



Bandai Namco Holdings Inc.

Consolidated Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2024

November 7, 2023

DISCLAIMER

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

Bandai Namco Holdings Inc.

Stock Listing: Tokyo Stock Exchange

Code Number: 7832

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

November 7, 2023

Consolidated Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2024 (Japanese GAAP)

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Contact: Yuji Asako, Director
Scheduled filing date of the quarterly security report: November 9, 2023
Scheduled starting date for dividend payments: December 8, 2023
The Financial Highlights of the Financial Results for the Quarter: Yes
The information session of the Financial Results for the Quarter: Yes (for institutional investors and analysts)

* Figures are in millions of yen, rounded down

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (For the Six Months Ended September 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Second Quarter of the Fiscal Year Ending March 31, 2024	502,002	5.1	65,479	(19.8)	73,931	(20.0)
Second Quarter of the Fiscal Year Ended March 31, 2023	477,620	21.3	81,607	32.2	92,365	44.1

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Second Quarter of the Fiscal Year Ending March 31, 2024	52,167	(21.6)	79.03	-
Second Quarter of the Fiscal Year Ended March 31, 2023	66,557	68.4	100.85	-

(Note) Comprehensive income: 75,621 million yen [(16.7)%] (FY2024.3 2Q), 90,741 million yen [28.2%] (FY2023.3 2Q)

(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Basic earnings per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of September 30, 2023	974,757	688,830	70.6
As of March 31, 2023	926,358	652,133	70.4

(Reference) Equity: 688,533 million yen (as of September 30, 2023), 651,851 million yen (as of March 31, 2023)

2. Cash Dividends

	Annual cash dividends				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
Fiscal Year Ended March 31, 2023	–	¥27.00	–	¥179.00	¥206.00
Fiscal Year Ending March 31, 2024	–	¥10.00			
Fiscal Year Ending March 31, 2024 (Projections)			–	¥10.00	¥20.00

- (Notes) 1. Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2024: No
Concerning the projected amounts of the year-end cash dividend for the fiscal year ending March 31, 2024, the base dividend is stated based on the Company's basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2024, will be considered by the Company based on the basic policy on the distribution of profits.
2. The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. The actual amount of dividends based on before the aforementioned share split is stated for the fiscal year ended March 31, 2023.

3. Consolidated Projections for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	1,000,000	1.0	125,000	7.3	134,000	4.7	91,000	0.7	137.85

- (Note) Revision to the projections: Yes
Consolidated projections for the full fiscal year ending March 31, 2024 (announced on May 10, 2023) are revised in this document. For details of the revisions to the consolidated projections, please refer to "Notice Regarding Revisions to Consolidated Projections" announced today (November 7, 2023).

* Notes

- (1) Changes in Significant Subsidiaries during the Period
(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): No
- (2) Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements: Yes
(Note) For more details, please refer to the section of "(3) Notes to Consolidated Financial Statements, (Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements)" of "2. Consolidated Financial Statements and Significant Notes" on page 12 of the attached material.
- (3) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimation: No
 - Restatement: No
- (4) Number of Issued Shares (Common Stock)
- Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2023	666,000,000 shares
As of March 31, 2023	666,000,000 shares
 - Number of shares of treasury stock at the end of the period

As of September 30, 2023	5,813,708 shares
As of March 31, 2023	5,949,648 shares
 - Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the Second Quarter of the Fiscal Year Ending March 31, 2024	660,108,524 shares
For the Second Quarter of the Fiscal Year Ended March 31, 2023	659,982,123 shares
- (Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Total number of issued shares at the end of the period, number of shares of treasury stock at the end of the period, and average number of shares during the period have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* Quarterly Consolidated Financial Reports are not required to be subjected to quarterly reviews conducted by certified public accountants or an audit firm.

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

- Forward-Looking Statements:

This document contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication and those forward-looking statements do not purport to be a promise by the Company to achieve such results. A number of factors could cause actual results to differ materially from expectations. Please refer to the section of "(3) Explanation Regarding Consolidated Projections and Other Forward-Looking Statements" of "1. Qualitative Information Regarding Consolidated Results for the Second Quarter" on page 3 of the attached material for matters pertaining to the earnings projections.

- To Obtain Financial Highlights:

The Financial Highlights will be posted on the Company's website on November 7, 2023.

