



# **BANDAI NAMCO Holdings Inc.**

**Consolidated Financial Report for the Fiscal Year Ended**

**March 31, 2019**

May 9, 2019

**DISCLAIMER**

- BANDAI NAMCO Holdings Inc. provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy, the original “Kessan Tanshin” in Japanese shall prevail.
- This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

# BANDAI NAMCO Holdings Inc.

Stock Listing: Tokyo Stock Exchange

Code Number: 7832

(URL: <http://www.bandainamco.co.jp/>)

May 9, 2019

## Consolidated Financial Report for the Fiscal Year Ended March 31, 2019 (Japanese GAAP)

Representative: Mitsuaki Taguchi, President and Representative Director  
 Contact: Yuji Asako, Director, Division General Manager of the Corporate Planning Division  
 Date of Ordinary General Meeting of Shareholders: June 24, 2019  
 Scheduled starting date for dividend payments: June 25, 2019  
 Scheduled filing date of the annual security report: June 24, 2019  
 The Financial Highlights of the Financial Results: Yes  
 The information session of the Financial Results: Yes (for institutional investors and analysts)

\* Figures are in millions of yen, rounded down

### 1. Consolidated Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
<b>Fiscal Year Ended March 31, 2019</b>	<b>732,347</b>	<b>8.0</b>	<b>84,045</b>	<b>12.0</b>	<b>86,863</b>	<b>15.2</b>
Fiscal Year Ended March 31, 2018	678,312	9.4	75,024	18.6	75,380	19.1

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
<b>Fiscal Year Ended March 31, 2019</b>	<b>63,383</b>	<b>17.1</b>	<b>288.40</b>	<b>-</b>
Fiscal Year Ended March 31, 2018	54,109	22.5	246.29	246.23

(Note) Comprehensive income: 69,952 million yen [24.9%] (FY2019.3), 56,024 million yen [30.0%] (FY2018.3)

	ROE (Profit attributable to owners of parent / Net assets)	ROA (Recurring profit / Total assets)	Operating margin (Operating profit / Net sales)
	%	%	%
<b>Fiscal Year Ended March 31, 2019</b>	<b>15.5</b>	<b>15.1</b>	<b>11.5</b>
Fiscal Year Ended March 31, 2018	14.7	14.7	11.1

(Reference) Gain or loss from application of equity method: 242 million yen (FY2019.3), 930 million yen (FY2018.3)

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>As of March 31, 2019</b>	<b>612,955</b>	<b>429,644</b>	<b>70.0</b>	<b>1,952.00</b>
As of March 31, 2018	540,490	387,354	71.5	1,758.99

(Reference) Equity: 429,031 million yen (as of March 31, 2019), 386,556 million yen (as of March 31, 2018)

### (3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
<b>Fiscal Year Ended March 31, 2019</b>	<b>79,811</b>	<b>(24,899)</b>	<b>(28,972)</b>	<b>206,270</b>
Fiscal Year Ended March 31, 2018	55,138	(63,338)	(17,086)	180,831

### 2. Cash Dividends

	Annual cash dividends					Total dividend payment (Full year) ¥ million	Payout ratio (Consolidated) %	Dividend / Net assets (Consolidated) %
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	¥	¥	¥	¥	¥			
Fiscal Year Ended March 31, 2018	–	12.00	–	111.00	123.00	27,045	49.9	7.4
Fiscal Year Ended March 31, 2019	–	18.00	–	127.00	145.00	31,888	50.3	7.8
Fiscal Year Ending March 31, 2020 (Projections)	–	20.00	–	20.00	40.00		17.6	

(Note) Concerning the projected amounts of the end of second quarter and year-end cash dividends for the fiscal year ending March 31, 2020, the base dividend is stated based on the Company's basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2020, will be considered by the Company based on the basic policy on the distribution of profits.

### 3. Consolidated Projections for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending September 30, 2019	340,000	1.6	31,000	(29.4)	31,500	(31.2)	23,000	(32.7)	104.65
Full Fiscal Year	720,000	(1.7)	70,000	(16.7)	71,000	(18.3)	50,000	(21.1)	227.49

#### \* Notes

#### (1) Changes in Significant Subsidiaries during the Period

(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): Yes

Included: 2 companies (BANDAI NAMCO Collectibles LLC, BANDAI NAMCO Content Fund LLP)

#### (2) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement

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

b) Changes in accounting policies due to revisions to other reasons: No

c) Changes in accounting estimation: No

d) Restatement: No

#### (3) Number of Issued Shares (Common Stock)

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

As of March 31, 2019 222,000,000 shares

As of March 31, 2018 222,000,000 shares

b) Number of shares of treasury stock at the end of the period

As of March 31, 2019 2,209,402 shares

As of March 31, 2018 2,239,901 shares

c) Average number of shares during the period

For the Fiscal Year Ended March 31, 2019 219,781,288 shares

For the Fiscal Year Ended March 31, 2018 219,698,981 shares

**(Reference) Non-consolidated Information****1. Non-consolidated Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)****(1) Non-consolidated Operating Results**

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
<b>Fiscal Year Ended March 31, 2019</b>	<b>25,604</b>	<b>21.5</b>	<b>20,616</b>	<b>30.0</b>	<b>21,341</b>	<b>31.5</b>
Fiscal Year Ended March 31, 2018	21,075	(13.3)	15,855	(17.0)	16,230	(15.6)

	Profit		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
<b>Fiscal Year Ended March 31, 2019</b>	<b>21,181</b>	<b>30.7</b>	<b>96.32</b>	–
Fiscal Year Ended March 31, 2018	16,204	30.7	73.72	73.70

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>As of March 31, 2019</b>	<b>411,545</b>	<b>254,128</b>	<b>61.7</b>	<b>1,155.56</b>
As of March 31, 2018	368,455	253,175	68.7	1,151.38

(Reference) Equity: 254,128 million yen (as of March 31, 2019), 253,175 million yen (as of March 31, 2018)

**2. Non-consolidated Projections for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)**

(Percentages indicate year-on-year changes.)

