

FINANCIAL REPORT

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

CONSOLIDATED SIX-YEAR FINANCIAL SUMMARY

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

Millions of yen, except per-share data and main financial indicators

	2019	2020	2021	2022	2023	2024
For the Year:						
Net sales	¥732,347	¥723,989	¥740,903	¥889,270	¥990,089	¥1,050,210
Gross profit	262,555	260,948	282,006	356,265	368,656	370,959
Selling, general and administrative expenses	178,510	182,172	197,352	230,769	252,183	280,277
Operating profit	84,045	78,775	84,654	125,496	116,472	90,682
Recurring profit* ¹	86,863	79,797	87,612	133,608	128,006	104,164
Profit attributable to owners of parent	63,383	57,665	48,894	92,752	90,345	101,493
Comprehensive income	69,952	53,312	90,527	96,299	116,064	110,456
Capital expenditures	29,016	33,406	31,507	36,554	45,737	49,116
Depreciation and amortization	21,370	23,239	24,684	25,726	28,671	38,364
Cash flows from operating activities	79,811	43,131	60,483	121,212	95,625	88,906
At Year-End:						
Total assets	¥612,955	¥619,819	¥732,782	¥862,650	¥926,358	¥ 971,838
Total current assets	397,951	383,662	455,210	577,206	592,637	642,622
Total current liabilities	163,893	142,506	175,920	243,362	247,323	244,119
Total net assets	429,644	454,684	511,433	584,233	652,133	699,823
Per-Share Data (Yen):						
Basic earnings per share* ⁴	¥ 96.13	¥ 87.46	¥ 74.19	¥ 140.70	¥ 136.88	¥ 153.85
Cash dividend	145.00	132.00	112.00	212.00	206.00	60.00
Main Financial Indicators:						
Return on equity (ROE)* ² (%)	15.5	13.1	10.2	16.9	14.6	15.0
Return on assets (ROA)* ³ (%)	15.1	12.9	13.0	16.7	14.3	11.0
Selling, general and administrative expenses to net sales (%)	24.4	25.2	26.6	26.0	25.5	26.7
Operating profit margin (%)	11.5	10.9	11.4	14.1	11.8	8.6
Profit attributable to owners of parent margin (%)	8.7	8.0	6.6	10.4	9.1	9.7
Shareholders' equity ratio (%)	70.0	72.5	69.7	67.7	70.4	72.0
Debt/equity ratio (Times)	0.00	0.01	0.05	0.05	0.03	0.02

*¹ Recurring profit is a Japanese accounting term denoting income before extraordinary items.

*² ROE = Profit attributable to owners of parent / Average total shareholders' equity (= Total net assets - Share acquisition rights - Non-controlling interests)

*³ ROA = Recurring profit / Average total assets

*⁴ The Company conducted a share split with a ratio of three shares for every one share of common shares on April 1, 2023.

Basic earnings per share was calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2019.

FINANCIAL REVIEW

Overview of Performance in the Fiscal Year Ended March 31, 2024

During the fiscal year ended March 31, 2024, while restrictions on activities due to COVID-19 were increasingly relaxed and socioeconomic activities were revitalized, the future of the economic environment around the world remained uncertain due to changes in the social situation, rising raw materials and fuel prices, and the impact of foreign exchange rate fluctuations.

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

In the fiscal year ended March 31, 2024, with the IP axis strategy at the core, the Group strengthened initiatives unified under the ALL BANDAI NAMCO concept through collaboration across regions and businesses. In Group-wide business, the Toys and Hobby Business contributed to performance, as products for the mature fan base (adults), card products, capsule toys, and other products became popular. In the Digital Business, differences in the product mix in home console games affected performance, and in addition to valuation losses related to a new title for online games, etc., a loss on disposal was recorded due to changes in the composition of titles with a view to the next Mid-term Plan.

In addition, in the fourth quarter of the fiscal year ended March 31, 2024, we recorded a gain on sales of investment securities (other income (loss)) resulting from the sale of a portion of our cross-shareholdings. Furthermore, the Company purchased treasury shares for the purpose of improving capital efficiency through the effective use of assets held and implementing a flexible capital policy, including a return to shareholders, in response to changes in the business environment.

Results by Segment

	Millions of yen			Millions of yen		
	2024	2023	Year on year	2024	2023	Year on year
			Net sales			Segment profit
Digital	¥372,667	¥385,681	¥(13,014)	¥ 6,257	¥49,339	¥(43,081)
Toys and Hobby	509,880	447,491	62,388	78,655	59,538	19,117
IP Production	82,468	81,748	719	10,048	10,645	(596)
Amusement	119,667	104,602	15,065	6,843	6,038	805
Other	32,358	31,313	1,044	988	1,165	(177)

Net Sales

On a consolidated basis, the Group’s net sales were ¥1,050,210 million (year-on-year increase of 6.1%).

Cost of Sales

Cost of sales was ¥679,251 million (year-on-year increase of 9.3%), and the ratio of cost of sales to net sales was 64.7%. As a result, gross profit was ¥370,959 million (year-on-year increase of 0.6%), and the gross profit margin was 35.3%.

SG&A Expenses

Selling, general and administrative (SG&A) expenses were ¥280,277 million (year-on-year increase of 11.1%), and the ratio of SG&A expenses to net sales increased to 26.7%, from 25.5% in the previous fiscal year. Principal items included advertising expenses of ¥64,509 million, directors’ remuneration and employees’ wages of ¥68,979 million, employees’ retirement and severance benefits of ¥3,057 million, provision for directors’ bonuses of ¥1,274 million, and research and development expenses of ¥32,316 million.

Operating Profit

Operating profit was ¥90,682 million (year-on-year decrease of 22.1%), and the operating profit margin decreased to 8.6%, from 11.8% in the previous fiscal year.

Other Income (Loss)

In other income (loss), impairment losses were ¥1,674 million. On the other hand, gain on sales of investment securities, net was ¥45,517 million. Due to these and other factors, net other income was ¥55,958 million.

Profit Attributable to Owners of Parent

The Group recorded profit attributable to owners of parent of ¥101,493 million (year-on-year increase of 12.3%). The profit attributable to owners of parent margin was 9.7%, and basic earnings per share decreased to ¥153.85, from ¥136.88 in the previous fiscal year.

Digital Business

As for the Digital Business, in network content, while major app titles such as the DRAGON BALL series and ONE PIECE continued to show stable performance around the world due to ongoing measures for users, a new online game title fell far short of the plan. In home console games, new worldwide titles such as ARMORED CORE VI FIRES OF RUBICON and TEKKEN 8 were popular. In overall home console games, the difference in the existing title product mix from the previous fiscal year, when repeat sales of ELDEN RING made a significant contribution, had an impact on the results.

In the Digital Business, in addition to valuation losses related to a new online game title introduced this fiscal year and other titles, a loss on disposal was recorded due to changes in the composition of titles with a view to the next Mid-term Plan. Moving forward, we will build a well-balanced and optimal title portfolio, strengthen the development system, and reinforce the development of titles to meet the expectations of our fans with an emphasis on quality.

Toys and Hobby Business

As for the Toys and Hobby Business, while impacted by rising prices for raw materials and fuel, the business continued to perform well due to efforts to expand product lineups in favorable categories, advance global business development, strengthen production operations, and expand touch points through real events and stores. Specifically, products for the mature fan base such as model kits of the Gundam series, collectible figures, and character lotteries continued to perform favorably mainly due to the successful outcomes produced by sales, marketing, and expansion of the product lineup. In addition, card products such as the ONE PIECE trading card game, capsule toys, confectionery products, and food products contributed to business performance due to the expansion of product lineups, target groups, and regions of operation, as well as the strengthening of touch points with customers.

IP Production Business

As for the IP Production Business, in video production, we created and produced several new products, including TV animations and theatrical productions. In the Gundam series, Mobile Suit Gundam the Witch from Mercury attracted a new fan base and led to strong sales of the Group’s products and services. In addition, the theatrical production Mobile Suit Gundam SEED FREEDOM was supported by a wide range of fans and achieved the highest box-office results ever recorded by a Gundam series theatrical release. In addition, the performance of activities such as licensing businesses and video streaming related to video works, such as the Gundam series, the LoveLive! series, IDOLISH7, That Time I Got Reincarnated as a Slime, and BLUELOCK, was stable. Furthermore, live events and Gundam Factory Yokohama, which captured inbound demand, performed well. The overall business was affected by differences in the lineup of packaged products from the previous fiscal year and higher production costs.

Amusement Business

As for the Amusement Business, net sales for existing amusement facilities in Japan increased to 103.0% year on year. In addition, the development of stores unique to Bandai Namco based on collaboration with the Group’s products and services, such as Bandai Namco Cross Stores and GASHAPON Department Stores, performed well. In arcade games, sales of the new “Mobile Suit Gundam Extreme Vs. 2 Overboost” and update kits for popular series were strong. In addition, we continued our efforts to improve efficiency in consideration of changes in the external environment, such as rising fuel prices.

Other Businesses

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

Financial Position

At the end of the fiscal year ended March 31, 2024, total assets stood at ¥971,838 million, an increase of ¥45,480 million from the end of the previous fiscal year. The main factors were increases of ¥41,641 million in cash and deposits and ¥19,182 million in trade receivables and contract assets, despite a decrease of ¥24,578 million in investment securities.

Total liabilities amounted to ¥272,014 million, a decrease of ¥2,209 million from the end of the previous fiscal year. The main factor was a decrease of ¥2,830 million in income taxes payable.

Total net assets stood at ¥699,823 million, an increase of ¥47,689 million from the end of the previous fiscal year. The main factors were increases of ¥55,494 million in retained earnings and ¥18,587 million in foreign currency translation adjustment, despite a decrease of ¥17,191 million due to purchase of treasury shares.

As a result, the equity ratio became 72.0% compared with 70.4% at the end of the previous fiscal year. The current ratio*¹ was 263.2% (compared with 239.6% at the end of the previous fiscal year); the quick ratio*² was 180.3% (compared with 153.3%); and the interest coverage ratio*³ was 276.7 times (compared with 279.9 times).

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

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

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

Cash Flows

As of the end of the fiscal year, cash and cash equivalents (“funds”) remaining on hand increased by ¥34,975 million from the end of the previous fiscal year, to ¥311,264 million. Below is the breakdown of cash flows by activities.

Cash Flows from Operating Activities

The amount of funds provided by operating activities totaled ¥88,906 million (year-on-year decrease of 7.0%). As a breakdown of funds used, income taxes paid were ¥44,132 million (compared with ¥49,464 million in the previous fiscal year). However, overall, there was a net increase in funds due to profit before income taxes of ¥146,640 million (compared with ¥126,215 million in the previous fiscal year).

Cash Flows from Investing Activities

The amount of funds provided by investing activities totaled ¥10,136 million (compared with ¥40,878 million used in the previous fiscal year). As a breakdown of funds used, purchases of property, plant and equipment and intangible assets were ¥34,909 million (compared with ¥33,808 million in the previous fiscal year). However, overall, there was a net increase in funds due to proceeds from sale of investment securities of ¥53,641 million (compared with ¥2 million in the previous fiscal year).

Cash Flows from Financing Activities

The amount of funds used in financing activities totaled ¥75,237 million (year-on-year increase of 26.4%). The main breakdown of funds used were dividends paid of ¥45,998 million (compared with ¥47,310 million in the previous fiscal year) and purchase of treasury shares of ¥17,240 million (compared with ¥4 million in the previous fiscal year).

FINANCIAL REVIEW

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 dividends and be more aware of capital cost.

For the year-end dividend of the fiscal year ended March 31, 2024, based on this basic policy, a performance-based dividend of ¥40 was added to a base dividend of ¥10, for a total of ¥50 per share. Since the Company paid an interim dividend of ¥10 per share on December 8, 2023, the annual cash dividend was ¥60 per share. Furthermore, in the fourth quarter of the fiscal year ended March 31, 2024, the Company purchased treasury shares in order to improve capital efficiency through the effective use of assets held and to implement a flexible capital policy, including a return to shareholders, in response to changes in the business environment. The total number of purchased treasury shares was 6,000,000 shares for a total purchase price of ¥17,237 million, resulting in a total return ratio of 55.7% when taking into account dividends and this purchase of treasury shares. The Company canceled 6,000,000 shares on May 21, 2024, which is the same number as the shares purchased.