Attached Material

Index

1. Qualitative Information Regarding Consolidated Results for the Second Quarter	2
(1) Explanation Regarding Operating Results	2
(2) Explanation Regarding Financial Position	3
(3) Explanation Regarding Consolidated Projections and Other Forward-Looking Statements.....	3
2. Consolidated Financial Statements and Significant Notes	8
(1) Consolidated Balance Sheets.....	8
(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income	10
(Consolidated Statements of Operations)	10
(Consolidated Statements of Comprehensive Income).....	11
(3) Notes to Consolidated Financial Statements	12
(Notes on Premise of Going Concern)	12
(Notes on Significant Changes in the Amount of Stockholders' Equity)	12
(Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements).....	12
(Segment Information)	12

1. Qualitative Information Regarding Consolidated Results for the Second Quarter

(1) Explanation Regarding Operating Results

During the second quarter (six months) of the fiscal year ending March 31, 2024, the future of the economic environment around the world remained uncertain mainly as a result of changes in the social situation, rising raw material and fuel prices, and exchange rate fluctuations, despite a recovery in socioeconomic activities due to the relaxation of restrictions on activities and other measures implemented due to the novel coronavirus disease (COVID-19) pandemic.

Under such circumstances, from April 2022, with the introduction of our Purpose “Fun for All into the Future” as the ultimate definition of who we are as a Group and the introduction of a new logo, the Bandai Namco Group began our new three-year Mid-term Plan. In the Mid-term Plan, in order to achieve the aims of the Bandai Namco Group 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 second quarter (six months), we strengthened our efforts united under the ALL BANDAI NAMCO concept, with our IP axis strategy at the core of our efforts, working across the Group and in cooperation with each region and business. In the Toys and Hobby Business, products for the mature fan base, card products, capsule toys and other items were popular, while in the Amusement Business, sales of a new arcade game title and facility operations were strong, which contributed to the Group’s overall performance. In the Digital Business, changes in the composition of the titles and product mix from the same period of the previous year, which saw strong repeat sales for major home console game titles, affected results. The Group as a whole benefited from the management of its portfolio consisting of a wide range of businesses based on the IP axis.

Consequently, the Group’s consolidated results for the second quarter (six months) were net sales of 502,002 million yen (year-on-year increase of 5.1%), operating profit of 65,479 million yen (year-on-year decrease of 19.8%), recurring profit of 73,931 million yen (year-on-year decrease of 20.0%), and profit attributable to owners of parent of 52,167 million yen (year-on-year decrease of 21.6%).

Operating results by segment are as follows.

Digital Business

As for the Digital Business, in home console games, *ARMORED CORE VI FIRES OF RUBICON*, a new title for worldwide distribution launched in the second quarter of the fiscal year ending March 31, 2024, became popular. In home console games overall, results were impacted by the difference in the product mix from the same period of the previous year, which received significant contribution from repeat sales of *ELDEN RING* among existing titles. In addition, amortization of development costs for new titles, along with marketing and other expenses, were incurred ahead of time. In network content, sales were stable due to ongoing measures targeting users for key titles such as the *DRAGON BALL* series and *ONE PIECE*. In this business, in light of the increasingly competitive global market environment, we will promote the development of titles with an emphasis on quality and marketing measures to stay connected with fans in order to increase product longevity.

As a result, net sales in the Digital Business were 174,316 million yen (year-on-year decrease of 10.1%), and segment profit was 15,516 million yen (year-on-year decrease of 65.2%).

Toys and Hobby Business

As for the Toys and Hobby Business, while impacted by rising prices for raw materials and fuel, the performance remained strong due to efforts to expand the product lineup in categories that are doing well, 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 performed 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, and other products contributed to earnings by strengthening the product lineup, fan base and customer touch points.

As a result, net sales in the Toys and Hobby Business were 249,810 million yen (year-on-year increase of 17.1%), and segment profit was 45,753 million yen (year-on-year increase of 36.3%).

IP Production Business

As for the IP Production Business, we produced several new works in video production, including TV animation programs and theatrical productions. Among those, *Mobile Suit Gundam the Witch from Mercury* brought in a new fan base and led to strong sales of the Group's products and services. In addition, the performances of licensing businesses and video streaming related to works, such as the *Gundam series*, the *LoveLive! series*, *IDOLiSH7*, *That Time I Got Reincarnated as a Slime*, and *BLUELOCK*, were favorable. On the other hand, the overall business showed a year-on-year decline due to differences in the title lineup in visual and music package sales compared to the same period of the previous year and a decrease in the number of large-scale live concerts held in live events.