	Operating revenue		Recurring profit		Profit		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	31,000	21.1	24,500	14.8	24,500	15.7	111.40

\* Consolidated Financial Reports are not required to be audited by certified public accountants or an audit firm.

\* Explanation on appropriate use of the projections of business results, etc.

- Forward-Looking Statements:

This document contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication and those forward-looking statements do not purport to be a promise by the Company to achieve such results. A number of factors could cause actual results to differ materially from expectations. Please refer to the section of "(4) Future Outlook" of "1. Overview of Operating Results and Others" on page 4 of the attached material for matters pertaining to the earnings projections.

- To obtain Financial Highlights:

The Financial Highlights will be posted on the Company's website on May 9, 2019.

## Attached Material

### Index

<b>1. Overview of Operating Results and Others .....</b>	<b>2</b>
(1) Overview of Operating Results for the Period (April 1, 2018 to March 31, 2019) .....	2
(2) Overview of Financial Position for the Period .....	3
(3) Overview of Cash Flows for the Period .....	3
(4) Future Outlook .....	4
(5) Basic Policy on the Distribution of Profits .....	5
<b>2. Basic Concept Regarding Selection of Accounting Standards.....</b>	<b>5</b>
<b>3. Consolidated Financial Statements and Significant Notes.....</b>	<b>6</b>
(1) Consolidated Balance Sheets.....	6
(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income .....	8
(Consolidated Statements of Operations).....	8
(Consolidated Statements of Comprehensive Income).....	9
(3) Consolidated Statements of Changes in Net Assets .....	10
(4) Consolidated Statements of Cash Flows .....	14
(5) Notes to Consolidated Financial Statements .....	16
(Notes on Premise of Going Concern) .....	16
(Segment Information) .....	16
(Per-Share Data) .....	23
<b>4. Other .....</b>	<b>24</b>
Changes in Directors and Audit & Supervisory Board Members.....	24

## 1. Overview of Operating Results and Others

### (1) Overview of Operating Results for the Period (April 1, 2018 to March 31, 2019)

During the fiscal year ended March 31, 2019, the economy continued to moderately recover both in Japan and overseas. However, the outlook for the overall economy remained uncertain.

In this environment, the BANDAI NAMCO Group (“the Group”) started a three-year Mid-term Plan in April 2018, under the Mid-term Vision of “CHANGE for the NEXT: Empower, Gain Momentum, and Accelerate Evolution,” which reflects our aspiration to achieve changes in all aspects to progress to a next stage without being bound by previous business models and established ideas. Aiming for medium- and long-term growth, the Group has been promoting a range of measures. As one of these initiatives, we have been taking advantage of the worldview and unique characteristics of IP (Intellectual Property: meaning characters and other intellectual property) to further evolve the “IP Axis Strategy” that aims to maximize IP value through the provision of the optimal products and services at the optimal possible times. The measures also include an initiative to strengthen development in regions and businesses with high growth potential and an initiative to realize the total capabilities of the Group in regions around the world under the ALL BANDAI NAMCO concept.

During this fiscal year, the key IP and products and services in each business segment performed favorably, and business collaboration across the Group was highly effective. Consequently, the Group’s consolidated results for the fiscal year ended March 31, 2019 were net sales of 732,347 million yen (year-on-year increase of 8.0%), operating profit of 84,045 million yen (year-on-year increase of 12.0%), recurring profit of 86,863 million yen (year-on-year increase of 15.2%), and profit attributable to owners of parent of 63,383 million yen (year-on-year increase of 17.1%).

Operating results by segment are as follows.

Effective from the fiscal year ended March 31, 2019, the Group changed the classification of its reportable segments. Consequently, in year-on-year comparisons the figures for the previous fiscal year shown below have been restated into the figures for the classifications after the change.

#### **Toys and Hobby Business**

As for the Toys and Hobby Business, in Japan and overseas, products for the mature fan base such as plastic models of the *Mobile Suit Gundam* series and collectible figures and card related products for *DRAGON BALL* series gained in popularity. In Japan, products for the mature fan base performed favorably, along with long-established IP products such as the *DRAGON BALL* series, the *KAMEN RIDER* series, and the *PRETTY CURE!* series. Overseas, in the Asian region, products such as the *Mobile Suit Gundam* series and *ULTRAMAN* series gained in popularity, and we took steps aimed at strengthening business development in the Chinese market. In Americas and Europe, we continued with the roll-out of products for the mature fan base, such as collectible figures and *DRAGON BALL* series card products.

As a result, net sales in the Toys and Hobby Business were 242,865 million yen (year-on-year increase of 9.2%), and segment profit was 21,710 million yen (year-on-year increase of 50.0%).

#### **Network Entertainment Business**

As for the Network Entertainment Business, in network content, key titles being distributed worldwide such as *DRAGON BALL* and *ONE PIECE*, and key titles in Japan such as *The iDOLM@STER* series, continued to perform favorably due to ongoing measures targeting users. We also undertook initiatives to create new services, such as launching a new platform. In home video games, in addition to sales of new titles such as *SOULCALIBUR VI*, *ACE COMBAT 7: SKIES UNKNOWN*, and *JUMP FORCE* for worldwide distribution, repeat sales of existing titles and sales of mainly new Japanese titles were favorable.