The Company's annual dividend forecast for the fiscal year ending March 31, 2025 is ¥22 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, 2025 will be considered by the Company based on the basic policy on the distribution of profits.

Outlook for the Fiscal Year Ending March 31, 2025

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

Under these circumstances, adapting to escalating competitiveness in global markets and diversification in lifestyles and preferences of customers, in line with our IP axis strategy, the Bandai Namco Group will enhance sense of unity and collective strength under the ALL BANDAI NAMCO concept, while utilizing the characteristics of each business. From April 2022, with the introduction of our Purpose, "Fun for All into the Future," as the ultimate definition of the Group and the introduction of the new logo, to maintain continuous growth over medium to long term for the aims under our Purpose, the three-year Mid-term Plan has started.

1) Formulation of Bandai Namco's Purpose, "Fun for All into the Future," and introduction of the new logo

Fun for All into the Future

From April 2022, we have established our new Purpose, "Fun for All into the Future," as the ultimate definition of the Group, conveying the reason for our existence, why we conduct our businesses and corporate activities, and the meaningfulness we derive from working at the Bandai Namco Group. What we believe to be particularly important elements in our Purpose are the ideas of "Connecting and working together to create things" and we will achieve "Fun for All into the Future" by Bandai Namco Group and our fans connecting through dreams, fun and inspiration. Furthermore, the Group CEO's desire to promote "Fun for All into the Future" is expressed in the phrase, "Creating a world of smiles and happiness together," and we will spread this message together with Bandai Namco's Purpose.

From April 2022, we have introduced a new logo that expresses the spirit of our Purpose. All companies with "Bandai Namco" in their names will use this logo, and companies with and without "Bandai Namco" in their names will display this new Group logo on all their products and services, in principle. This will enable us to bring together the value of all our products, services, and labels under one logo, make the Group's sense of unity and its total capabilities appeal strongly, and elevate the brand value of the Bandai Namco Group in the global market.

BANDAI NAMCO

2) Our aims driven by our Purpose "Fun for All into the Future"

In accordance with the Purpose, the Bandai Namco Group aims to connect with IP fans, a wide range of business partners, Group employees, and communities around the world. We will strive to connect more broadly with new fans and more deeply with current fans. In addition, we will aim to foster multifaceted connections among current fans and new fans as well as communities of fans. In fostering connections with and among various fans, our highest priority will be the quality of the connections. Under the Mid-term Plan, we will advance a variety of strategies and initiatives focusing on broad, deep and multifaceted connections with fans and on the quality of those connections.

3) Mid-term Vision

Connect with Fans

In order to achieve the aims of the Bandai Namco Group based on our Purpose, "Fun for All into the Future," under the Mid-term Plan, we will strive to constantly meet the needs of global IP fans, a wide range of business partners, Group employees, and communities around the world and to foster broad, deep, and multifaceted connections.

4) Main strategies and investment plan

■ IP axis strategy

The IP axis strategy, which is the Bandai Namco Group's strength, is the core of the Mid-term Plan. We will aim for sustainable growth by implementing new initiatives to foster broad, deep and multifaceted connections with fans around the world; by accelerating evolution in the IP axis strategy; and by working to build businesses as we work together under the ALL BANDAI NAMCO concept in regions around the world.

• IP x Fans (connecting with fans through IP): New framework for connecting with fans

Based on the IP axis, Bandai Namco will develop an IP Metaverse as a new framework for connecting with fans. In this IP Metaverse, we are anticipating virtual spaces that will enable customers to enjoy a wide range of entertainment surrounding IP, as well as frameworks that leverage Bandai Namco's distinctive strengths to fuse physical products and venues with digital elements. We are aiming for open frameworks that provide venues for connections with and among fans and business partners. Through the IP Metaverse, we will establish communities among Bandai Namco and fans, as well as among fans themselves. Through these communities and content, we will build broad, deep multifaceted connections that continue for long periods of time, and we will focus on the quality of those connections. In this way, we will work to maximize IP value over the medium to long term.

• IP x Value (enhancing IP value): Accelerating evolution in the IP axis strategy

We will leverage outlets for a wide range of products and services as well as our strengths in facilitating collaboration among physical and digital elements, and we will redefine the optimal IP axis strategy for IP fans and

for IP itself. In these ways, we will aim to accelerate evolution in the IP axis strategy.

• IP x World (connecting the world through IP): Building businesses under the ALL BANDAI NAMCO concept

To work together and advance our strategies under the ALL BANDAI NAMCO concept in regions worldwide, we have implemented such initiatives as organizational restructuring and base consolidation around the world. Under this ALL BANDAI NAMCO concept, we work to build businesses in each region.

• Investment plan for accelerating evolution in the IP axis strategy

Over the three years of the Mid-term Plan, we will implement a total of ¥40.0 billion in strategic investment to accelerate evolution in the IP axis strategy.

Strategic investment to maximize IP value: ¥25.0 billion

Investment to develop the IP Metaverse: ¥15.0 billion

■ Personnel strategy: Developing diverse human resources

In accordance with our Purpose, "Fun for All into the Future," the Group strives to be a corporate group of "Same Spirit, Diverse Talents," where diverse people with different skills, individual characteristics, personalities, and values can thrive. We will further focus on recruiting and promoting individuals regardless of whether they are new graduates or mid-career hires and regardless of gender, age, nationality, race, religion, or sexual orientation, or other personal characteristics. In addition, we will focus on developing various systems and environments that enable a diverse array of people to thrive and work in a way that is both physically and mentally healthy. Under the Mid-term Plan, we will promote initiatives such as those that support challenges taken on by employees and that develop human resources who promote the IP axis strategy on a global scale, while at the same time promoting measures for new and diverse ways to work. In addition, we will actively promote collaboration and cooperation with people outside the Company.

■ Sustainability: Connecting to smiles into the future

Under the Purpose, "Fun for All into the Future" and "Bandai Namco Group Sustainability Policy", the Group has identified five themes that particularly require focused efforts as material issues. We are promoting various specific action plans linked to our businesses, such as introduction of electricity derived from renewable energy, initiatives to eliminate petroleum-derived plastics and the collection and recycling of model kits runners and empty capsules. Furthermore, in order to address the problems related to the natural environmental problems that society is faced with, we have set targets for the reduction of carbon dioxide emissions from the use of energy as well as steps to achieve them and strive to advance our efforts for decarbonization.

<Bandai Namco Group's Sustainability Policy>

Based on the IP axis strategy, the Bandai Namco Group will work together with fans to advance sustainability activities that focus on the social issues that the Group should address.

<Material Issues that we have identified>

- Harmonious coexistence with the natural environment
- Provision of appropriate products and services
- Appropriate utilization and protection of intellectual property
- Establishment of work environments that facilitate mutual respect
- Harmonious coexistence with communities

In addition, on November 1, 2023, the Bandai Namco Group Human Rights Policy was established, which clearly stipulates the Bandai Namco Group's

policy regarding respect for human rights. Going forward, we will fulfill our responsibility to respect the human rights of all stakeholders involved in the Group's business activities by aiming to continue to create a brighter future with people around the world through entertainment that awakens our humanity and connects us with others, with society, and with the world, as represented by Bandai Namco's Purpose "Fun for All into the Future."

5) System for promotion of the Mid-term Plan

• Strengthening the governance system of Bandai Namco Holdings

The Company transitioned to a company with an audit and supervisory committee in June 2022, in order to strengthen its corporate governance system and further enhance corporate value through speedy decision-making and business execution.

• Partial changes of the Unit structure

From April 2022, we restructured the IP Production Unit and also integrated the Visual and Music Business and the Creation Business into the IP Production Business. In the IP Production Unit, Bandai Namco Filmworks Inc. will serve as a business management company upon having combined three companies that engage in the visual business within the IP Production Unit, namely SUNRISE INC., the visual business of Bandai Namco Arts Inc., and Bandai Namco Rights Marketing Inc.

6) Numerical targets in the Mid-term Plan

• Fiscal year ending March 31, 2025: Numerical targets

Consolidated net sales: ¥1,100.0 billion

Consolidated operating profit: ¥125.0 billion

ROE: 12% or more

The numerical targets (consolidated net sales and consolidated operating profit) for the fiscal year ending March 31, 2025 have been revised as shown in the consolidated projections for the fiscal year ending March 31, 2025.

In the future, the Bandai Namco Group aims to constantly meet the needs of global IP fans, a wide range of business partners, Group employees, and communities around the world and to foster broad, deep, multifaceted connections, and each business around the world will further work as one under the ALL BANDAI NAMCO concept on the priority strategies, consisting of the IP axis strategy, Personnel strategy, and Sustainability, under the Mid-term Plan.

Consolidated Plan for the Fiscal Year Ending March 31, 2025

Segments	Millions of yen	
	Net sales	Segment profit
Entertainment Unit		
• Digital Business	¥ 370,000	¥ 30,000
• Toys and Hobby Business	530,000	80,000
IP Production Unit	83,000	12,000
Amusement Unit	125,000	7,000
Other	33,000	500
Adjustments	(61,000)	(14,500)
Consolidated	¥1,080,000	¥115,000

Forward-Looking Statements

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

CONSOLIDATED BALANCE SHEETS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
As of March 31, 2023 and 2024

	Note	Millions of yen		Thousands of
		2023	2024	U.S. dollars (note 3)
				2024
Assets				
Current assets:				
Cash and deposits	4, 12, 21	¥ 280,226	¥ 321,868	\$ 2,125,805
Trade receivables and contract assets	6, 12, 22	99,007	118,190	780,596
Allowance for doubtful accounts		(1,086)	(1,075)	(7,104)
Inventories	7	152,223	140,597	928,588
Other	4	62,266	63,042	416,367
Total current assets		592,637	642,622	4,244,254
Property, plant and equipment:				
Buildings and structures	8	44,724	47,640	314,642
Amusement facilities and machines	8	59,443	65,103	429,979
Land		46,476	46,702	308,451
Right-of-use assets		13,967	18,165	119,976
Other	8	158,272	175,148	1,156,781
Total		322,885	352,759	2,329,832
Less accumulated depreciation		(215,426)	(234,123)	(1,546,290)
Net property, plant and equipment		107,458	118,636	783,541
Intangible assets:				
Goodwill		14,561	11,608	76,668
Other	8	21,622	20,568	135,843
Total intangible assets		36,183	32,176	212,511
Investments and other assets:				
Investment securities	5, 12	140,706	116,127	766,976
Deferred tax assets	13	27,572	33,976	224,400
Retirement benefit asset	11	596	6,123	40,440
Other	8, 21	21,860	22,920	151,378
Allowance for doubtful accounts		(656)	(744)	(4,915)
Total investments and other assets		190,078	178,403	1,178,280
Total assets		¥ 926,358	¥ 971,838	\$ 6,418,587

See accompanying Notes to Consolidated Financial Statements.

	Note	Millions of yen		Thousands of
		2023	2024	U.S. dollars (note 3)
				2024
Liabilities and net assets				
Current liabilities:				
Trade payables	10	¥ 99,244	¥ 99,254	\$ 655,534
Income taxes payable		26,022	23,192	153,176
Contract liabilities	22	22,567	27,728	183,135
Provisions		4,078	3,095	20,444
Other	9	95,409	90,848	600,017
Total current liabilities		247,323	244,119	1,612,309
Non-current liabilities:				
Provisions		118	—	—
Retirement benefit liability	11	3,710	4,925	32,530
Deferred tax liabilities	13	5,457	4,291	28,341
Other	9	17,614	18,678	123,362
Total non-current liabilities		26,901	27,895	184,234
Total liabilities		274,224	272,014	1,796,544
Net assets:				
Shareholders' equity:				
Share capital	18	10,000	10,000	66,045
Authorized: 2,500,000,000 shares* ¹				
Issued: 666,000,000 shares* ¹				
Capital surplus		52,897	53,321	352,168
Retained earnings	16	523,923	579,417	3,826,811
Treasury shares, at cost: 5,949,648 shares in 2023, and 11,813,756 shares in 2024* ¹	18	(2,102)	(19,293)	(127,428)
Total shareholders' equity		584,718	623,445	4,117,597
Accumulated other comprehensive income:				
Valuation difference on available-for-sale securities	5	62,671	49,262	325,359
Deferred gains or losses on hedges		(656)	1,022	6,752
Revaluation reserve for land	17	(4,016)	(4,016)	(26,529)
Foreign currency translation adjustment		11,049	29,637	195,743
Remeasurements of defined benefit plans	11	(1,915)	166	1,096
Total accumulated other comprehensive income		67,132	76,071	502,423
Non-controlling interests		282	306	2,022
Total net assets		652,133	699,823	4,622,043
Total liabilities and net assets		¥926,358	¥971,838	\$6,418,587

*¹ The Company made partial amendments to the Articles of Incorporation in conjunction with a share split on April 1, 2023. As a result, the total number of authorized shares increased by 1,500,000,000 shares to 2,500,000,000 shares. Total number of issued shares at the end of the period and number of shares of treasury shares at the end of the period have been presented assuming that the share split was conducted at the beginning of the previous fiscal year.