As a result, net sales in the IP Production Business were 33,337 million yen (year-on-year decrease of 4.9%), and segment profit was 2,347 million yen (year-on-year decrease of 32.1%).

Amusement Business

As for the Amusement Business, net sales for existing amusement facilities in Japan increased to 102.4% year on year. In addition, store development unique to Bandai Namco and linked to the Group's products and services, such as the Bandai Namco Cross Store and the GASHAPON Department Store, saw strong performance. In arcade games, sales of the new product *Mobile Suit Gundam Extreme Vs. 2 Overboost* and *Update kit* for the popular series were strong. In addition, we continued our efforts to improve efficiency in light of changes in the external environment, such as rising fuel prices.

As a result, net sales in the Amusement Business were 59,253 million yen (year-on-year increase of 21.8%), and segment profit was 6,977 million yen (year-on-year increase of 45.2%).

Other Businesses

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

Net sales in the Other Businesses were 16,039 million yen (year-on-year increase of 6.4%), and segment profit was 661 million yen (year-on-year increase of 44.7%).

(2) Explanation Regarding Financial Position

At the end of the second quarter of the fiscal year ending March 31, 2024, total assets stood at 974,757 million yen, an increase of 48,399 million yen from the end of the previous fiscal year. The main factors were increases of 41,785 million yen in trade receivables and contract assets, 7,407 million yen in finished goods and merchandise, 13,723 million yen in work in process, 6,929 million yen in property, plant and equipment and 8,954 million yen in investment securities, despite a decrease of 36,708 million yen in cash and time deposits.

Total liabilities amounted to 285,927 million yen, an increase of 11,702 million yen from the end of the previous fiscal year. The main factor was an increase of 12,626 million yen in trade payables.

Total net assets stood at 688,830 million yen, an increase of 36,696 million yen from the end of the previous fiscal year. The main factors were increases of 12,772 million yen in retained earnings, 5,414 million yen in valuation difference on available-for-sale securities, net of tax, and 14,971 million yen in foreign currency translation adjustments.

As a result, the equity ratio became 70.6% compared with 70.4% at the end of the previous fiscal year.

(3) Explanation Regarding Consolidated Projections and Other Forward-Looking Statements

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 who we are as a 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

From April 2022, we have established our new Purpose "Fun for All into the Future" as the ultimate definition of who we are as a Group, conveying "the reason for our existence," "why we conduct our businesses and corporate activities," and "the meaningfulness we derive from working at Bandai Namco Group." 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.

<Bandai Namco's Purpose>

Fun for All into the Future

Bandai Namco exists to share dreams, fun and inspiration with people around the world.

Connecting people and societies in the enjoyment of uniquely entertaining products and services, we're working to create a brighter future for everyone.

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.

<New logo>



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

In accordance with our 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 accordance with our Purpose "Fun for All into the Future," as we work toward what the Bandai Namco Group aims to be, under the Mid-term Plan we will strive to always meet the needs of IP fans, a wide range of business partners, Group employees, and communities around the world and to foster broad, deep, 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 a metaverse for each IP 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 yen in strategic investment to accelerate evolution in the IP axis strategy.

Strategic investment to maximize IP value: 25.0 billion yen

Investment to develop the IP Metaverse: 15.0 billion yen

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 various talents, personalities, and values can thrive. We will further focus on recruiting and promoting human resources regardless of whether they are new graduates or mid-career hires and regardless of gender, age, nationality, race, religion, or sexual orientation. In addition, we will focus on developing systems and environments that enable a diversity 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 to support challenges taken on by employees and the development of human resources to promote the IP axis strategy on a global scale, as well as new and diverse ways to work.

In addition, we will actively engage in cooperation and collaboration with external human resources.