As a result, net sales in the Network Entertainment Business were 340,927 million yen (year-on-year increase of 4.4%), and segment profit was 47,534 million yen (year-on-year decrease of 5.2%).

#### **Real Entertainment Business**

As for the Real Entertainment Business, in regard to arcade games, sales of *MOBILE SUIT GUNDAM EXTREME VS. 2* and other games were favorable. In amusement facilities, performance in existing facilities in Japan did not reach the level seen in the previous fiscal year; however, the opening of facilities in new business formats that provide spaces where customers are able to enjoy experiences that only BANDAI NAMCO can offer, among other initiatives, performed favorably.

As a result, net sales in the Real Entertainment Business were 101,493 million yen (year-on-year increase of 12.1%), and segment profit was 4,264 million yen (year-on-year increase of 34.6%).

### **Visual and Music Production Business**

As for the Visual and Music Production Business, products such as visual and music package software of *LoveLive! Sunshine!!* and *The iDOLM@STER* series gained in popularity. Meanwhile, IP live events such as *IDOLiSH 7* and associated product sales and sales of live visual package software performed favorably.

As a result, net sales in the Visual and Music Production Business were 45,518 million yen (year-on-year increase of 11.9%), and segment profit was 8,797 million yen (year-on-year increase of 32.9%).

### **IP Creation Business**

As for the IP Creation Business, we stirred up public attention through releases of new IP movies such as the *Mobile Suit Gundam* series, *LoveLive! Sunshine!!*, and the *Aikatsu!* series, leading to those series gaining popularity. In other initiatives, we took steps to strengthen our structure and create new products with a view to enhancing IP creation.

As a result, net sales in the IP Creation Business were 22,464 million yen (year-on-year increase of 32.4%), and segment profit was 5,020 million yen (year-on-year decrease of 4.6%).

### **Other Businesses**

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

Net sales in the Other Businesses were 29,764 million yen (year-on-year increase of 7.7%), and segment profit was 1,197 million yen (year-on-year increase of 56.1%).

## **(2) Overview of Financial Position for the Period**

At the end of the fiscal year ended March 31, 2019, total assets stood at 612,955 million yen, an increase of 72,465 million yen from the end of the previous fiscal year. The main factors were increases of 28,334 million yen in cash and time deposits, 5,021 million yen in trade receivables, 4,281 million yen in finished goods and merchandise, 4,743 million yen in work in process, and 17,528 million yen in investment securities.

Total liabilities amounted to 183,311 million yen, an increase of 30,175 million yen from the end of the previous fiscal year. The main factors were increases of 5,249 million yen in trade payables, 8,898 million yen in accrued income taxes, and 14,123 million yen in other current liabilities due to increases mainly in accrued employee bonuses.

Total net assets stood at 429,644 million yen, an increase of 42,289 million yen from the end of the previous fiscal year. The main factors were increases of 35,051 million yen in retained earnings due to the recording of 63,383 million yen in profit attributable to owners of parent, and 8,494 million yen in valuation difference on available-for-sale securities, net of tax, despite cash dividends paid of 28,366 million yen.

As a result, the equity ratio became 70.0% compared with 71.5% at the end of the previous fiscal year.

## **(3) Overview of Cash Flows for the Period**

As of the end of the fiscal year, cash and cash equivalents (“funds”) remaining on hand had increased by 25,438 million yen from the end of the previous fiscal year to 206,270 million yen.

Below is the breakdown of cash flows by activities.

### **(Cash Flows from Operating Activities)**

The amount of funds provided by operating activities totaled 79,811 million yen (year-on-year increase of 44.7%). As a breakdown of funds used, income taxes paid was 21,186 million yen (compared with 19,709 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to profit before income taxes of 86,838 million yen (compared with 72,497 million yen in the previous fiscal year) and depreciation and amortization of 21,370 million yen (compared with 23,545 million yen in the previous fiscal year).

### **(Cash Flows from Investing Activities)**

The amount of funds used in investing activities totaled 24,899 million yen (year-on-year decrease of 60.7%). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets totaling 15,341 million yen (compared with 48,243 million yen in the previous fiscal year) and purchase of shares of subsidiaries and associates of 4,018 million yen (compared with 80 million yen in the previous fiscal year).

#### (Cash Flows from Financing Activities)

The amount of funds used in financing activities totaled 28,972 million yen (year-on-year increase of 69.6%). The main breakdown of funds used was cash dividends paid of 28,366 million yen (compared with 18,023 million yen in the previous fiscal year).

#### (Reference) Cash Flow Indices

	FY2015.3	FY2016.3	FY2017.3	FY2018.3	FY2019.3
Equity ratio (%)	68.6	70.6	71.3	71.5	70.0
Equity ratio (market capitalization basis) (%)	116.3	120.2	149.9	142.1	186.1
Cash flows to interest bearing debt ratio (years)	0.1	0.0	0.0	0.0	0.0
Interest coverage ratio (times)	635.3	1,123.3	1,718.0	1,468.2	2,180.5

Equity ratio: Total stockholders' equity/Total assets

Equity ratio (market capitalization basis): Market capitalization/Total assets

Cash flows to interest bearing debt ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest expenses

Note 1: All calculations are performed using consolidated financial figures.

Note 2: Market capitalization is calculated on the basis of the number of issued shares excluding treasury stock.

Note 3: Operating cash flow is used for cash flow.

Note 4: Interest-bearing debt covers all debt reported in the consolidated balance sheets for which interest is paid.