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2023 and 2024

Consolidated Statements of Income

	Note	Millions of yen		Thousands of
		2023	2024	U.S. dollars (note 3)
Net sales	22	¥990,089	¥1,050,210	\$6,936,205
Cost of sales	7	621,433	679,251	4,486,170
Gross profit		368,656	370,959	2,450,034
Selling, general and administrative expenses	14	252,183	280,277	1,851,116
Operating profit		116,472	90,682	598,917
Other income (loss):				
Interest and dividend income		2,639	4,320	28,536
Interest expense		(332)	(310)	(2,047)
Foreign exchange gains (losses)		5,010	6,417	42,386
Gain (loss) on valuation of derivatives		309	(184)	(1,215)
Share of profit (loss) of entities accounted for using equity method		2,323	2,121	14,010
Loss on investments in deferred compensation plan		(144)	(282)	(1,863)
Non-deductible consumption taxes		(2)	(114)	(755)
Gain on sales of investment securities, net		0	45,517	300,626
Loss on valuation of investment securities		(553)	(751)	(4,963)
Gain (loss) on sale and retirement of non-current assets, net		(491)	(394)	(2,606)
Impairment losses	8	(1,251)	(1,674)	(11,061)
Subsidies for employment adjustment and other related to COVID-19		132	—	—
Provision for loss on land remediation		—	550	3,632
Other		2,103	742	4,903
		9,742	55,958	369,580
Profit before income taxes		126,215	146,640	968,498
Income taxes	13	35,870	45,125	298,033
Profit		90,345	101,515	670,464
Profit (loss) attributable to non-controlling interests		0	21	144
Profit attributable to owners of parent		¥ 90,345	¥ 101,493	\$ 670,320

	Note	Yen		Thousands of
		2023	2024	U.S. dollars (note 3)
Per-share data*1	25			
Net assets at March 31		¥ 987.58	¥ 1,069.29	\$ 7.06
Earnings per share:				
Basic		136.88	153.85	1.02
Diluted		—	—	—
Cash dividends applicable to period	16	206.00	60.00	0.40

See accompanying Notes to Consolidated Financial Statements.

*1 The Company conducted a share split with a ratio of three shares for every one share of common share on April 1, 2023. Net assets per share and basic earnings per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year. Cash dividends applicable to period is based on the amount before the aforementioned share split.

Consolidated Statements of Comprehensive Income

	Note	Millions of yen		Thousands of
		2023	2024	U.S. dollars (note 3)
Profit		¥ 90,345	¥101,515	\$670,464
Other comprehensive income:	15			
Valuation difference on available-for-sale securities	5	17,688	(13,606)	(89,865)
Deferred gains or losses on hedges		(1,554)	1,676	11,074
Foreign currency translation adjustment		9,164	18,590	122,779
Remeasurements of defined benefit plans, net of tax	11	478	2,081	13,750
Share of other comprehensive income of entities accounted for using equity method		(57)	199	1,316
Total other comprehensive income		25,719	8,941	59,054
Comprehensive income		¥116,064	¥110,456	\$729,519
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		¥116,063	¥110,432	\$729,360
Comprehensive income attributable to non-controlling interests		0	23	158

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2023 and 2024

Year ended March 31, 2023

	Shareholders' equity					Accumulated other comprehensive income					Millions of yen		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets at end of year
Note	18		16	18		5, 15	15	15, 17	15	11, 15			
Balance at beginning of period	¥10,000	¥52,574	¥482,147	¥(2,140)	¥542,581	¥45,037	¥ 901	¥(4,016)	¥ 1,886	¥(2,394)	¥41,413	¥237	¥584,233
Dividends of surplus			(47,310)		(47,310)								(47,310)
Profit attributable to owners of parent			90,345		90,345								90,345
Change in scope of consolidation			(1,258)		(1,258)							44	(1,214)
Change in scope of consolidation-foreign currency translation adjustment									223		223		223
Purchase of treasury shares				(4)	(4)								(4)
Disposal of treasury shares			323	42	365								365
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0								0
Net changes in items other than shareholders' equity						17,634	(1,557)	—	8,940	478	25,495	0	25,495
Balance at end of period	¥10,000	¥52,897	¥523,923	¥(2,102)	¥584,718	¥62,671	¥ (656)	¥(4,016)	¥11,049	¥(1,915)	¥67,132	¥282	¥652,133

Year ended March 31, 2024

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

Year ended March 31, 2024

	Shareholders' equity					Accumulated other comprehensive income					Thousands of U.S. dollars (note 3)		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets at end of year
Note	18		16	18		5, 15	15	15, 17	15	11, 15			
Balance at beginning of period	\$66,045	\$349,368	\$3,460,293	\$ (13,883)	\$3,861,824	\$413,921	\$ (4,333)	\$ (26,529)	\$ 72,978	\$ (12,653)	\$443,382	\$1,864	\$4,307,071
Dividends of surplus			(303,802)		(303,802)								(303,802)
Profit attributable to owners of parent			670,320		670,320								670,320
Purchase of treasury shares				(113,865)	(113,865)								(113,865)
Disposal of treasury shares			2,799	320	3,119								3,119
Change in treasury shares arising from change in equity in entities accounted for using equity method				1	1								1
Net changes in items other than shareholders' equity						(88,561)	11,085	—	122,765	13,750	59,040	158	59,198
Balance at end of period	\$66,045	\$352,168	\$3,826,811	\$ (127,428)	\$4,117,597	\$325,359	\$ 6,752	\$ (26,529)	\$195,743	\$ 1,096	\$502,423	\$2,022	\$4,622,043

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2023 and 2024

	Note	Millions of yen		Thousands of
		2023	2024	U.S. dollars (note 3)
			2024	2024
Cash flows from operating activities:				
Profit before income taxes		¥126,215	¥146,640	\$ 968,498
Depreciation		28,671	38,364	253,382
Impairment losses	8	1,251	1,674	11,061
Amortization of goodwill		2,431	2,676	17,674
Increase (decrease) in allowance for doubtful accounts		(1,169)	(86)	(570)
Increase (decrease) in other provisions		191	(1,131)	(7,472)
Increase (decrease) in retirement benefit liability	11	138	230	1,524
Interest and dividend income		(2,639)	(4,320)	(28,536)
Interest expenses		332	310	2,047
Foreign exchange losses (gains)		(21)	637	4,207
Share of loss (profit) of entities accounted for using equity method		(2,323)	(2,121)	(14,010)
Loss (gain) on valuation of derivatives		(309)	184	1,215
Loss (gain) on sale and retirement of non-current assets, net		491	394	2,606
Loss on retirement of amusement facilities and machines		228	106	701
Loss (gain) on sales of investment securities, net		(0)	(45,517)	(300,626)
Loss on valuation of investment securities		553	751	4,963
Loss on investments in deferred compensation plan		144	282	1,863
Decrease (increase) in trade receivables	6	28,484	(15,360)	(101,446)
Decrease (increase) in inventories	7	(26,107)	15,369	101,510
Acquisition of amusement facilities and machines		(5,180)	(8,537)	(56,386)
Increase (decrease) in trade payables	10	(1,595)	(1,880)	(12,420)
Increase (decrease) in contract liabilities		(894)	4,361	28,808
Decrease (increase) in other current assets		(1,769)	(1,911)	(12,627)
Increase (decrease) in other current liabilities		(2,013)	1,320	8,718
Other		(2,258)	(3,873)	(25,585)
Subtotal		142,852	128,562	849,104
Interest and dividends received		2,579	4,290	28,334
Interest paid		(341)	(321)	(2,122)
Income taxes refund (paid)		(49,464)	(44,132)	(291,479)
Proceeds from compensation		—	508	3,356
Net cash provided by (used in) operating activities		95,625	88,906	587,193
Cash flows from investing activities:				
Net decrease (increase) in time deposits		(2,386)	(5,975)	(39,465)
Purchases of property, plant and equipment		(25,376)	(24,699)	(163,128)
Proceeds from sales of property, plant and equipment		99	86	571
Purchases of intangible assets		(8,431)	(10,210)	(67,437)
Purchases of investment securities		(513)	(716)	(4,732)
Proceeds from sales of investment securities		2	53,641	354,278
Purchase of shares of subsidiaries and associates		(551)	(1,797)	(11,871)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	4	(2,019)	—	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	4	(114)	—	—
Other		(1,587)	(191)	(1,267)
Net cash provided by (used in) investing activities		(40,878)	10,136	66,946
Cash flows from financing activities:				
Net increase (decrease) in short-term borrowings		(179)	157	1,038
Proceeds from long-term borrowings		180	—	—
Repayments of long-term borrowings		(10,382)	(10,206)	(67,409)
Purchase of treasury shares		(4)	(17,240)	(113,865)
Proceeds from disposal of treasury shares		0	0	1
Proceeds from share issuance to non-controlling shareholders		9	—	—
Dividends paid		(47,310)	(45,998)	(303,802)
Other		(1,837)	(1,949)	(12,876)
Net cash provided by (used in) financing activities		(59,524)	(75,237)	(496,914)
Effect of exchange rate changes on cash and cash equivalents		3,174	11,170	73,774
Net increase (decrease) in cash and cash equivalents		(1,602)	34,975	230,999
Cash and cash equivalents at beginning of period		277,891	276,288	1,824,772
Cash and cash equivalents at end of period	4	¥276,288	¥311,264	\$2,055,771

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

1 Basis of Presentation

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

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

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

the Financial Instruments and Exchange Act.

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

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

Certain reclassifications have been made to the prior year’s consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2024.

Figures in this report have been rounded down.

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

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

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

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

(b) Cash and Cash Equivalents

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

(c) Foreign Currency Translation

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

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

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

(d) Accounting Standards for Significant Income and Expense

(1) Revenue Recognition:

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

a. Digital Business

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

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

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

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

b. Toys and Hobby Business

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

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

c. IP Production Business

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

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

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

d. Amusement Business

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

For sales of amusement machines, the Company deems the performance obligation to be satisfied and recognizes revenue at the point in time when the product is transferred to the customer.

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

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

Regarding the domestic sales of goods and products in each business, the Company applies the alternative treatment prescribed in paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition," and if the period from the time of shipment to the time when control of such goods or products is transferred to the customer is a normal period of time, the Company recognizes revenue at the time of shipment.

(2) Accounting for Video Game Content Production Costs:

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

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

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

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

(e) Marketable Securities and Investment Securities

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

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

(f) Allowance for Doubtful Receivables

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

(g) Inventories

Domestic Consolidated Subsidiaries:

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

Foreign Consolidated Subsidiaries:

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

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

(h) Income Taxes

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

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

The Company and Its Domestic Consolidated Subsidiaries:

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

Foreign Consolidated Subsidiaries:

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

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

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

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

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

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

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

(l) Derivatives and Hedging Activities

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

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

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

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

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

(m) Retirement and Severance Benefits

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

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

(n) Appropriation of Retained Earnings

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

(o) Per-Share Data

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

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

(p) Significant Accounting Estimates

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

(1) Amount recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Work in process	¥60,956	¥57,101	\$377,130

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

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

The value of work in process for home video 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.

The Group considers that the profitability of work in process has not declined when there has been no change in market demand from the initial forecast and the production has been proceeding as planned.