Sustainability: Connecting to smiles into the future

Under our Purpose "Fun for All into the Future" and "Bandai Namco Group Sustainability Policy," the Group has identified five themes that need to be addressed with particular importance as Material Issues. We are promoting various specific action plans linked to our businesses, such as initiatives to introduce electricity derived from renewable energy, eliminate petroleum-derived plastics, and promote the collection and recycling of model kit runners and empty capsules. Furthermore, to respond to the natural environmental problems that society is facing, we will set targets and steps for reduction of carbon dioxide emissions from the use of energy and strive to advance efforts toward 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.

<Specified Material Issues>

- 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

In order to further increase corporate value by strengthening our corporate governance system and implementing rapid decision-making and business execution, we made the transition to a company with an Audit & Supervisory Committee in June 2022.

- 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, shareholder return policy

- Fiscal year ending March 31, 2025: Numerical targets

Consolidated net sales:	1,100.0 billion yen
Consolidated operating profit:	125.0 billion yen
ROE:	12% or more

In the future, the Bandai Namco Group aims to always meet the needs of IP fans, a wide range of business partners, Group employees, and communities around the world and to foster broad, deep, multifaceted connection, 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.

The Company has carefully reviewed its consolidated projections for the fiscal year ending March 31, 2024, giving attention to such factors as the actual results of the second quarter (six months), the development of the IP and the rollout of products and services in each business from the third quarter onward, and the impact of fluctuations in currency exchange rate. As a result, the Company expects non-operating income, mainly from currency exchange, to increase and has upwardly revised recurring profit from the projections announced on May 10, 2023.

Revisions to consolidated projections for the full fiscal year ending March 31, 2024
(April 1, 2023 to March 31, 2024)

	Net sales	Operating profit	Recurring profit	Profit attributable to owners of parent	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previous projections (A)	1,000,000	125,000	129,000	91,000	137.87
Revised projections (B)	1,000,000	125,000	134,000	91,000	137.85
Change in amount (B-A)	-	-	5,000	-	-
Change (%)	-	-	3.9	-	-
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2023)	990,089	116,472	128,006	90,345	136.88

Note: The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Basic earnings per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2023)	Current 2nd Quarter (As of September 30, 2023)
Assets		
Current assets		
Cash and time deposits	280,226	243,517
Trade receivables and contract assets	99,007	140,793
Finished goods and merchandise	41,324	48,731
Work in process	104,835	118,558
Raw materials and supplies	6,063	7,967
Other current assets	62,266	65,551
Allowance for doubtful receivables	(1,086)	(1,139)
Total current assets	592,637	623,980
Fixed assets		
Property, plant and equipment	107,458	114,388
Intangible assets		
Goodwill	14,561	13,325
Other intangible assets	21,622	23,727
Total intangible assets	36,183	37,052
Investments and other assets		
Investment securities	140,706	149,660
Other investments and assets	50,029	50,395
Allowance for doubtful receivables	(656)	(718)
Total investments and other assets	190,078	199,337
Total fixed assets	333,720	350,777
Total assets	926,358	974,757

(¥ million)

	Prior Fiscal Year (As of March 31, 2023)	Current 2nd Quarter (As of September 30, 2023)
Liabilities		
Current liabilities		
Trade payables	99,244	111,871
Short-term borrowings	10,770	11,129
Accrued income taxes	26,022	24,454
Provision	4,078	1,265
Other current liabilities	107,206	108,811
Total current liabilities	247,323	257,531
Long-term liabilities		
Provision	118	118
Net defined benefit liability	3,710	3,274
Other long-term liabilities	23,071	25,001
Total long-term liabilities	26,901	28,395
Total liabilities	274,224	285,927
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Capital surplus	52,897	53,321
Retained earnings	523,923	536,695
Treasury stock	(2,102)	(2,055)
Total stockholders' equity	584,718	597,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	62,671	68,085
Deferred gains or losses on hedges, net of tax	(656)	2,214
Revaluation reserve for land, net of tax	(4,016)	(4,016)
Foreign currency translation adjustments	11,049	26,020
Remeasurements of defined benefit plans, net of tax	(1,915)	(1,732)
Total accumulated other comprehensive income	67,132	90,571
Non-controlling interests	282	297
Total net assets	652,133	688,830
Total liabilities and net assets	926,358	974,757

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

(¥ million)