#### (4) Future Outlook

Looking ahead, although Japanese and overseas economic trends remained steady, the business environment is expected to remain beset by uncertainties, including the impact on personal consumption from uncertainties in the overall society and the overall economy, as well as overseas political trends. Such factors are also expected to have an impact on the entertainment industry, in which the Group is extensively involved, resulting in ongoing uncertainty in this business environment, and also, even severe changes in the market environment and user preferences.

Facing these circumstances, the Group started a three-year Mid-term Plan in April 2018, under the Mid-term Vision of "CHANGE for the NEXT: Empower, Gain Momentum, and Accelerate Evolution" which reflects our aspiration to achieve changes in all aspects to progress to a next stage without being bound by previous business models and established ideas. In the Mid-term Plan, the Group will aim to evolve "IP Axis Strategy" further to maximize IP value through taking advantage of the worldview and unique characteristics of its IPs and providing the optimal products and services at the optimal possible times, thereby achieving penetration and expansion in global markets. At the same time, we will also strengthen development in regions and businesses with high growth potential. Furthermore, we will drive creation of new IP and pursue strategies by unifying the efforts in each region across the Group under the ALL BANDAI NAMCO concept.

We will implement the following four strategies as the main strategies in the Mid-term Plan:

1. IP axis strategy "Accelerate evolution in IP axis strategy"  
Boost capability to create IP (structural changes) / Invest aggressively in IP creation
2. Business strategy "Empower push into new entertainment"  
Establish and enhance business infrastructure / Expand and strengthen business fields / Promote incubation
3. Region strategy "Gain momentum with ALL BANDAI NAMCO"  
Make full-scale business expansion in the Chinese market / Establish system for ALL BANDAI NAMCO
4. Personnel strategy "Make personnel the core of the Group"  
Establish environment to optimize employees' performance by tapping their individual strengths, and to empower new ventures

By implementing these main strategies, we aim to further strengthen the Group's foundation so that we can make steady progress in an operating environment marked by dramatic change, and achieve growth in global markets.

Starting April 2018, the Group has changed its organizational structure to promote the advancement of each of the strategies of the Mid-term Plan. The name of the units of aggregated business companies that are to execute the respective



business strategies has been changed from “SBUs” (Strategic Business Units) to “Units.” In addition, to enable swifter advancement of the main strategies for each mission stated in the Mid-term Plan, the Group has shifted from its previous three-SBU structure to a five-Unit structure. Specifically, the Network Entertainment SBU has been reorganized into the Network Entertainment Unit, which develops business in fields such as network content and home video games, and the Real Entertainment Unit, which provides content for real-world based facilities, services, equipment, and so forth, unique to the Group. Moreover, the IP Creation Unit has been established as a spin-off from the Visual and Music Production SBU to focus on creating new IP.

In the fiscal year ending March 31, 2020, in light of the progress made during the fiscal year ended March 31, 2019, the Group will continue to push forward implementation of main strategies of the Mid-term Plan. As part of the initiatives to be implemented across the Units, we will strengthen our capability for new IP creation and cultivation in various ways including creation of product and service-originated IP and visual product-originated IP, utilization of an internal idea posting system, collaboration with partner companies, and making strategic investments. The Group also plans to push forward cross-Unit initiatives in preparation for a full-scale business expansion in the Chinese market. In the Toys and Hobby Unit, we will maintain and expand our domestic market share while strengthening the roll-out of products for the mature fan base in Japan and overseas. In the Network Entertainment Unit, we will further accelerate the worldwide roll-out of network content and home video games, and also strengthen initiatives for creating new entertainment. In the Real Entertainment Unit, we will strengthen our capability of providing venues, services and content leveraging unique strength of the Group. In the Visual and Music Production Unit, we will promote the IP expansion with visuals, music and live performance integrated. In the IP Creation Unit, we will strengthen new IP creation through collaboration among Units over respective products and services.

We will strengthen the foundation for growth under the Mid-term Plan by implementing these initiatives. In light of the above considerations, the consolidated projections of the fiscal year ending March 31, 2020 are as follows: net sales of 720,000 million yen (year-on-year decrease of 1.7%), operating profit of 70,000 million yen (year-on-year decrease of 16.7%), recurring profit of 71,000 million yen (year-on-year decrease of 18.3%), and profit attributable to owners of parent of 50,000 million yen (year-on-year decrease of 21.1%).

#### **(5) Basic Policy on the Distribution of Profits**

The Company ranks the return of profits to shareholders as one of its highest priorities in its management. The Company aims to further strengthen the Group’s competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company’s corporate value. Specifically, the Company follows a basic policy of providing a return to shareholders that targets a total return ratio of 50% or more based on stable dividend payments of 2% of DOE (dividends on equity). Under this policy, the Company strives to maintain long-term and stable dividend levels and be more aware of capital cost.

For the annual cash dividend per share for the fiscal year ended March 31, 2019, a performance-based dividend of 109 yen will be added to a base dividend of 36 yen. In total, the annual cash dividend for the fiscal year will be 145 yen per share. Since the Company paid an interim dividend of 18 yen per share on December 7, 2018, the year-end dividend will be 127 yen per share. The Company’s annual dividend forecast for the fiscal year ending March 31, 2020 is 40 yen per share, which is the base dividend set in accordance with the Company’s basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2020 will be considered by the Company based on the basic policy on the distribution of profits.

## **2. Basic Concept Regarding Selection of Accounting Standards**

The Group plans to continue using Japanese GAAP to prepare its consolidated financial statements for the time being, as they facilitate comparison with previous consolidated financial statements and with other companies.

The Group’s policy on applying International Financial Reporting Standards is to take action as appropriate based on considerations of various conditions in Japan and overseas.