On the other hand, the Group individually assesses the work in process whose profitability may have declined. In particular, for products that are near launch, for which market demand is more predictable, the Group individually assesses the work in process considering the sales results of similar game titles and sales potential based on future demand forecasts.

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

(q) New Accounting Standards Not Yet Applied

Following accounting standards and guidance are those issued but not yet adopted.

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, ASBJ)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022, ASBJ)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, ASBJ)

3 Financial Statement Translation

The consolidated financial statements are expressed in yen. However, solely for the convenience of the reader, the consolidated financial statements as of and for the fiscal year ended March 31, 2024 have been translated into U.S. dollars at the rate of ¥151.41 = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market on March 31, 2024.

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

(1) Overview

Transfer of the JICPA's practical guidelines on tax effect accounting to the ASBJ was completed with the issuance of standards and guidance including ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" (hereinafter collectively referred to as "ASBJ Statement No. 28, etc.") in February 2018. During their deliberations, it was determined that the following two issues would be further discussed subsequent to the issuance of ASBJ Statement No. 28, etc. The above standards and guidance were issued as a result of the discussions on the two issues below:

- Categories in which income tax expense should be recorded (taxes on other comprehensive income)
- Tax effects associated with sales of shares of subsidiaries, etc. (i.e., shares of subsidiaries or affiliates) when the group taxation regime is applied

(2) Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of application of the standards and guidance

There is no impact on the consolidated financial statements.

4 Cash and Cash Equivalents

Reconciliations of cash and cash equivalents as of March 31, 2023 and 2024 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash and deposits	¥280,226	¥321,868	\$2,125,805
Time deposits with maturities in excess of three months	(4,036)	(10,718)	(70,788)
Deposits paid ("Other current assets" in Current assets)	98	114	755
Cash and cash equivalents	¥276,288	¥311,264	\$2,055,771

The breakdown of major assets and liabilities of companies that became newly consolidated subsidiaries due to the acquisition of shares is as follows:

Fiscal year ended March 31, 2023

The information has been omitted because the amounts are insignificant.

Fiscal year ended March 31, 2024

None

The breakdown of major assets and liabilities of subsidiaries that are excluded from the scope of consolidation due to the sales of shares is as follows:

Fiscal year ended March 31, 2023

The information has been omitted because the amounts are insignificant.

Fiscal year ended March 31, 2024

None

5 Marketable Securities and Investment Securities

Marketable securities and investment securities as of March 31, 2023 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Securities with market quotations	¥118,038	¥ 89,999	\$594,411
Securities without market quotations	6,028	5,999	39,627
Investments in non-consolidated subsidiaries and affiliated companies	16,344	19,566	129,225
Convertible bonds with subscription rights to shares	—	73	482
Contributions to investment partnerships	294	488	3,229
Total	¥140,706	¥116,127	\$766,976

The original cost, carrying amount (fair value), and gross unrealized gain (loss) for securities with market quotations as of March 31, 2023 and 2024 are summarized as follows:

	Millions of yen			
	2023			Carrying amount (fair value)
Original cost	Gross unrealized gain	Gross unrealized loss		
Securities with market quotations:				
Equity securities	¥29,533	¥88,872	¥(454)	¥117,952
Other	86	—	—	86
Total	¥29,620	¥88,872	¥(454)	¥118,038

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

	Thousands of U.S. dollars			
	Original cost	Gross unrealized gain	Gross unrealized loss	Carrying amount (fair value)
Securities with market quotations:				
Equity securities	\$139,625	\$454,436	—	\$594,061
Other	345	4	—	350
Total	\$139,971	\$454,440	—	\$594,411

The following is a summary of the carrying amount of securities without market quotations as of March 31, 2023 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Securities without market quotations:			
Unlisted securities	¥6,028	¥5,999	\$39,627
Total	¥6,028	¥5,999	\$39,627

Proceeds and gross realized gains and losses from the sales of securities in the fiscal years ended March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Equity securities	¥2	¥53,641	\$354,278
Proceeds from the sales of securities	¥2	¥53,641	\$354,278
Gross realized gains from the sales of securities	0	45,517	300,626
Gross realized losses from the sales of securities	—	—	—

6 Trade Receivables and Contract Assets

Trade receivables and contract assets as of March 31, 2023 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Notes receivable	¥ 4,726	¥ 5,010	\$ 33,091
Accounts receivable—trade	94,281	113,110	747,047
Contract assets	—	69	457
Total	¥99,007	¥118,190	\$780,596

7 Inventories

Inventories as of March 31, 2023 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Merchandise and finished goods	¥ 41,324	¥ 40,170	\$265,310
Work in process	104,835	92,665	612,013
Raw materials and supplies	6,063	7,761	51,263
Total	¥152,223	¥140,597	\$928,588

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

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Valuation loss on inventories	¥11,140	¥25,476	\$168,262

8 Impairment Losses

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

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

Business	Location	Note	Usage	Type	Millions of yen		Thousands of U.S. dollars	
					2023	2024	2024	
Toys and Hobby	Inukami-gun, Shiga, and others	1	Assets for business use	Buildings and structures	¥ 36	¥ —	\$ —	
				Other property, plant and equipment	15	—	—	
				Other intangible assets	7	—	—	
IP Production	Mitaka-shi, Tokyo	1	Assets for business use	Other property, plant and equipment	3	—	—	
Amusement	Shanghai, China, and others	1	Amusement operation facilities	Amusement facilities and machines	242	—	—	
				Assets for business use	Other property, plant and equipment	1	—	—
				Other intangible assets	195	—	—	
				Other investments and assets	128	—	—	
	Fukuoka-shi, Fukuoka, and others	5	Amusement operation facilities	Amusement facilities and machines	489	—	—	
				Toshima-ku, Tokyo, and others	3	Amusement operation facilities	Amusement facilities and machines	25
	Shanghai, China, and others	4	Amusement operation facilities	Amusement facilities and machines	47	—	—	
				Other property, plant and equipment	8	—	—	
				Other investments and assets	50	—	—	
	Digital	Minato-ku, Tokyo, and others	1	Assets for business use	Buildings and structures	—	138	917
Other property, plant and equipment					—	266	1,763	
Other intangible assets					—	595	3,930	
Toys and Hobby	Langen, Germany	2	Other	Goodwill	—	445	2,943	
				Toys and Hobby	Taito-ku, Tokyo, and others	1	Assets for business use	Other property, plant and equipment
Toys and Hobby	Minato-ku, Tokyo	3	Assets scheduled for disposal	Other property, plant and equipment	—	17	112	
				IP Production	Mitaka-shi, Tokyo	1	Assets for business use	Buildings and structures
Other property, plant and equipment	—	9	62					
Other intangible assets	—	0	1					
Amusement	Nagoya-shi, Aichi, and others	1	Amusement operation facilities	Amusement facilities and machines	—	100	662	
				Assets for business use	Other property, plant and equipment	—	1	7
				Other intangible assets	—	34	228	
				Other investments and assets	—	9	65	
	Toshima-ku, Tokyo, and others	3	Amusement operation facilities	Amusement facilities and machines	—	12	85	
				Assets scheduled for disposal	Other property, plant and equipment	—	21	145
	Kurashiki-shi, Okayama, and others	4	Amusement operation facilities	Amusement facilities and machines	—	11	75	
				Total			¥1,251	¥1,674

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

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

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

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

*5. The Group recorded impairment losses as the book value of the fixed assets is unlikely to be recoverable due to declines in the profitability of business. The recoverable amount is calculated based on the net realizable value which was evaluated based on reasonably estimated selling prices.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

9 Borrowings, Lease Obligations and Bonds

Borrowings and lease obligations as of March 31, 2023 and 2024 are summarized as follows:

	2023		2024		2024
	Carrying amount	Weighted average interest rate (%)	Carrying amount	Weighted average interest rate (%)	Carrying amount
Short-term borrowings	¥ 556	0.23	¥ 713	0.23	\$ 4,711
Current portion of long-term borrowings	10,214	0.33	112	0.26	746
Current portion of lease obligations	2,667	1.99	3,625	1.88	23,941
Long-term borrowings (less current portion)	195	0.25	91	0.25	607
Lease obligations (less current portion)	7,880	1.88	7,823	2.50	51,668
Total	¥21,514	—	¥12,366	—	\$81,675

The aggregate maturities of long-term borrowings and lease obligations (less current portion) outstanding as of March 31, 2024 are as follows:

	Millions of yen	Thousands of U.S. dollars
More than one year, within two years	¥2,322	\$15,340
More than two years, within three years	1,740	11,495
More than three years, within four years	1,190	7,861
More than four years, within five years	1,019	6,732
More than five years	1,642	10,845
Total	¥7,915	\$52,276

Bonds as of March 31, 2023 and 2024 are summarized as follows:

								2023
Name	Issue	Date of issue	Balance as of April 1, 2022 (Millions of yen)	Balance as of March 31, 2023 (Millions of yen)	Interest rate (%)	Pledged asset	Redemption date	
Reflector Entertainment Ltd.	Convertible bonds	October 22, 2020	¥1,018	¥1,085	5.0	None	December 31, 2025	

								2024
Name	Issue	Date of issue	Balance as of April 1, 2023 (Millions of yen)	Balance as of March 31, 2024 (Millions of yen)	Balance as of March 31, 2024 (Thousands of U.S. dollars)	Interest rate (%)	Pledged asset	Redemption date
Reflector Entertainment Ltd.	Convertible bonds*	October 22, 2020	¥1,085	¥1,215	\$8,029	5.0	None	December 31, 2025

As of March 31, 2024, the planned redemption amounts of bonds are as follows:

	Millions of yen	Thousands of U.S. dollars
Within one year	¥ —	\$ —
More than one year, within two years	1,215	8,029
More than two years, within three years	—	—
More than three years, within four years	—	—
More than four years, within five years	—	—
More than five years	—	—
Total	¥1,215	\$8,029

*1 The agreement calls for redemption in accordance with results for each fiscal year. However, due to the difficulty of the calculations, the planned redemption amounts listed have been calculated as if all bonds were redeemed on their maturity date.

10 Trade Payables

Trade payables as of March 31, 2023 and 2024 are summarized as follows:

	2023	2024	2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Notes payable	¥15,015	¥12,977	\$ 85,710
Accounts payable-trade	84,229	86,277	569,824
Total	¥99,244	¥99,254	\$655,534

11 Retirement and Severance Benefits

1. Defined benefit plans

(a) For the fiscal years ended March 31, 2023 and 2024, the reconciliation of the beginning and ending balances of retirement benefit obligations is as follows (excluding plans for which the simplified method is applied):

	2023	2024	2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Beginning balance of retirement benefit obligations	¥30,488	¥30,324	\$200,282
Service cost	2,072	2,018	13,328
Interest cost	41	40	270
Actuarial gains or losses incurred	310	(1,500)	(9,908)
Retirement benefits paid	(2,142)	(1,495)	(9,877)
Prior service costs incurred	(1,270)	—	—
Increase resulting from changes from the simplified method to the principle method	1,095	—	—
Other	(271)	(294)	(1,943)
Ending balance of retirement benefit obligations	¥30,324	¥29,093	\$192,153

(b) For the fiscal years ended March 31, 2023 and 2024, the reconciliation of the beginning and ending balances of plan assets is as follows (excluding plans for which the simplified method is applied):

	2023	2024	2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Beginning balance of plan assets	¥26,972	¥28,504	\$188,261
Expected return on assets	486	415	2,742
Actuarial gains or losses incurred	(832)	990	6,544
Contributions to plan from employer	2,360	2,514	16,604
Retirement benefits paid	(1,640)	(642)	(4,245)
Increase resulting from changes from the simplified method to the principle method	1,177	—	—
Other	(18)	(168)	(1,113)
Ending balance of plan assets	¥28,504	¥31,613	\$208,793

(c) For the fiscal years ended March 31, 2023 and 2024, the reconciliation of the beginning and ending balances of net defined benefit liability and net defined benefit asset for plans using the simplified method is as follows:

