



BANDAI NAMCO Holdings Inc.

Consolidated Financial Report for the Third Quarter of the Fiscal Year Ending March 31, 2020

February 6, 2020

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- 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/>)

February 6, 2020

Consolidated Financial Report for the Third Quarter of the Fiscal Year Ending March 31, 2020 (Japanese GAAP)

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Scheduled filing date of the quarterly security report: February 13, 2020

Scheduled starting date for dividend payments: –

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 Third Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results (For the Nine Months Ended December 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Third Quarter of the Fiscal Year Ending March 31, 2020	532,576	0.7	72,096	3.2	73,431	2.8
Third Quarter of the Fiscal Year Ended March 31, 2019	528,763	9.4	69,855	30.7	71,455	30.6

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Third Quarter of the Fiscal Year Ending March 31, 2020	52,904	(1.1)	240.69	–
Third Quarter of the Fiscal Year Ended March 31, 2019	53,501	30.9	243.43	–

(Note) Comprehensive income: 56,427 million yen [3.9%] (FY2020.3 3Q), 54,325 million yen [9.7%] (FY2019.3 3Q)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of December 31, 2019	620,261	458,242	73.1
As of March 31, 2019	612,955	429,644	70.0

(Reference) Equity: 453,347 million yen (as of December 31, 2019), 429,031 million yen (as of March 31, 2019)

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, 2019	–	¥18.00	–	¥127.00	¥145.00
Fiscal Year Ending March 31, 2020	–	¥20.00	–		
Fiscal Year Ending March 31, 2020 (Projections)				¥103.00	¥123.00

(Note) Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2020: Yes
For details of the revisions to the projection of cash dividend, please refer to “Notice Regarding Revision to Projection of Cash Dividend for the Fiscal Year Ending March 31, 2020” announced today (February 6, 2020).

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	720,000	(1.7)	75,000	(10.8)	76,500	(11.9)	54,000	(14.8)	245.71

(Note) Revision to the projections: Yes
Consolidated projections for the full fiscal year ending March 31, 2020 (announced on May 9, 2019) are revised in this document.
For more details, 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 Third Quarter” on page 3 of the attached material.

* 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 9 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimation: No
- Restatement: No

(Note) For more details, please refer to the section of “(3) Notes to Consolidated Financial Statements, (Changes in Accounting Policies)” of “2. Consolidated Financial Statements and Significant Notes” on page 9 of the attached material.

(4) Number of Issued Shares (Common Stock)

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

As of December 31, 2019	222,000,000 shares
As of March 31, 2019	222,000,000 shares
- Number of shares of treasury stock at the end of the period

As of December 31, 2019	2,323,961 shares
As of March 31, 2019	2,209,402 shares
- Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the Third Quarter of the Fiscal Year Ending March 31, 2020	219,798,938 shares
For the Third Quarter of the Fiscal Year Ended March 31, 2019	219,778,487 shares

* 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 Third 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 February 6, 2020.

Attached Material

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1. Qualitative Information Regarding Consolidated Results for the Third Quarter

(1) Explanation Regarding Operating Results

During the third quarter (nine months) of the fiscal year ending March 31, 2020, the economy continued to moderately recover in Japan. However, overseas economies were showing a slowdown trend. In addition, the future outlook for the overall economy and personal consumption remained uncertain both in Japan and overseas.

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

During the third quarter (nine months), the Toys and Hobby Business performed favorably, gaining in popularity in products for the mature fan base in Japan and overseas, and key IP products and services in each business segment also performed stably.

Consequently, the Group’s consolidated results for the third quarter (nine months) were net sales of 532,576 million yen (year-on-year increase of 0.7%), operating profit of 72,096 million yen (year-on-year increase of 3.2%), recurring profit of 73,431 million yen (year-on-year increase of 2.8%), and profit attributable to owners of parent of 52,904 million yen (year-on-year decrease of 1.1%).

Operating results by segment are as follows.

Toys and Hobby Business

As for the Toys and Hobby Business, in Japan, products for the mature fan base such as plastic models of the *Mobile Suit Gundam* series and collectible figures performed favorably along with long-established IP toys and peripheral products, such as the *DRAGON BALL* series, the *KAMEN RIDER* series, the *Super Sentai* series, and *ONE PIECE*. Overseas, in the Asian region, products for the mature fan base and products such as *ULTRAMAN* series gained in popularity. In the Americas and Europe, the Group promoted efforts to strengthen sales and marketing of products for both children and the mature fan base.

As a result, net sales in the Toys and Hobby Business were 200,981 million yen (year-on-year increase of 9.3%), and segment profit was 28,699 million yen (year-on-year increase of 29.9%).

Network Entertainment Business

As for the Network Entertainment Business, in network content, key titles being distributed worldwide such as the *DRAGON BALL* series and *ONE PIECE*, and key titles in Japan such as *The iDOLM@STER* series, continued to perform stably due to ongoing measures targeting users. In home video games, the new title *CODE VEIN* was launched, while repeat sales of existing titles such as the *DRAGON BALL* series, *TEKKEN 7*, and *DARK SOULS* series enjoyed popularity, primarily overseas, due to continuous measures for users.