### 3. Consolidated Financial Statements and Significant Notes

#### (1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2018)	Current Fiscal Year (As of March 31, 2019)
Assets		
Current assets		
Cash and time deposits	185,517	213,851
Trade receivables	88,061	93,083
Finished goods and merchandise	14,780	19,062
Work in process	37,684	42,428
Raw materials and supplies	3,216	3,580
Other current assets	22,529	26,836
Allowance for doubtful receivables	(1,172)	(890)
Total current assets	350,618	397,951
Fixed assets		
Property, plant and equipment		
Buildings and structures	30,122	31,152
Accumulated depreciation	(15,006)	(16,084)
Buildings and structures, net	15,116	15,067
Amusement facilities and machines	63,008	72,882
Accumulated depreciation	(47,341)	(55,275)
Amusement facilities and machines, net	15,666	17,606
Land	43,420	42,677
Other property, plant and equipment	118,868	106,660
Accumulated depreciation	(106,967)	(94,418)
Other property, plant and equipment, net	11,900	12,242
Total property, plant and equipment	86,104	87,593
Intangible assets	9,475	11,845
Investments and other assets		
Investment securities	56,495	74,023
Net defined benefit asset	117	147
Deferred tax assets	22,246	24,819
Other investments and assets	16,827	16,941
Allowance for doubtful receivables	(1,394)	(366)
Total investments and other assets	94,292	115,564
Total fixed assets	189,872	215,003
Total assets	540,490	612,955

(¥ million)

	Prior Fiscal Year (As of March 31, 2018)	Current Fiscal Year (As of March 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Trade payables	69,555	74,804
Accrued income taxes	8,597	17,495
Provision for directors' bonuses	1,803	1,835
Provision for contract loss	629	–
Other provision	1,653	1,669
Other current liabilities	53,964	68,087
Total current liabilities	136,202	163,893
Long-term liabilities		
Net defined benefit liability	8,485	10,383
Deferred tax liabilities for land revaluation	348	333
Other long-term liabilities	8,099	8,700
Total long-term liabilities	16,933	19,417
Total liabilities	153,135	183,311
<b>Net assets</b>		
Stockholders' equity		
Common stock	10,000	10,000
Capital surplus	52,196	52,308
Retained earnings	334,264	369,315
Treasury stock	(2,326)	(2,298)
Total stockholders' equity	394,133	429,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	11,696	20,190
Deferred gains or losses on hedges, net of tax	(300)	5
Revaluation reserve for land, net of tax	(5,887)	(5,920)
Foreign currency translation adjustments	(8,330)	(8,864)
Remeasurements of defined benefit plans, net of tax	(4,756)	(5,705)
Total accumulated other comprehensive income	(7,577)	(294)
Non-controlling interests	797	612
Total net assets	387,354	429,644
Total liabilities and net assets	540,490	612,955

**(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income****(Consolidated Statements of Operations)**

	(¥ million)	
	Prior Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Net sales	678,312	732,347
Cost of sales	436,730	469,791
Gross profit	241,581	262,555
Selling, general and administrative expenses	166,557	178,510
Operating profit	75,024	84,045
Non-operating income		
Interest income	269	536
Dividend income	334	584
Rent income	338	398
Gain on valuation of derivatives	–	753
Other non-operating income	1,496	701
Total non-operating income	2,438	2,973
Non-operating expenses		
Interest expense	37	36
Loss on valuation of derivatives	817	–
Loss on cancellation of rental contracts	–	25
Other non-operating expenses	1,228	93
Total non-operating expenses	2,083	155
Recurring profit	75,380	86,863
Extraordinary income		
Gain on sales of fixed assets	72	2,109
Other extraordinary income	6	228
Total extraordinary income	79	2,338
Extraordinary loss		
Loss on impairment of fixed assets	1,463	954
Loss on disposal of fixed assets	766	325
Loss on disposal of receivables on affiliated companies	–	781
Other extraordinary loss	731	302
Total extraordinary loss	2,961	2,362
Profit before income taxes	72,497	86,838
Corporate income, inhabitant and enterprise taxes	19,867	29,566
Adjustment for income taxes	(1,258)	(5,361)
Total income taxes	18,609	24,205
Profit	53,888	62,632
Loss attributable to non-controlling interests	(220)	(751)
Profit attributable to owners of parent	54,109	63,383

**(Consolidated Statements of Comprehensive Income)**

(¥ million)

	Prior Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Profit	53,888	62,632
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	3,611	8,685
Deferred gains or losses on hedges, net of tax	(509)	305
Foreign currency translation adjustments	395	(531)
Remeasurements of defined benefit plans, net of tax	(1,560)	(948)
Share of other comprehensive income of associates accounted for using equity method	199	(190)
Total other comprehensive income	2,136	7,319
Comprehensive income	56,024	69,952
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	56,245	70,700
Comprehensive income attributable to non-controlling interests	(220)	(747)

**(3) Consolidated Statements of Changes in Net Assets**

Prior Fiscal Year (From April 1, 2017 to March 31, 2018)

(¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,064	297,984	(2,423)	357,626
Changes during the period					
Cash dividends			(18,023)		(18,023)
Profit attributable to owners of parent			54,109		54,109
Change of scope of consolidation			(0)		(0)
Change of scope of consolidation - foreign currency translation adjustment					-
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		131		100	232
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				0	0
Reversal of revaluation reserve for land			193		193
Net changes of items other than stockholders' equity					
Total changes during the period	-	131	36,279	96	36,507
Balance at end of year	10,000	52,196	334,264	(2,326)	394,133

(¥ million)