	2023	2024	2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Beginning balance of net defined benefit liability and net defined benefit asset, net	¥1,220	¥1,294	\$ 8,547
Retirement benefit expenses	495	433	2,862
Retirement benefits paid	(87)	(155)	(1,025)
Contributions to plan from employer	(423)	(278)	(1,837)
Decrease resulting from changes from the simplified method to the principle method	81	—	—
Other	8	27	183
Ending balance of net defined benefit liability and net defined benefit asset, net	¥1,294	¥1,322	\$ 8,731

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

(d) As of March 31, 2023 and 2024, the reconciliation of the ending balances of retirement benefit obligations and plan assets with the net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Retirement benefit obligations of funded plans	¥ 28,752	¥ 27,783	\$ 183,499
Plan assets	(30,459)	(33,898)	(223,883)
	(1,707)	(6,114)	(40,383)
Retirement benefit obligations of non-funded plans	4,821	4,916	32,473
Net amount of liabilities and assets recorded on consolidated balance sheet	3,114	(1,197)	(7,909)
Net defined benefit liability	3,710	4,925	32,530
Net defined benefit asset	(596)	(6,123)	(40,440)
Net amount of liabilities and assets recorded on consolidated balance sheet	¥ 3,114	¥ (1,197)	\$ (7,909)

(e) For the fiscal years ended March 31, 2023 and 2024, the breakdown of retirement benefit expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Service cost	¥2,072	¥2,018	\$13,328
Interest cost	41	40	270
Expected return on assets	(486)	(415)	(2,742)
Amortization of actuarial gains or losses	736	721	4,768
Amortization of prior service costs	(139)	(191)	(1,263)
Retirement benefit expenses calculated using the simplified method	495	433	2,862
Retirement benefit expenses related to defined benefit plans	2,719	2,607	17,223
Other*1	(44)	16	109
Total retirement benefit expenses	¥2,674	¥2,624	\$17,332

*1 In the fiscal year ended March 31, 2023, the following extra retirement payments were recorded: ¥23 million in "Selling, general and administrative expenses" and gain on termination of retirement benefit plan was recorded: ¥67 million in "Other income (loss)."
In the fiscal year ended March 31, 2024, the following extra retirement payments were recorded: ¥0 million (\$6 thousand) in "Selling, general and administrative expenses" and extra retirement payments were recorded: ¥15 million (\$102 thousand) in "Other income (loss)."

(f) For the fiscal years ended March 31, 2023 and 2024, the breakdown of items recorded in remeasurements of defined benefit plans (before tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Prior service costs	¥1,129	¥ (191)	\$ (1,263)
Actuarial gains or losses	(423)	3,213	21,220
Total	¥ 706	¥3,021	\$19,957

(g) As of March 31, 2023 and 2024, the breakdown of items recorded in cumulative remeasurements of defined benefit plans (before tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Unrecognized prior service costs	¥ 1,775	¥ 1,584	\$10,461
Unrecognized actuarial gains or losses	(4,531)	(1,318)	(8,708)
Total	¥(2,756)	¥ 265	\$ 1,753

(h) As of March 31, 2023 and 2024, the major categories of plan assets as a percentage of total plan assets are as follows:

	2023	2024
Bonds	35%	24%
Equities	12	16
Life insurance general account	17	19
Other*1	36	41
Total	100%	100%

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

*2 The total of plan assets includes 18% and 17% representing assets contributed to a retirement benefit trust for the corporate pension plan as of March 31, 2023 and 2024, respectively.

(i) For the fiscal years ended March 31, 2023 and 2024, the principal actuarial assumptions are as follows:

	2023	2024
Discount rate	0.00%~0.60%	0.00%~1.00%
Long-term expected rate of return on assets	1.91%~4.66%	0.56%~1.68%
Salary increase rate	1.65%~5.12%	1.57%~4.77%

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

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

2. Defined contribution plans

For the fiscal years ended March 31, 2023 and 2024, the required contributions to defined contribution plans for the Company and its consolidated subsidiaries are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Required contributions to defined contribution plans	¥1,175	¥1,393	\$9,204

12 Financial Instruments

1. Financial instruments

(1) Policy for financial instruments

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

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

(2) Types of financial instruments and related risks

With regard to credit risk posed by customers with respect to trade receivables, the Company and its consolidated subsidiaries manage balance by counterparty and due date, and credit information on major customers is updated at least once a year to minimize such credit risk. The Company and its consolidated subsidiaries have a system for immediately sharing within the Company and its consolidated subsidiaries adverse credit and other information regarding counterparties in the event that such information is received. As of March 31, 2024, designated large customers were counterparties for 13.0% of trade receivables.

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

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

All trade payables substantially have due dates within one year. Certain trade payables are denominated in foreign currencies and are exposed to

the risk of fluctuations in foreign exchange rates. In the same manner as receivables, the Company and its consolidated subsidiaries manage balances by counterparty and currency, and in addition the Company and its consolidated subsidiaries track market trends and, as necessary, utilize forward foreign exchange contracts and currency option contracts for hedging.

Borrowings are used for the purpose of securing sufficient current liquidity. If borrowings are made with a floating interest rate, the Company track market trends and, as necessary, utilize interest rate swap transactions and interest rate option transactions to hedge interest rate fluctuation risk.

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

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

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

(3) Supplementary explanation on the fair value of financial instruments

As certain variables are used for calculations of the fair value of financial instruments, the result of such calculations may vary if different assumptions are used.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

2. Fair value of financial instruments

The carrying amounts of financial instruments as stated in the consolidated balance sheets, their fair values as of March 31, 2023 and 2024, and the differences between carrying amounts and fair values are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2023			2024			2024		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Marketable securities and investment securities ^{*2}	¥128,745	¥134,383	¥5,638	¥101,136	¥114,664	¥13,527	\$667,966	\$757,312	\$89,346
Total assets	¥128,745	¥134,383	¥5,638	¥101,136	¥114,664	¥13,527	\$667,966	\$757,312	\$89,346
Derivative financial instruments ^{*3}	¥ (1,033)	¥ (1,033)	¥ —	¥ 1,428	¥ 1,428	¥ —	\$ 9,434	\$ 9,434	\$ —

*1 Notes regarding "cash" are omitted, and notes regarding "deposits," "trade receivables," "trade payables," and "income taxes payable" are omitted due to the fair value approximating the book value as they are settled in a short period of time.

*2 Shares, etc., that do not have a market price and investments in partnerships for which the net amount of the Company's equity share in the partnerships is recorded on the balance sheet are not included in "Marketable securities and investment securities." The carrying amounts of these financial instruments are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
	Carrying amount	Carrying amount	Carrying amount
Unlisted shares	¥6,028	¥5,999	\$39,627
Shares of affiliated companies (unlisted shares)	5,638	8,429	55,670
Convertible-bond-type bonds with share acquisition rights	—	73	482
Contributions to investment partnerships	294	488	3,229

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

Notes: 1. Maturity analysis of financial assets

	Millions of yen								Thousands of U.S. dollars			
	2023				2024				2024			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	¥274,829	¥ —	¥—	¥—	¥316,827	¥ —	¥—	¥—	\$2,092,513	\$ —	\$—	\$—
Trade receivables	97,400	1,607	—	—	115,563	2,557	—	—	763,250	16,888	—	—
Total	¥372,229	¥1,607	¥—	¥—	¥432,391	¥2,557	¥—	¥—	\$2,855,763	\$16,888	\$—	\$—

2. Matters relating to the breakdown of the fair value of financial instruments by appropriate classification, etc.

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs such as quoted prices in active markets for the assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that have a significant impact to the fair value measurement, such fair value is categorized in its entirety at the level with the lowest priority in the fair value measurement among levels to which each input belongs.

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

	Millions of yen								Thousands of U.S. dollars			
	2023				2024				2024			
	Fair value				Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities												
Available-for-sale securities												
Shares	¥117,952	¥ —	¥—	¥117,952	¥89,946	¥ —	¥—	¥89,946	\$594,061	\$ —	\$ —	\$594,061
Other	—	—	86	86	—	—	52	52	—	—	350	350
Derivative transactions												
Currency related	—	—	—	—	—	1,428	—	1,428	—	9,434	—	9,434
Total assets	¥117,952	¥ —	¥86	¥118,038	¥89,946	¥1,428	¥52	¥91,428	\$594,061	\$9,434	\$350	\$603,846
Derivative transactions												
Currency related	—	1,033	—	1,033	—	—	—	—	—	—	—	—
Total liabilities	¥ —	¥1,033	¥—	¥ 1,033	¥ —	¥ —	¥—	¥ —	\$ —	\$ —	\$ —	\$ —

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

	Millions of yen								Thousands of U.S. dollars			
	2023				2024				2024			
	Fair value				Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities												
Shares of affiliated companies												
Shares	¥16,344	¥—	¥—	¥16,344	¥24,664	¥—	¥—	¥24,664	\$162,900	\$—	\$—	\$162,900
Total assets	¥16,344	¥—	¥—	¥16,344	¥24,664	¥—	¥—	¥24,664	\$162,900	\$—	\$—	\$162,900

*1 Description of the valuation techniques and inputs used to measure fair value:

Marketable securities and investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Others are SAFE investments. Their latest fair value is estimated by taking into consideration events affecting the value of the financial instruments and is classified as Level 3.

Derivative transactions

The fair value of forward exchange contracts is measured using observable inputs, such as exchange rates, and is classified as Level 2.

*2 Information regarding the fair value of financial instruments carried at fair value in the consolidated balance sheets that is classified as level 3

(1) Changes in net valuation gain/loss recognized in gain/loss for the fiscal year ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
	Carrying amount	Carrying amount	Carrying amount
Balance at beginning of year	¥—	¥ 86	\$ 569
Net income (loss) and other comprehensive income (loss) for the year *	—	(86)	(569)
Purchase, sale, or redemption	86	52	350
Balance at end of year	¥86	¥ 52	\$ 350

* The amount is included in "Loss on valuation of investment securities" in the consolidated statements of income.

(2) Explanation of the fair value valuation process

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

13 Income Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese corporate, inhabitant, and enterprise taxes based on income which, in the aggregate, resulted in a normal tax rate of 30.6% for the years ended March 31, 2023 and 2024.

Income tax expenses reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2023 and 2024 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
	Carrying amount	Carrying amount	Carrying amount
Income taxes—current	¥42,669	¥46,682	\$308,316
Income taxes—deferred	(6,799)	(1,556)	(10,282)
Total	¥35,870	¥45,125	\$298,033

Reconciliation of the normal tax rate and the effective tax rate as a percentage of profit before income taxes for the fiscal years ended March 31, 2023 and 2024 is as follows:

	2023	2024
	Normal tax rate	30.6%
Entertainment expenses not deductible for tax purposes	0.2	0.2
Corporate inhabitant tax on per capita basis	0.2	0.2
Directors' bonuses	0.5	0.4
Change in valuation allowance for deferred tax assets	(0.5)	2.3
Differences in tax rates of foreign consolidated subsidiaries	(0.8)	(0.4)
Tax credit for research and development expenses	(1.4)	(0.9)
Tax credit under wage increase promotion tax system	(1.0)	(0.6)
Tax credit under the local revitalization support tax system	—	(0.6)
Amortization of goodwill	0.5	0.4
Other	0.1	(0.8)
Effective tax rate	28.4%	30.8%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Significant components of deferred tax assets and liabilities as of March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deferred tax assets:			
Tax loss carryforward* ²	¥ 10,573	¥ 10,046	\$ 66,352
Excess depreciation of fixed assets	20,558	23,809	157,251
Accrued employee bonuses	5,364	5,271	34,813
Inventory valuation losses	5,413	7,757	51,237
Net defined benefit liability	2,948	1,620	10,704
Unrealized profit	3,133	2,836	18,733
Loss on valuation of advance payments	1,521	1,418	9,369
Accrued enterprise taxes and others	1,470	1,700	11,231
Research and development expenses	1,303	1,218	8,044
Revaluation reserve for land	1,367	1,367	9,031
Other	11,547	11,657	76,990
Total gross deferred tax assets	65,200	68,703	453,760
Valuation allowance for tax loss carryforward* ²	(7,308)	(7,226)	(47,730)
Valuation allowance for total deductible temporary differences	(7,568)	(8,734)	(57,689)
Total valuation allowance* ¹	(14,877)	(15,961)	(105,420)
Total deferred tax assets	50,323	52,742	348,340
Deferred tax liabilities:			
Retained earnings of foreign consolidated subsidiaries	(1,619)	(1,628)	(10,754)
Valuation difference on available-for-sale securities	(25,906)	(19,859)	(131,167)
Revaluation reserve for land	(199)	(199)	(1,316)
Other	(482)	(1,369)	(9,043)
Total deferred tax liabilities	(28,207)	(23,056)	(152,281)
Net deferred tax assets	¥ 22,115	¥ 29,685	\$ 196,058

*1 The valuation allowance increased by ¥1,084 million (\$7,161 thousand). The principal content of this increase was an increase in valuation allowance for total deductible temporary differences.