	Prior 2nd Quarter (From April 1, 2022 to September 30, 2022)	Current 2nd Quarter (From April 1, 2023 to September 30, 2023)
Net sales	477,620	502,002
Cost of sales	282,003	304,749
Gross profit	195,616	197,253
Selling, general and administrative expenses	114,008	131,773
Operating profit	81,607	65,479
Non-operating income		
Foreign exchange gains	7,085	4,060
Other non-operating income	3,898	4,672
Total non-operating income	10,983	8,733
Non-operating expenses		
Interest expenses	158	139
Loss on valuation of derivatives	-	82
Other non-operating expenses	67	58
Total non-operating expenses	225	280
Recurring profit	92,365	73,931
Extraordinary income		
Compensation income	-	508
Other extraordinary income	650	95
Total extraordinary income	650	603
Extraordinary loss		
Loss on valuation of investment securities	283	291
Other extraordinary loss	470	239
Total extraordinary loss	754	530
Profit before income taxes	92,261	74,004
Income taxes	25,666	21,823
Profit	66,594	52,180
Profit attributable to non-controlling interests	37	13
Profit attributable to owners of parent	66,557	52,167

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior 2nd Quarter (From April 1, 2022 to September 30, 2022)	Current 2nd Quarter (From April 1, 2023 to September 30, 2023)
Profit	66,594	52,180
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	9,458	5,333
Deferred gains or losses on hedges, net of tax	495	2,866
Foreign currency translation adjustments	13,967	14,972
Remeasurements of defined benefit plans, net of tax	236	183
Share of other comprehensive income of associates accounted for using equity method	(10)	83
Total other comprehensive income	24,147	23,440
Comprehensive income	90,741	75,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	90,704	75,606
Comprehensive income attributable to non-controlling interests	37	14

(3) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Stockholders' Equity)

Not applicable.

(Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements)

(Calculation of taxes)

Taxes are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the current second quarter, and next by multiplying the profit before income taxes by such estimated effective tax rate.

(Segment Information)

I Prior 2nd Quarter (From April 1, 2022 to September 30, 2022)

1. Information regarding the amounts of net sales and profit/loss by reportable segment

(¥ million)

	Reportable segments					Other (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated Total (Note 3)
	Digital Business	Toys and Hobby Business	IP Produc- tion Business	Amuse- ment Business	Subtotal				
Net sales									
To external customers	191,791	206,586	27,945	47,962	474,285	3,334	477,620	-	477,620
Inter-segment sales and transfers	2,106	6,782	7,119	695	16,703	11,735	28,439	(28,439)	-
Total	193,897	213,368	35,065	48,657	490,989	15,070	506,059	(28,439)	477,620
Segment profit	44,649	33,562	3,459	4,804	86,475	456	86,932	(5,324)	81,607

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

2. Included in the 5,324 million yen deducted from segment profit as adjustment are an addition of 259 million yen in inter-segment eliminations, and a deduction of 5,584 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.

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

2. Information regarding loss on impairment of fixed assets and goodwill by reportable segment

(Material loss on impairment of fixed assets)

Not applicable.

(Material changes in the amount of goodwill)

Not applicable.

(Material gains on negative goodwill)

Not applicable.

II Current 2nd Quarter (From April 1, 2023 to September 30, 2023)

1. Information regarding the amounts of net sales and profit/loss by reportable segment

(¥ million)

	Reportable segments					Other (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated Total (Note 3)
	Digital Business	Toys and Hobby Business	IP Produc- tion Business	Amuse- ment Business	Subtotal				
Net sales									
To external customers	171,717	241,136	27,509	58,829	499,192	2,810	502,002	-	502,002
Inter-segment sales and transfers	2,599	8,674	5,828	424	17,526	13,229	30,756	(30,756)	-
Total	174,316	249,810	33,337	59,253	516,719	16,039	532,759	(30,756)	502,002
Segment profit	15,516	45,753	2,347	6,977	70,595	661	71,256	(5,777)	65,479

- Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services for each of the Group companies are classified.
2. Included in the 5,777 million yen deducted from segment profit as adjustment are an addition of 6 million yen in inter-segment eliminations, and a deduction of 5,783 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
3. Segment profit is adjusted with operating profit in the consolidated statements of operations.

2. Information regarding loss on impairment of fixed assets and goodwill by reportable segment

(Material loss on impairment of fixed assets)

Not applicable.

(Material changes in the amount of goodwill)

Not applicable.

(Material gains on negative goodwill)

Not applicable.