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of tax	Deferred gains or losses on hedges, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at beginning of year	7,884	210	(5,693)	(8,725)	(3,195)	(9,519)	99	577	348,784
Changes during the period									
Cash dividends									(18,023)
Profit attributable to owners of parent									54,109
Change of scope of consolidation									(0)
Change of scope of consolidation - foreign currency translation adjustment				(7)		(7)			(7)
Purchase of treasury stock									(4)
Disposal of treasury stock									232
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied									0
Reversal of revaluation reserve for land			(193)			(193)			-
Net changes of items other than stockholders' equity	3,811	(510)	-	403	(1,560)	2,144	(99)	220	2,264
Total changes during the period	3,811	(510)	(193)	395	(1,560)	1,942	(99)	220	38,570
Balance at end of year	11,696	(300)	(5,887)	(8,330)	(4,756)	(7,577)	-	797	387,354

Current Fiscal Year (From April 1, 2018 to March 31, 2019)

(¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,196	334,264	(2,326)	394,133
Changes during the period					
Cash dividends			(28,366)		(28,366)
Profit attributable to owners of parent			63,383		63,383
Change of scope of consolidation					–
Change of scope of consolidation - foreign currency translation adjustment					–
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		112		33	145
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				0	0
Reversal of revaluation reserve for land			33		33
Net changes of items other than stockholders' equity					
Total changes during the period	–	112	35,051	28	35,192
Balance at end of year	10,000	52,308	369,315	(2,298)	429,326



(¥ million)

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of tax	Deferred gains or losses on hedges, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at beginning of year	11,696	(300)	(5,887)	(8,330)	(4,756)	(7,577)	–	797	387,354
Changes during the period									
Cash dividends									(28,366)
Profit attributable to owners of parent									63,383
Change of scope of consolidation									–
Change of scope of consolidation - foreign currency translation adjustment									–
Purchase of treasury stock									(5)
Disposal of treasury stock									145
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied									0
Reversal of revaluation reserve for land			(33)			(33)			–
Net changes of items other than stockholders' equity	8,494	305	–	(534)	(948)	7,316	–	(185)	7,131
Total changes during the period	8,494	305	(33)	(534)	(948)	7,282	–	(185)	42,289
Balance at end of year	20,190	5	(5,920)	(8,864)	(5,705)	(294)	–	612	429,644

**(4) Consolidated Statements of Cash Flows**

(¥ million)

	Prior Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	72,497	86,838
Depreciation and amortization	23,545	21,370
Loss on impairment of fixed assets	1,463	954
Amortization of goodwill	190	177
Increase (decrease) in allowance for doubtful receivables	1,121	(1,321)
Increase (decrease) in provision for directors' bonuses	(17)	31
Increase (decrease) in provision for contract loss	515	(629)
Increase (decrease) in other provision	89	87
Increase (decrease) in net defined benefit liability	388	648
Interest and dividend income	(603)	(1,121)
Interest expense	37	36
Foreign exchange losses (gains)	261	126
Equity in loss (gain) of affiliated companies	(930)	(242)
Loss (gain) on valuation of derivatives	817	(753)
Loss on disposal of fixed assets	766	325
Loss (gain) on sales of fixed assets, net	(32)	(2,078)
Loss on disposal of amusement facilities and machines	533	161
Loss (gain) on sales of investment securities, net	(1)	(226)
Loss on disposal of receivables on affiliated companies	–	781
Decrease (increase) in trade receivables	(13,048)	(4,965)
Decrease (increase) in inventories	(9,008)	(7,689)
Acquisition of amusement facilities and machines	(7,349)	(10,187)
Increase (decrease) in trade payables	5,412	5,270
Increase (decrease) in accounts payable-other	1,435	(196)
Increase (decrease) in consumption tax payables	(579)	326
Increase (decrease) in other current liabilities	1,837	13,972
Other	(5,066)	(1,752)
Subtotal	74,275	99,945
Interest and dividends received	610	1,088
Interest paid	(37)	(36)
Income taxes paid	(19,709)	(21,186)
Net cash provided by operating activities	55,138	79,811

(¥ million)

	Prior Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Cash flows from investing activities		
Payments for deposit in time deposits	(4,934)	(7,510)
Proceeds from withdrawal from time deposits	993	4,482
Purchases of property, plant and equipment	(42,850)	(10,093)
Sales of property, plant and equipment	601	2,980
Purchases of intangible assets	(5,392)	(5,247)
Purchases of investment securities	(11,461)	(1,574)
Sales of investment securities	53	347
Purchase of shares of subsidiaries and associates	(80)	(4,018)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	385	–
Payments for acquisition of businesses	–	(1,991)
Payments of loans receivable	(2,273)	(1,385)
Collection of loans receivable	2,727	892
Payments of guarantee money deposited	(1,703)	(2,135)
Collection of guarantee money deposited	633	541
Other	(36)	(185)
Net cash used in investing activities	(63,338)	(24,899)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5	94
Proceeds from long-term loans payable	790	639
Repayments of long-term loans payable	(217)	(1,266)
Repayments of lease obligations	(77)	(67)
Purchase of treasury stock	(4)	(5)
Proceeds from share issuance to non-controlling shareholders	441	–
Cash dividends paid	(18,023)	(28,366)
Net cash used in financing activities	(17,086)	(28,972)
Effect of exchange rate changes on cash and cash equivalents	351	(501)
Net increase (decrease) in cash and cash equivalents	(24,935)	25,438
Cash and cash equivalents at beginning of year	205,667	180,831
Increase in cash and cash equivalents from newly consolidated subsidiary	99	–
Cash and cash equivalents at end of year	180,831	206,270

## **(5) Notes to Consolidated Financial Statements**

### **(Notes on Premise of Going Concern)**

Not applicable.