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

	Millions of yen						
	2023						
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years	Total
Tax loss carryforward* ¹	¥ 628	¥ 102	¥ 48	¥ 50	¥—	¥ 9,744	¥10,573
Valuation allowance	(621)	(102)	(48)	(50)	—	(6,486)	(7,308)
Deferred tax assets* ²	7	—	—	—	—	3,257	3,264

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

*2 The Group recorded deferred tax assets of ¥3,264 million in relation to tax loss carryforward of ¥10,573 million (calculated using the normal tax rate). The deferred tax assets of ¥3,264 million were recognized mainly for tax loss carryforward of ¥3,101 million (calculated using the normal tax rate) of foreign subsidiaries. The Group judged that the deferred tax assets for the tax loss carryforward were recoverable due to projected future taxable income and did not recognize any valuation allowance.

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

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

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

Thousands of U.S. dollars

	2024						
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years	Total
Tax loss carryforward* ¹	\$ 361	\$ 178	\$ 136	\$—	\$ 36	\$ 65,639	\$ 66,352
Valuation allowance	(320)	(161)	(136)	—	(36)	(47,075)	(47,730)
Deferred tax assets* ²	40	16	—	—	—	18,564	18,621

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

*2 The Group recorded deferred tax assets of \$18,621 thousand in relation to tax loss carryforward of \$66,352 thousand (calculated using the normal tax rate). The deferred tax assets of \$18,621 thousand were recognized mainly for tax loss carryforward of \$18,078 thousand (calculated using the normal tax rate) of foreign subsidiaries. The Group judged that the deferred tax assets for the tax loss carryforward were recoverable due to projected future taxable income and did not recognize any valuation allowance.

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

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

14 Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the fiscal years ended March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Advertising expenses	¥ 56,798	¥ 64,509	\$ 426,058
Remuneration, salaries and allowances for directors (and other officers)	64,605	68,979	455,583
Retirement benefit expenses	2,997	3,057	20,191
Provision for bonuses for directors (and other officers)	2,075	1,274	8,418
Research and development expenses	30,363	32,316	213,439
Provision of allowance for doubtful accounts	3	(14)	(98)
Other	95,340	110,154	727,525
Total	¥252,183	¥280,277	\$1,851,116

15 Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2023 and 2024 are as follows:

	Millions of yen				
	2023				
	Amounts arising	Reclassification adjustments	Before tax effect	Tax effect	Net of tax effect
Valuation difference on available-for-sale securities	¥25,471	¥ —	¥25,471	¥(7,782)	¥17,688
Deferred gains or losses on hedges	2,422	(4,315)	(1,892)	338	(1,554)
Foreign currency translation adjustment	8,940	223	9,164	—	9,164
Remeasurements of defined benefit plans, net of tax	126	579	706	(227)	478
Share of other comprehensive income of entities accounted for using equity method	(34)	(23)	(57)	—	(57)
Total	¥36,926	¥(3,536)	¥33,390	¥(7,671)	¥25,719

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

	Millions of yen					Thousands of U.S. dollars				
	2023		2024			2023		2024		
	Amounts arising	Reclassification adjustments	Before tax effect	Tax effect	Net of tax effect	Amounts arising	Reclassification adjustments	Before tax effect	Tax effect	Net of tax effect
Valuation difference on available-for-sale securities	¥25,035	¥(44,667)	¥(19,632)	¥6,026	¥(13,606)	\$165,345	\$(295,012)	\$(129,666)	\$39,800	\$(89,865)
Deferred gains or losses on hedges	7,244	(5,178)	2,066	(389)	1,676	47,848	(34,199)	13,649	(2,575)	11,074
Foreign currency translation adjustment	18,590	—	18,590	—	18,590	122,779	—	122,779	—	122,779
Remeasurements of defined benefit plans, net of tax	2,491	530	3,021	(939)	2,081	16,452	3,504	19,957	(6,206)	13,750
Share of other comprehensive income of entities accounted for using equity method	193	5	199	—	199	1,280	36	1,316	—	1,316
Total	¥53,554	¥(49,309)	¥4,244	¥4,696	¥8,941	\$353,707	\$(325,671)	\$28,036	\$31,018	\$59,054

16 Retained Earnings and Dividends

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

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

The Company's retained earnings includes legal reserves of ¥1,645 million and ¥1,645 million (\$10,867 thousand) at March 31, 2023 and 2024, respectively. Proposed appropriations of retained earnings have not been reflected in the consolidated financial statements at the end of the fiscal year. The Company's approved appropriations of retained earnings for the fiscal year ended March 31, 2024 were cash dividends of ¥32,719 million (\$216,097 thousand). In addition, a mid-year dividend may be paid based on approval by the Board of Directors, which is subject to limitations. The mid-year dividend for the fiscal year ended March 31, 2024 was ¥6,603 million (\$43,615 thousand).

17 Revaluation Reserve for Land

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

Revaluation method

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

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

18 Common Shares and Treasury Shares

The changes in the number of common shares and treasury shares for the fiscal years ended March 31, 2023 and 2024 are as follows:

	Shares	
	2023	2024
Common shares (number of shares)		
Number of shares at beginning of year	222,000,000	222,000,000
Increase due to share split	—	444,000,000
Number of shares at end of year	222,000,000	666,000,000
Treasury shares (number of shares)		
Number of shares at beginning of year	2,023,206	1,983,216
Increase due to share split	—	3,966,432
Purchase of treasury shares as per a resolution made by the Board of Directors	—	6,000,000
Purchases and other	(39,990)	(135,892)
Number of shares at end of year	1,983,216	11,813,756

*1 The Company conducted a share split with a ratio of three shares for every one share of common share on April 1, 2023.

19 Leases

As lessee

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

Operating leases

Future minimum payments required under non-cancelable operating leases as of March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Within one year	¥891	¥1,478	\$9,762
Over one year	284	2,980	19,682
Total	¥1,176	¥4,458	\$29,445

20 Foreign Exchange Risk Management and Interest Rate Risk Management

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

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

Contract amounts, fair values, and gains or losses from valuation of forward foreign exchange contracts outstanding as of March 31, 2023 and 2024 are as follows. The contract amounts in themselves should not be considered indicative of the market risk associated with the derivative financial instruments.

(1) Derivative transactions not qualifying for hedge accounting

	2023			2024			2024		
	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)
Forward foreign exchange contracts									
Sold:									
Yen	¥3,558	¥(223)	¥(223)	¥4,419	¥338	¥338	\$29,191	\$2,234	\$2,234
U.S. dollars	4,308	14	14	5,905	(196)	(196)	39,004	(1,297)	(1,297)
Euro	428	(3)	(3)	955	(17)	(17)	6,308	(113)	(113)
Purchased:									
U.S. dollars	410	(6)	(6)	474	33	33	3,131	224	224
H.K. dollars	24	(0)	(0)	14	0	0	94	0	0
Chinese yuan	42	(0)	(0)	34	0	0	226	0	0
Total	¥8,773	¥(219)	¥(219)	¥11,803	¥158	¥158	\$77,957	\$1,049	\$1,049

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

(2) Derivative transactions qualifying for hedge accounting

Hedge accounting method	Hedging method	Hedge items	2023		2024		2024	
			Contract amount	Estimated fair value	Contract amount	Estimated fair value	Contract amount	Estimated fair value
Forward foreign exchange contracts								
Sold:								
Deferred	Yen	Account receivable-trade	¥14,368	¥(423)	¥19,570	¥734	\$129,258	\$4,853
	U.S. dollars	Account receivable-trade	1,091	(8)	4,074	(35)	26,910	(234)
Purchased:								
Deferred	Yen	Account payable-trade	428	(8)	61	(1)	407	(9)
	U.S. dollars	Account payable-trade	25,076	(372)	11,966	571	79,032	3,775
Foreign exchange allocation method								
Foreign exchange allocation method	Purchased:							
	U.S. dollars	Account payable-trade	105	(*)	77	(*)	510	(*)
Total			¥41,069	¥(813)	¥35,750	¥1,269	\$236,119	\$8,384

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

21 Commitments and Contingent Liabilities

1. Pledged assets

As of March 31, 2023 and 2024 details of assets deposited as a security deposit for issuance under the Payment Services Act are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Other investments and assets	¥2,417	¥2,440	\$16,118

2. Commitments

Commitments as of March 31, 2023 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Bandai Namco Will Inc.	¥ 49	¥ 23	\$ 155
BANDAI LOGIPAL AMERICA, INC.	5,144	5,068	33,476
Transferee of amusement facilities business in North America	245	110	727
Total	¥5,439	¥5,202	\$34,360

22 Revenue Recognition

1. Disaggregation of revenue from contracts with customers

	Millions of yen						
	2023						
	Reportable Segment						Other
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal		
Japan	¥244,350	¥306,662	¥66,102	¥ 83,651	¥700,766	¥6,764	¥707,531
Americas	62,173	36,351	—	819	99,343	—	99,343
Europe	55,715	23,447	—	15,294	94,457	—	94,457
Asia	18,906	66,244	197	3,407	88,756	—	88,756
Revenue from contracts with customers	¥381,146	¥432,705	¥66,300	¥103,172	¥983,324	¥6,764	¥990,089
Revenue from other sources	—	—	—	—	—	—	—
Net sales to external customers	¥381,146	¥432,705	¥66,300	¥103,172	¥983,324	¥6,764	¥990,089

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

Thousands of U.S. dollars

	Reportable Segment					Other*1	Total
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal		
Japan	\$1,529,743	\$2,363,896	\$450,726	\$626,306	\$4,970,672	\$38,657	\$5,009,330
Americas	333,842	259,076	—	11,048	603,966	—	603,966
Europe	418,344	151,946	—	109,562	679,854	—	679,854
Asia	136,073	469,279	1,074	36,626	643,054	—	643,054
Revenue from contracts with customers	\$2,418,002	\$3,244,197	\$451,801	\$783,543	\$6,897,547	\$38,657	\$6,936,205
Revenue from other sources	—	—	—	—	—	—	—
Net sales to external customers	\$2,418,002	\$3,244,197	\$451,801	\$783,543	\$6,897,547	\$38,657	\$6,936,205

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

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

2. Information for understanding revenue from contracts with customers

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

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

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

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Receivables from contracts with customers (beginning balance)	¥122,742	¥ 99,007	\$653,901
Receivables from contracts with customers (ending balance)	99,007	118,120	780,139
Contract assets (beginning balance)	—	—	—
Contract assets (ending balance)	—	69	457
Contract liabilities (beginning balance)	22,912	22,567	149,049
Contract liabilities (ending balance)	22,567	27,728	183,135

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

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

The amount of revenue that was recognized in the previous fiscal year that was included in the contract liability balance at the beginning of the period is ¥21,239 million. The amount of revenue that was recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period is ¥19,004 million (\$125,516 thousand).

