sale of products, etc.	115,618	Accounts receivable - trade	23,635

(Note) Conditions of transactions and policies for determining the conditions of transactions

Sales in the above transactions were made under the same terms and conditions as those applied to general customers.

Per-share Data

(Yen)

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Net assets per share	1,225.02	1,342.11
Basic earnings per share	197.88	217.49

(Notes) 1. Diluted earnings per share are not presented since no potential shares exist.
2. The basis of calculating basic earnings per share is as follows:

	Prior Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	129,301	140,651
Amount not applicable to common shareholders (¥ million)	–	–
Profit attributable to owners of parent available to common share (¥ million)	129,301	140,651
Average number of common share outstanding (Shares)	653,449,486	646,690,527

Significant Subsequent Events

(Cancellation of Treasury Shares)

At the Board of Directors meeting held on April 16, 2026, the Company approved a resolution to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act, and has implemented as follows.

1. Type of shares cancelled	Common shares of the Company
2. Number of shares cancelled	5,000,000 shares (0.77% of total number of issued shares before cancellation)
3. Total number of issued shares after cancellation	645,000,000 shares
4. Date of cancellation	April 30, 2026

(v) Consolidated Supplemental Detailed Schedules

Detailed Schedule of Corporate Bonds

Company name	Issue name	Date of issuance	Balance at beginning of period (¥ million)	Balance at end of period (¥ million)	Interest rate (%)	Pledge	Date of redemption
Reflector Entertainment Ltd.	Convertible bonds	October 22, 2020	1,207 [EUR 7,447 thousand]	–	5.0	None	December 31, 2025
Total	–	–	1,207	–	–	–	–

(Note) The above corporate bonds have been redeemed, and accordingly there is no balance at the end of the period.

Detailed Schedule of Borrowings

Category	Balance at beginning of period (¥ million)	Balance at end of period (¥ million)	Average interest rate (%)	Payment due
Short-term borrowings	550	211	1.19	–
Current portion of long-term borrowings	82	110	1.02	–
Current portion of lease liabilities	3,892	4,069	3.23	–
Long-term borrowings (excluding current portion)	98	157	1.12	2027 to 2030
Lease liabilities (excluding current portion)	7,392	12,125	4.21	2027 to 2036
Other interest-bearing debt	–	–	–	–
Total	12,017	16,674	–	–

(Notes) 1. "Average interest rate" represents weighted average interest rate with respect to the ending balance of borrowings, etc.

2. The repayment schedule of long-term borrowings and lease liabilities (excluding current portion) within five years after the consolidated closing date is as follows:

(¥ million)

	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term borrowings	98	46	9	2
Lease liabilities	3,103	2,501	1,542	1,144

Detailed Schedule of Asset Retirement Obligations

Pursuant to the provision of Article 92-2 of the Regulation on Consolidated Financial Statements, the information is omitted, because the amounts of asset retirement obligations at the beginning and the end of the current fiscal year were not more than 1% of the total of liabilities and net assets at the beginning and the end of the current fiscal year, respectively.

Independent Auditor's Report (Translation)

June 16, 2026

To the Board of Directors of Bandai Namco Holdings Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Michiaki Yamabe
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yasuko Kawamata
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenta Kurosu
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit of the Consolidated Financial Statements

Opinion

For the purpose of audit certification pursuant to the provisions in Article 193-2, Paragraph (1) of the Financial Instruments and Exchange Act, 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, 2026, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the year then ended, and notes, comprising important information constituting the basis for preparation of consolidated financial statements, other explanatory information, and consolidated supplemental detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2026, and its consolidated financial performance and cash flows for the year 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 of public interest entities 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.

<table>
<tr><td colspan="2">Reasonableness of the valuation of work in process for home console games before the launch at major domestic development bases</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>In the consolidated balance sheets, Bandai Namco Holdings Inc. and its consolidated subsidiaries (collectively referred to as the “Group”) recognized work in process of ¥64,616 million as part of inventories as of March 31, 2026. As described in “Notes to Consolidated Financial Statements, Significant Accounting Estimates, Valuation of Work in Process for Home Console Games before Launch at Major Domestic Development Bases,” the amount included ¥41,729 million of work in process for home console games before the launch at major domestic development bases that belonged to the Digital Business segment, representing 3.5% of total assets in the consolidated financial statements.
As described in “Notes to Consolidated Financial Statements, Important Information Constituting the Basis for Preparation of Consolidated Financial Statements, 4. Accounting Policies, (1) Valuation Basis and Methods for Significant Assets, (iii) Inventories,” work in process recognized in the consolidated balance sheets is accounted for using a method of writing down the book value according to the declining profitability, 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 console 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.
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.
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.
We, therefore, determined that our assessment of the reasonableness of the valuation of work in process for home console games before the launch at major domestic development bases was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.</td><td>The primary procedures we performed to assess the reasonableness of the valuation of work in process for home console games before the launch at major domestic development bases included the following:
(1) Internal control testing
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 console games before the launch at major domestic development bases. In this assessment, we focused our testing on the following controls:
• controls to ensure the appropriateness of the estimated sales volume of game titles including consideration at meetings with decision-making authority.

(2) Assessment of the reasonableness of the estimated sales volume
We assessed the appropriateness of the estimated sales volume of home console game titles before the launch, by performing the following procedures, among others:
• 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; and
• compared 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.</td></tr>
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Other Information

The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements, non-consolidated financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & 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 & 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit & 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 & 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 & 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 & 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.

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.

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Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the convenience of the reader. The Internal Control Report and the fee-related information referenced in the Independent Auditor's Report are not included in the Financial Report.