### **(Segment Information)**

#### **a. 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 performance.

The Group is made up of (1) five Units, one for each business domain, namely the Toys and Hobby Unit, the Network Entertainment Unit, the Real Entertainment Unit, the Visual and Music Production Unit, and the IP Creation Unit, and (2) the affiliated business companies that mainly serve a supporting role for these Units. The core company of each Unit leads the planning and promotion of the business strategies of the unit for Japan and overseas.

Accordingly, the Group has the following five reportable segments: Toys and Hobby Business, Network Entertainment Business, Real Entertainment Business, Visual and Music Production Business, and IP Creation Business.

The Toys and Hobby Business conducts production and sales of toys, candy toys and products for vending machines. The Network Entertainment Business conducts planning, development and distribution of network content, and planning, development and distribution of home video games, etc. The Real Entertainment Business conducts planning, production and sales of arcade games, etc., and planning and operation of amusement facilities. The Visual and Music Production Business conducts planning, production and sales of visual and music content and package software, and live entertainment operations. The IP Creation Business conducts planning and development of animations, etc., and management and administration of copyrights and other rights, etc.

##### **2. Information regarding changes to reportable segments, etc.**

Effective from the current fiscal year, the Group has changed its organizational structure to promote the advancement of each of the strategies of the Mid-term Plan. The name of the units of aggregated business companies that are to execute the respective business strategies has been changed from “SBUs” to “Units.” In addition, to enable swifter advancement of the main strategies for each mission stated in the Mid-term Plan, the Group has shifted from its previous three-SBU structure to a five-Unit structure.

In conjunction with this organizational restructure, effective from the current fiscal year, the reportable segments have been changed from the Toys and Hobby Business, Network Entertainment Business, and the Visual and Music Production Business to the Toys and Hobby Business, Network Entertainment Business, Real Entertainment Business, Visual and Music Production Business, and IP Creation Business.

Segment information of the prior fiscal year is prepared and disclosed based on the reportable segment classifications after the change.

##### **3. 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” presented in the

most recent annual security report (filed on June 18, 2018).

The profit of reportable segments is measured by operating profit.

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

#### 4. Information regarding the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment

Prior Fiscal Year (From April 1, 2017 to March 31, 2018)

(¥ million)

	Reportable Segments						Other (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated Total (Note 3)
	Toys and Hobby Business	Network Entertain- ment Business	Real Entertain- ment Business	Visual and Music Production Business	IP Creation Business	Subtotal				
Net sales										
To external customers	213,296	319,567	89,877	35,831	10,345	668,917	9,394	678,312	–	678,312
Inter-segment sales and transfers	9,121	6,969	672	4,860	6,624	28,247	18,245	46,493	(46,493)	–
Total	222,417	326,537	90,549	40,691	16,970	697,165	27,640	724,805	(46,493)	678,312
Segment profit	14,476	50,150	3,168	6,618	5,264	79,678	767	80,445	(5,421)	75,024
Segment assets	127,923	145,101	58,203	28,391	18,190	377,809	29,203	407,013	133,477	540,490
Others										
Depreciation and amortization	12,716	2,829	6,431	563	48	22,590	411	23,002	542	23,545
Amortization of goodwill	82	0	28	79	–	190	–	190	–	190
Loss on impairment of fixed assets	816	–	638	–	–	1,454	–	1,454	8	1,463
Investment in associates accounted for using equity method	844	–	–	–	–	844	13,254	14,099	–	14,099
Increase in property, plant and equipment and intangible assets	11,115	2,805	11,611	597	61	26,192	506	26,698	33,802	60,501

Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group companies are classified.

2. The details of adjustment amounts are as follows:

- (1) Included in the 5,421 million yen deducted from segment profit as adjustment are an addition of 662 million yen in inter-segment eliminations, and a deduction of 6,083 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 133,477 million yen added to segment assets as adjustment are a deduction of 27,450 million yen in inter-segment eliminations, and an addition of 160,927 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
- (3) Included in the 542 million yen added to depreciation and amortization as adjustment are a deduction of 616 million yen in inter-segment eliminations, and an addition of 1,159 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
- (4) Included in the 8 million yen added to loss on impairment of fixed assets as adjustment is related to corporate assets that cannot be allocated to any reportable segment.
- (5) Included in the 33,802 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 operations.

**Current Fiscal Year (From April 1, 2018 to March 31, 2019)**

(¥ million)

	Reportable Segments						Other (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated Total (Note 3)
	Toys and Hobby Business	Network Entertain- ment Business	Real Entertain- ment Business	Visual and Music Production Business	IP Creation Business	Subtotal				
Net sales										
To external customers	234,924	333,805	100,699	37,425	16,186	723,041	9,305	732,347	–	732,347
Inter-segment sales and transfers	7,941	7,121	793	8,093	6,278	30,228	20,459	50,687	(50,687)	–
Total	242,865	340,927	101,493	45,518	22,464	753,269	29,764	783,034	(50,687)	732,347
Segment profit	21,710	47,534	4,264	8,797	5,020	87,328	1,197	88,526	(4,480)	84,045
Segment assets	127,726	158,563	65,876	34,215	21,764	408,145	33,708	441,853	171,101	612,955
Others										
Depreciation and amortization	10,877	1,522	7,461	635	47	20,544	455	21,000	370	21,370
Amortization of goodwill	126	0	28	21	–	177	–	177	–	177
Loss on impairment of fixed assets	278	44	628	–	0	951	–	951	2	954
Investment in associates accounted for using equity method	969	–	–	–	–	969	15,879	16,849	–	16,849
Increase in property, plant and equipment and intangible assets	12,002	2,587	12,342	633	29	27,595	430	28,025	991	29,016

- Notes:
- The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group companies are classified.
  - The details of adjustment amounts are as follows:
    - Included in the 4,480 million yen deducted from segment profit as adjustment are an addition of 1,381 million yen in inter-segment eliminations, and a deduction of 5,861 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.
    - Included in the 171,101 million yen added to segment assets as adjustment are a deduction of 36,069 million yen in inter-segment eliminations, and an addition of 207,171 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
    - Included in the 370 million yen added to depreciation and amortization as adjustment are a deduction of 745 million yen in inter-segment eliminations, and an addition of 1,115 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
    - Included in the 2 million yen added to loss on impairment of fixed assets as adjustment is related to corporate assets that cannot be allocated to any reportable segment.
    - Included in the 991 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.
  - Segment profit is adjusted with operating profit in the consolidated statements of operations.