(2) Transaction price allocated to the remaining performance obligations

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

23 Segment Information

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

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

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

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

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

Millions of yen									
2023									
	Reportable Segment								Consolidated total*3
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal	Other*1	Total	Adjustments*2	
Net sales									
To external customers	¥381,146	¥432,705	¥66,300	¥103,172	¥ 983,324	¥ 6,764	¥ 990,089	¥ —	¥990,089
Inter-segment sales and transfers	4,535	14,786	15,448	1,429	36,199	24,548	60,748	(60,748)	—
Total	¥385,681	¥447,491	¥81,748	¥104,602	¥1,019,524	¥31,313	¥1,050,837	¥(60,748)	¥990,089
Segment profit	49,339	59,538	10,645	6,038	125,561	1,165	126,726	(10,254)	116,472
Segment assets	263,030	217,095	82,493	64,775	627,395	27,835	655,231	271,127	926,358
Other items:									
Depreciation	¥ 4,640	¥ 16,562	¥ 1,220	¥ 3,652	¥ 26,074	¥ 772	¥ 26,846	¥ 1,825	¥ 28,671
Amortization of goodwill	168	396	1,866	—	2,431	—	2,431	—	2,431
Impairment losses	—	58	3	1,188	1,251	—	1,251	—	1,251
Investments in entities accounted for using equity method	—	3,008	—	—	3,008	10,250	13,259	—	13,259
Increase in property, plant and equipment and intangible assets	7,570	27,000	1,992	7,210	43,773	741	44,514	1,223	45,737

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

Thousands of U.S. dollars									
2024									
	Reportable Segment								Consolidated total*3
	Digital	Toys and Hobby	IP Production	Amusement	Subtotal	Other*1	Total	Adjustments*2	
Net sales									
To external customers	\$2,418,004	\$3,244,197	\$451,801	\$783,543	\$6,897,547	\$ 38,657	\$6,936,205	\$ —	\$6,936,205
Inter-segment sales and transfers	43,307	123,348	92,867	6,813	266,336	175,054	441,390	(441,390)	—
Total	\$2,461,311	\$3,367,546	\$544,668	\$790,356	\$7,163,883	\$213,712	\$7,377,596	\$ (441,390)	\$6,936,205
Segment profit	41,328	519,488	66,368	45,198	672,383	6,527	678,910	(79,992)	598,917
Segment assets	1,705,051	1,555,535	459,772	479,536	4,199,896	180,463	4,380,359	2,038,228	6,418,587
Other items:									
Depreciation	\$ 61,356	\$ 133,510	\$ 7,502	\$ 36,698	\$ 239,067	\$ 5,266	\$ 244,334	\$ 9,048	\$ 253,382
Amortization of goodwill	2,276	3,117	12,280	—	17,674	—	17,674	—	17,674
Impairment losses	9,554	171	67	1,268	11,061	—	11,061	—	11,061
Investments in entities accounted for using equity method	—	28,929	—	—	28,929	70,462	99,392	—	99,392
Increase in property, plant and equipment and intangible assets	47,733	182,852	5,545	74,158	310,290	3,663	313,953	10,441	324,395

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

*2 The details of adjustment amounts are as follows:

- (1) The adjustment to segment profit of ¥10,254 million for the fiscal year ended March 31, 2023, includes elimination of inter-segment transactions of ¥872 million and corporate expenses not allocated to reportable segments of ¥11,126 million. The adjustment to segment profit of ¥12,111 million (¥79,992 thousand) for the fiscal year ended March 31, 2024, includes elimination of inter-segment transactions of ¥313 million (\$2,069 thousand) and corporate expenses not allocated to reportable segments of ¥12,425 million (¥82,062 thousand). Principal corporate expenses are expenses related to administrative divisions not belonging to reportable segments.
- (2) The adjustment to segment assets of ¥271,127 million as of March 31, 2023, includes elimination of inter-segment transactions of ¥32,587 million and corporate assets not allocated to reportable segments of ¥303,714 million. The adjustment to segment assets of ¥308,608 million (\$2,038,228 thousand) as of March 31, 2024, includes elimination of inter-segment transactions of ¥35,485 million (¥234,368 thousand) and corporate assets not allocated to reportable segments of ¥344,093 million (\$2,272,596 thousand). Principal corporate assets are cash and deposits, investment securities, and assets related to administrative divisions not belonging to reportable segments.
- (3) The adjustment to depreciation of ¥1,825 million for the fiscal year ended March 31, 2023, includes elimination of inter-segment transactions of ¥35 million and depreciation not allocated to reportable segments of ¥1,860 million. The adjustment to depreciation of ¥1,370 million (\$9,048 thousand) for the fiscal year ended March 31, 2024, includes elimination of inter-segment transactions of ¥30 million (¥204 thousand) and depreciation not allocated to reportable segments of ¥1,400 million (\$9,252 thousand).
- (4) The adjustment to increase in property, plant and equipment and intangible assets of ¥1,223 million for the fiscal year ended March 31, 2023, is related to corporate assets not allocated to reportable segments. The adjustment to increase in property, plant and equipment and intangible assets of ¥1,580 million (\$10,441 thousand) for the fiscal year ended March 31, 2024, is related to corporate assets not allocated to reportable segments.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Additional segment information as of and for the fiscal years ended March 31, 2023 and 2024 is as follows:

1. Information by product and service

This information is included in the segment information above.

2. Information by geographic region

Net sales and property, plant and equipment

Millions of yen					
2023					
	Japan	Americas	Europe	Asia, excluding Japan	Total
Net sales	¥577,998	¥172,517	¥117,526	¥122,047	¥990,089
Property, plant and equipment	85,557	5,021	8,377	8,500	107,458

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

Thousands of U.S. dollars					
2024					
	Japan	Americas	Europe	Asia, excluding Japan	Total
Net sales	\$4,124,825	\$1,094,238	\$852,104	\$865,036	\$6,936,205
Property, plant and equipment	620,874	33,646	68,890	60,129	783,541

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

3. Information by major customer

Fiscal year ended March 31, 2023	Name	Net sales (Millions of yen)	Name of related segment
	Apple Inc.	¥113,099	Digital Business and Toys and Hobby Business

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

Fiscal year ended March 31, 2024	Name	Net sales (Millions of yen)	Net sales (Thousands of U.S. dollars)	Name of related segment
	Apple Inc.	¥108,143	\$714,241	Digital Business, Toys and Hobby Business, and IP Production Business

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

4. By reportable segment, information regarding the amount of amortization of goodwill for the fiscal years ended March 31, 2023 and 2024 and the unamortized balance of goodwill as of March 31, 2023 and 2024 is as follows:

Millions of yen							
2023							
	Digital	Toys and Hobby	IP Production	Amusement	Other	Corporate and eliminations	Total
Amortization of goodwill	¥ 168	¥396	¥ 1,866	¥—	¥—	¥—	¥ 2,431
Unamortized balance of goodwill	1,565	767	12,227	—	—	—	14,561

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

Thousands of U.S. dollars							
2024							
	Digital	Toys and Hobby	IP Production	Amusement	Other	Corporate and eliminations	Total
Amortization of goodwill	\$2,276	\$3,117	\$12,280	\$—	\$—	\$—	\$17,674
Unamortized balance of goodwill	6,150	2,038	68,479	—	—	—	76,668

24 Related-Party Disclosures

Fiscal year ended March 31, 2023

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

Type	Company	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content	Transaction amount	Account items	Balance as of March 31, 2023
Affiliated company	Happinet Corporation	Taito-ku, Tokyo	¥2,751 million	Wholesaler of toys, video games, and amusement products	Holding directly 25.9% indirectly 0.3%	Sales agency	Sales of products, and others	¥73,048 million	Accounts receivable-trade	¥12,848 million

*1 Transaction terms and policy for determining transaction terms.

For the transaction stated above, the products were sold on the same terms as general transactions with third parties in the ordinary course of business.

(2) Transactions between the Company and related parties

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

Type	Name	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content*1	Transaction amount	Account items	Balance as of March 31, 2023
Officer	Masaru Kawaguchi	—	—	President and Representative Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥30 million	—	—
Officer	Yuji Asako	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥15 million	—	—
Officer	Nobuhiko Momoi	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥10 million	—	—
Officer	Yasuo Miyakawa	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥27 million	—	—
Officer	Kazuhiro Takenaka	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥24 million	—	—
Officer	Makoto Asanuma	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥15 million	—	—
Officer	Hiroshi Kawasaki	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥13 million	—	—
Officer	Shuji Ohtsu	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥15 million	—	—
Officer*2	Mitsuaki Taguchi	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥21 million	—	—
Officer*2	Satoshi Kono	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims	¥21 million	—	—

*1 These items are due to contribution in kind of monetary compensation claims accompanying the performance-based share compensation plan. The disposal price of treasury shares is determined based on the closing price of common shares of the Tokyo Stock Exchange Prime Market on June 17, 2022 (the business day immediately preceding the date of the resolution at the Board of Directors' meeting).

*2 Mr. Mitsuaki Taguchi and Mr. Satoshi Kono retired from office as Directors of the Company on June 20, 2022, and the above-stated transactions are those during their term of office.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

Fiscal year ended March 31, 2024

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

Type	Company	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content	Transaction amount	Account items	Balance as of March 31, 2024
Affiliated company	Happinet Corporation	Taito-ku, Tokyo	¥2,751 million (\$18,170 thousand)	Wholesaler of toys, video games, and amusement products	Holding directly 25.8% indirectly 0.3%	Sales agency	Sales of products, and others	¥86,641 million (\$572,232 thousand)	Accounts receivable-trade	¥15,342 million (\$101,330 thousand)

*1. Transaction terms and policy for determining transaction terms.

For the transaction stated above, the products were sold on the same terms as general transactions with third parties in the ordinary course of business.

(2) Transactions between the Company and related parties

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

Type	Name	Address	Capital or contribution to capital	Content of business	Ratio of voting rights ownership	Relationship with related party	Content	Transaction amount	Account items	Balance as of March 31, 2024
Officer	Masaru Kawaguchi	—	—	President and Representative Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥45 million (\$303 thousand)	—	—
Officer	Yuji Asako	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥22 million (\$149 thousand)	—	—
Officer	Nobuhiko Momoi	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥22 million (\$149 thousand)	—	—
Officer	Nao Udagawa	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥36 million (\$243 thousand)	—	—
Officer	Kazuhiro Takenaka	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥41 million (\$271 thousand)	—	—
Officer	Makoto Asanuma	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥27 million (\$179 thousand)	—	—
Officer	Hiroshi Kawasaki	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥27 million (\$179 thousand)	—	—
Officer	Shuji Ohtsu	—	—	Director of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥17 million (\$112 thousand)	—	—
Person equivalent to Officer	Yasuo Miyakawa	—	—	Senior Advisor of the Company	Ownership directly 0.0%	—	Disposal of treasury shares accompanying contribution in kind of the monetary compensation claims*1	¥41 million (\$271 thousand)	—	—
							Payment of outsourcing fees*2	¥41 million (\$271 thousand)	Other current liabilities	¥6 million (\$42 thousand)

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

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

25 Per-Share Data

	Yen		U.S. dollars
	2023	2024	2024
Net assets per share	¥987.58	¥1,069.29	\$7.06
Basic earnings per share	136.88	153.85	1.02

*1 Diluted earnings per share is not presented since no potentially dilutive shares exist.

*2 The Company conducted a share split with a ratio of three shares for every one share of common share on April 1, 2023. Net assets per share and basic earnings per share were calculated assuming that the share split was conducted at the beginning of prior fiscal year.

*3 The basis of calculating basic earnings per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Basic earnings per share			
Profit attributable to owners of parent	¥90,345	¥101,493	\$670,320
Amount not applicable to common shareholders	—	—	—
Profit attributable to owners of parent available to common share	90,345	101,493	670,320
Average number of common share outstanding (shares)	660,013,710	659,682,874	

26 Business Combinations

Fiscal year ended March 31, 2023

Transactions conducted by commonly controlled entities (Absorption-type company split, absorption-type merger between subsidiaries and change in trade name of subsidiary of the IP Production Unit)

1. Reorganization in the visual business

(1) Overview of transaction

(i) Overview of absorption-type company split with SUNRISE INC. as the successor company

a. Name and description of business involved in absorption-type company split
Name of business: Visual business of Bandai Namco Arts Inc.
Description of business: Planning, production, management, etc., of visual content

b. Date of business combination

April 1, 2022

c. Legal form of business combination

Absorption-type company split with Bandai Namco Arts Inc. as the splitting company and SUNRISE INC. as the successor company

d. Company name after combination

Bandai Namco Filmworks Inc.

(ii) Overview of absorption-type merger with SUNRISE INC. as the surviving company

a. Name and description of business of the company involved in combination

Merging company (surviving company)

Name: SUNRISE INC.

Description of business: Planning and production of animation; management and administration of copyrights

Merged company (disappearing company)

Name: Bandai Namco Rights Marketing Inc.