## b. Related Information

### Prior Fiscal Year (From April 1, 2017 to March 31, 2018)

#### 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
478,281	79,277	60,054	60,699	678,312

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

##### (2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
74,612	2,155	4,428	4,907	86,104

#### 3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Apple Inc.	95,259	Network Entertainment Business, and Visual and Music Production Business
Google Inc.	82,370	Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business

Note: Apple Inc. and Google Inc. are both platform-provision companies. The actual results of sales to these companies are usage fees, etc. for users (ordinary users) of game services provided by the Group.

### Current Fiscal Year (From April 1, 2018 to March 31, 2019)

#### 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
519,068	84,274	63,384	65,619	732,347

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



(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
76,196	2,135	4,461	4,799	87,593

**3. Information by major customer**

(¥ million)

Name of customer	Net sales	Names of related segments
Apple Inc.	103,883	Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business
Google Inc.	84,677	Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business

Note: Apple Inc. and Google Inc. are both platform-provision companies. The actual results of sales to these companies are usage fees, etc. for users (ordinary users) of game services provided by the Group.

**c. Information Regarding Loss on Impairment of Fixed Assets by Reportable Segment**

**Prior Fiscal Year (From April 1, 2017 to March 31, 2018)**

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

**Current Fiscal Year (From April 1, 2018 to March 31, 2019)**

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

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

**Prior Fiscal Year (From April 1, 2017 to March 31, 2018)**

(¥ million)

	Toys and Hobby Business	Network Entertainment Business	Real Entertainment Business	Visual and Music Production Business	IP Creation Business	Other	Eliminations and Corporate	Total
Amortized amount	82	0	28	79	–	–	–	190
Unamortized balance	82	0	57	82	–	–	–	222

**Current Fiscal Year (From April 1, 2018 to March 31, 2019)**

(¥ million)

	Toys and Hobby Business	Network Entertainment Business	Real Entertainment Business	Visual and Music Production Business	IP Creation Business	Other	Eliminations and Corporate	Total
Amortized amount	126	0	28	21	–	–	–	177
Unamortized balance	843	–	29	60	–	–	–	933

**e. Information Regarding Gain on Negative Goodwill by Reportable Segment****Prior Fiscal Year (From April 1, 2017 to March 31, 2018)**

Not applicable.

**Current Fiscal Year (From April 1, 2018 to March 31, 2019)**

Not applicable.

**(Per-Share Data)**

	Prior Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Net assets per share	1,758.99 yen	1,952.00 yen
Basic earnings per share	246.29 yen	288.40 yen
Diluted earnings per share	246.23 yen	– yen

Notes: 1. Diluted earnings per share for the fiscal year ended March 31, 2019 is not presented since no potential shares exist.

2. The basis of calculating basic earnings per share and diluted earnings per share is as follows:

	Prior Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	54,109	63,383
Amount not applicable to common stockholders (¥ million)	–	–
Profit attributable to owners of parent available to common stock (¥ million)	54,109	63,383
Average number of common stock outstanding (shares)	219,698,981	219,781,288
Diluted earnings per share		
Profit attributable to owners of parent adjustment (¥ million)	–	–
Increase in number of common stock (shares)	53,463	–
[Share acquisition rights (shares)]	[53,463]	[–]
Summary of potential shares not included in the calculation of diluted earnings per share as they do not have a diluting effect.	–	–

## 4. Other

### Changes in Directors and Audit & Supervisory Board Members

#### (1) Change in Representative

Not applicable.

#### (2) Other Changes in Directors and Audit & Supervisory Board Members

New candidates for Director

Director	Makoto Asanuma (current position: Executive Officer of the Company and President and Representative Director of SUNRISE INC.)
----------	---

Director (Outside)	Koichi Kawana (current position: Vice Chairman of JGC CORPORATION)
--------------------	--

Retiring Director

Director	Satoshi Oshita (Scheduled to assume office as Adviser of the Company)
----------	---

#### (3) Scheduled Date of Assuming Office and Retirement

June 24, 2019

#### (4) Responsible Area of Directors (Effective June 24, 2019)

Mitsuaki Taguchi	President and Representative Director
Shuji Ohtsu	Director and Division General Manager of the Group Administrative Headquarters
Yuji Asako	Director and Division General Manager of the Corporate Planning Division
Masaru Kawaguchi	Director (Part-time) in charge of Toys and Hobby Unit
Yasuo Miyakawa	Director (Part-time) in charge of Network Entertainment Unit
Hitoshi Hagiwara	Director (Part-time) in charge of Real Entertainment Unit
Kazumi Kawashiro	Director (Part-time) in charge of Visual and Music Production Unit
Makoto Asanuma	Director (Part-time) in charge of IP Creation Unit
Yuzuru Matsuda	Director (Outside)
Satoko Kuwabara	Director (Outside)
Mikiharu Noma	Director (Outside)
Koichi Kawana	Director (Outside)