Description of business: Development, operation, and sales of online video distribution platform services; development, operation, and sales of various community services and related tools

b. Date of business combination

April 1, 2022

c. Legal form of business combination

Absorption-type merger with SUNRISE INC. as the surviving company and Bandai Namco Rights Marketing Inc. as the disappearing company

d. Company name after combination

Bandai Namco Filmworks Inc.

(2) Overview of accounting treatment

The transactions were accounted for as transactions conducted by commonly controlled entities, in accordance with the "Accounting Standard for Business Combinations" and "Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures."

2. Reorganization in the music and live event businesses

(1) Overview of transaction

(i) Name and description of business of the company involved in combination

Merging company (surviving company)

Name: Bandai Namco Arts Inc.

Description of business: Planning, production, and management of visual and music content, artist discovery, and development and production of live events, etc.

Merged company (disappearing company)

Name: Bandai Namco Live Creative Inc.

Description of business: Planning and production of live performances and events; ticket sales; planning, production, and sales of goods; and management of live viewings, etc.

Merged company (disappearing company)

Name: SUNRISE Music INC.

Description of business: Production of music related to animations and planning and use of music and masters, centered on SUNRISE INC. and Bandai Namco Pictures Inc.

(ii) Date of business combination

April 1, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bandai Namco Holdings Inc. and Consolidated Subsidiaries

- (iii) Legal form of business combination
Absorption-type merger with Bandai Namco Arts Inc. as the surviving company and Bandai Namco Live Creative Inc. and SUNRISE Music INC. as the disappearing companies
- (iv) Company name after combination
Bandai Namco Music Live Inc.
- (2) Overview of accounting treatment
The transactions were accounted for as transactions conducted by commonly controlled entities, in accordance with the "Accounting Standard for Business Combinations" and "Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures."
3. Other matters related to overview of transaction
The IP Production Unit, whose most important mission is to create IP, produces and develops worldviews for IP through coordination among the visual, music, and live event businesses. Furthermore, the Company aims to maximize the value of IP by coordinating with each Unit in the Group.
By combining the companies in the visual, music, and live event businesses of the IP Production Unit, the companies will be able to share the different expertise, strengths, and external partner networks, etc., of each company engaged in creating and developing IP, and effectively utilize the Company's IP and music. In addition, through personnel exchanges, etc., the Company will strengthen the development of human resources involved in IP creation and production. With these initiatives, the Company aims to further strengthen its IP creation and production capabilities, which are at the core of the IP axis strategy.

- (Business transfer between subsidiaries and change in trade name of subsidiary in Europe)
1. Overview of transaction
- (1) Name and description of business involved in reorganization
Sales, maintenance, etc., of amusement machines in Europe, etc.
- (2) Date of business combination
October 1, 2022
- (3) Legal form of business combination
Business transfer with Bandai Namco Amusement Europe Ltd. as the transferor and NAMCO UK LTD. as the transferee
- (4) Company name after combination
Bandai Namco Amusement Europe Ltd.
- (5) Other matters related to overview of transaction
All businesses of Bandai Namco Amusement Europe Ltd., which engages in sales of amusement machines, etc., were transferred to NAMCO UK LTD., which engages in operation of amusement facilities, etc. The two companies are being combined with the aim of strengthening the amusement business in the U.K. and elsewhere in Europe by integrating the value chain in a manner that involves bringing together both companies' know-how relating to amusement machine sales and amusement facility operations. Bandai Namco Amusement Europe Ltd. is to be liquidated in December 2023, subsequent to having completed transfer of its entire business.
2. Overview of accounting treatment
The transactions were accounted for as transactions conducted by commonly controlled entities, in accordance with the "Accounting Standard for Business Combinations" and "Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures."

Fiscal year ended March 31, 2024

There are no material business combinations to be disclosed.

27 Significant Subsequent Events

(Cancellation of treasury shares)

- At the Board of Directors meeting held on May 9, 2024, the Company approved a resolution to cancel treasury shares as described below pursuant to the provisions of Article 178 of the Companies Act of Japan, which was implemented on May 21, 2024.
- | | |
|---|--|
| 1. Class of shares to be cancelled | Common shares of the Company |
| 2. Number of shares to be cancelled | 6,000,000 shares (0.9% of total number of issued shares before cancellation) |
| 3. Total number of issued shares after cancellation | 660,000,000 shares |
| 4. Date of cancellation | May 21, 2024 |

(Reorganization in the European region and establishment of a subsidiary accompanying the reorganization)

At the Board of Directors meeting held on May 20, 2024, the Company approved a resolution to reorganize its organization in the European region and to establish a subsidiary accompanying the reorganization as follows:

1. Purpose
Currently, in Europe, Bandai Namco Europe S.A.S. ("BNEU"), which is located in France, operates as an operating holding company that has the two functions of the operating company that operates the Digital Business and the holding company. The Company aims to implement the reorganization to clearly separate the operating company function and holding company function within BNEU whereby there is a holding company that oversees Continental Europe and strengthens governance functions and an operating company that devotes itself to executing business strategy and expanding the Digital Business.
2. Scheme of the Reorganization and its schedule
- | | |
|--------------------|---|
| March 20, 2024 | Establishment of BANDAI NAMCO EUROPE NEWCO S.A.S. ("NEWCO") as a subsidiary of BNEU |
| May 20, 2024 | Resolution by the Board of Directors of the Company |
| September 30, 2024 | After the Digital Business is transferred from BNEU to NEWCO, NEWCO is renamed Bandai Namco Entertainment Europe S.A.S. (BNEE). |
| October 1, 2024 | BNEU is renamed Bandai Namco Holdings Europe S.A.S. |
3. Outline of newly established subsidiary (scheduled as of October 1, 2024)
- (1) Name
Bandai Namco Entertainment Europe S.A.S.
- (2) Business description
(i) Planning, development, marketing and sales of home console and PC game software, and planning, development, and distribution of network content
- (3) Capital
(i) €100 (before the transfer of business in September 2024)
€231,547,000 (after the transfer of business in September 2024)
- (4) Establishment
(i) March 20, 2024 (established as NEWCO)
According to the schedule, this company will change its name to BNEE on September 30, 2024, and after the Digital Business is transferred to it from BNEU, it will start operating that business.
- (5) Major shareholders
(i) Bandai Namco Holdings Europe S.A.S. 100%

4. Transactions conducted by commonly controlled entities

- (1) Overview of transaction
- (i) Name and business description involved in this reorganization
- | | |
|----------------------|---|
| Name | Digital business of BNEU |
| Business description | Planning, development, marketing and sales of home console and PC game software, and planning, development, and distribution of network content |
- (ii) Date of business combination (scheduled)
September 30, 2024
- (iii) Legal form of business combination
Method equivalent to absorption-type company split in Japan (assets and liabilities related to BNEU's digital business are transferred at book value, and BNEE delivers shares to BNEU as consideration)
- (2) Overview of accounting treatment
The transactions are accounted for as transactions conducted by commonly controlled entities, in accordance with the "Accounting Standard for Business Combinations" and the "Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures."

(Disposal of treasury shares as share compensation)

Based on a resolution at the Board of Directors' meeting held on June 24, 2024, a disposal of treasury shares as share compensation has been implemented, as follows:

1. Overview of disposal
- | | |
|---|---|
| (1) Date of disposal | July 12, 2024 |
| (2) Class and number of shares to be disposed | 81,300 shares of the Company's common shares |
| (3) Disposal value | ¥3,027 per share |
| (4) Total disposal value | ¥246 million |
| (5) Method of offering or disposal | Share compensation allotment method |
| (6) Individuals eligible for allotment, number of eligible individuals, number of shares to be allotted | Directors of the Company*1 3 individuals, 16,000 shares
Directors of subsidiaries of the Company*2 30 individuals, 65,300 shares |
| (7) Other | The taking effect of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act is a condition for this disposal of treasury shares. |

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

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

2. Objective of, and reasons for, the disposal

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

APPENDIX

Audit fees

a. Details of fees to auditors

	Millions of yen				Thousands of U.S. dollars	
	2023		2024		2024	
	Audit fees	Fees for non-audit services	Audit fees	Fees for non-audit services	Audit fees	Fees for non-audit services
Filing company	¥145	¥—	¥113	¥ 1	\$ 748	\$ 8
Consolidated subsidiaries	198	—	264	—	1,746	—
Total	¥343	¥—	¥377	¥ 1	\$2,495	\$ 8

The non-audit service provided to the Company in the fiscal year ended March 31, 2024 is evaluation of the defined contribution pension operational management institution.

In addition to the fees mentioned above, additional audit fees of ¥27 million (\$179 thousand) related to the previous fiscal year were paid in the fiscal year ended March 31, 2024.

b. Details of fees to member firms to which auditors belong (member firms of KPMG) (excluding a.)

	Millions of yen				Thousands of U.S. dollars	
	2023		2024		2024	
	Audit fees	Fees for non-audit services	Audit fees	Fees for non-audit services	Audit fees	Fees for non-audit services
Filing company	¥ —	¥15	¥ —	¥ 11	\$ —	\$ 77
Consolidated subsidiaries	458	19	514	98	3,396	650
Total	¥458	¥34	¥514	¥110	\$3,396	\$728

The non-audit service provided to the Company is advice for tax-related work.

The non-audit service provided to consolidated subsidiaries is mainly advisory services, etc, related to taxes.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Board of Directors of Bandai Namco Holdings Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bandai Namco Holdings Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2023, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and the notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

Reasonableness of the valuation of work in process for home video games before launch in main domestic development bases	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheets, Bandai Namco Holdings Inc. and its consolidated subsidiaries (collectively referred to as the "Group") recognized work in process of ¥92,665 million as inventories as at March 31, 2024. As described in Note 2 "Summary of Significant Accounting Policies, (p) Significant Accounting Estimates, Valuation of Work in Process for Home Video Games before Launch at Major Domestic Development Bases" to the consolidated financial statements, the amount included ¥57,101 million of work in process for home video games before launch in main domestic development bases that belonged to the Digital Business segment, representing 5.9% of total assets in the consolidated financial statements.</p> <p>At the main domestic development bases, work in process recognized in the consolidated balance sheets is stated at an amount calculated by writing down the carrying amount based on the declining profitability, if any.</p> <p>The Group considers that the profitability of work in process has not declined when there has been no change in market demand from the initial forecast and the production has been proceeding as planned. On the other hand, the Group individually assesses the work in process whose profitability may have declined. In particular, for products that are near launch, for which market demand is more predictable, the Group individually assesses the work in process considering the sales results of similar game titles and sales potential based on future demand forecasts.</p> <p>In writing down the carrying amount based on the declining profitability, the Group compares the carrying amount of work in process with its net selling value. When the carrying amount exceeds the net selling value, the excess is written down. In calculating the net selling value, similar game titles sold in the past were used as benchmarks and the Group estimates sales volumes considering sales potential based on demand forecasts. These estimates involved a high degree of uncertainty and they were highly dependent upon subjective judgement by the management of main domestic development bases.</p> <p>We, therefore, determined that our assessment of the reasonableness of the valuation of work in process for home video games before launch in main domestic development bases was of most significance in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the reasonableness of the valuation of work in process for home video games before launch in main domestic development bases included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the valuation of work in process for home video games before launch in main domestic development bases. In this assessment, we focused our testing on the following controls:</p> <ul style="list-style-type: none"> • controls to evaluate the appropriateness of the estimated sales volume of game titles subject to individual assessment. <p>(2) Assessment of the reasonableness of the estimated sales volume</p> <p>We assessed the appropriateness of the estimated sales volume of home console game titles before launch subject to individual assessment, by performing the following procedures, among others:</p> <ul style="list-style-type: none"> • assessed the appropriateness of similar game titles determined to be the benchmarks in terms of similarities, such as game concepts and popularity of IP (Intellectual Property: including characters in the game); and • assessed the appropriateness of the estimated sales volume of game titles subject to individual assessment by comparing them with the sales results of similar game titles determined to be the benchmarks.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Fee-related Information

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

Convenience Translation

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

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

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

Michiaki Yamabe

Designated Engagement Partner
Certified Public Accountant

Mayuka Katsuki

Designated Engagement Partner
Certified Public Accountant

Yasuko Kawamata

Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan
August 8, 2024