As a result, net sales in the Network Entertainment Business were 232,034 million yen (year-on-year decrease of 2.7%), and segment profit was 36,485 million yen (year-on-year increase of 3.1%).

Real Entertainment Business

As for the Real Entertainment Business, in amusement facilities, net sales in existing facilities in Japan was up year on year, and we promoted the development of new business formats that provide venue where customers are able to enjoy experiences that only BANDAI NAMCO can offer. Net sales of arcade games did not reach the level seen in the same period of the previous fiscal year, when a new major title and a new version of a popular title were launched.

As a result, net sales in the Real Entertainment Business were 69,022 million yen (year-on-year decrease of 8.1%), and segment profit was 1,154 million yen (year-on-year decrease of 72.2%).

Visual and Music Production Business

As for the Visual and Music Production Business, we stirred up public attention through the development of IP productions, such as the sales of visual and music package software and the holding of live events of *The iDOLM@STER* series, *LoveLive! Sunshine!!* and *IDOLiSH 7*, and the cinematic release of a new *GIRLS und PANZER* movie, leading to those

series gaining popularity. However, profits did not reach the level seen in the same period of the previous fiscal year, when the Company launched several high-added-value package software, due to differences in the product mix.

As a result, net sales in the Visual and Music Production Business were 31,611 million yen (year-on-year decrease of 0.1%), and segment profit was 5,596 million yen (year-on-year decrease of 22.7%).

IP Creation Business

As for the IP Creation Business, in visual production, we stirred up public attention around IP by releasing a new movie to mark the 40th anniversary of the *Mobile Suit Gundam* series, and disseminating various information, which brought greater popularity for those series. We also took steps to strengthen our Group-wide initiatives and animation production structure, and so forth, with a view to enhancing IP creation. The license business did not reach the level seen in the same period of the previous fiscal year; however, the impact on profit was limited due to changes in the transaction mix.

As a result, net sales in the IP Creation Business were 11,714 million yen (year-on-year decrease of 21.2%), and segment profit was 3,515 million yen (year-on-year decrease of 1.3%).

Other Businesses

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

Net sales in the Other Businesses were 23,543 million yen (year-on-year increase of 4.3%), and segment profit was 1,367 million yen (year-on-year increase of 33.4%).

(2) Explanation Regarding Financial Position

At the end of the third quarter of the fiscal year ending March 31, 2020, total assets stood at 620,261 million yen, an increase of 7,306 million yen from the end of the previous fiscal year. The main factors were increases of 7,002 million yen in finished goods and merchandise, 14,433 million yen in work in process, 11,358 million yen in property, plant and equipment and 15,199 million yen in goodwill mainly due to SOTSU CO., LTD. becoming a consolidated subsidiary, despite a decrease of 46,387 million yen in cash and time deposits mainly due to cash dividends paid.

Total liabilities amounted to 162,019 million yen, a decrease of 21,291 million yen from the end of the previous fiscal year. The main factor was a decrease of 8,845 million yen in trade payables.

Total net assets stood at 458,242 million yen, an increase of 28,598 million yen from the end of the previous fiscal year. The main factor was an increase of 21,957 million yen in retained earnings due to the recording of 52,904 million yen in profit attributable to owners of parent despite cash dividends paid of 32,328 million yen.

As a result, the equity ratio became 73.1% compared with 70.0% at the end of the previous fiscal year.

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

Looking ahead, under our three-year Mid-term Plan, which started in April 2018, we will move ahead with measures under our main strategies—the IP axis strategy, business strategy, region strategy, and personnel strategy. By implementing these main strategies, we aim to further strengthen the Group's business foundation and achieve growth in global markets.

The consolidated projections for the full fiscal year ending March 31, 2020 have been revised, as stated in the table below, in light of the actual results for the third quarter (nine months) of the fiscal year ending March 31, 2020, the lineup and marketing plans of the products and services scheduled in the fourth quarter, along with measures planned to be implemented such as investments targeting business development for the fiscal year ending March 31, 2021 and thereafter.

Revisions to consolidated projections for the full fiscal year ending March 31, 2020
(April 1, 2019 to March 31, 2020)

	Net sales	Operating profit	Recurring profit	Profit attributable to owners of parent	Basic earnings per share
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	(¥)
Previous projections (A)	720,000	70,000	71,000	50,000	227.46
Revised projections (B)	720,000	75,000	76,500	54,000	245.71
Change in amount (B-A)	0	5,000	5,500	4,000	–
Change (%)	0.0	7.1	7.7	8.0	–
(Reference) Results for the previous fiscal year (The full fiscal year ended March 31, 2019)	732,347	84,045	86,863	63,383	288.40

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2019)	Current 3rd Quarter (As of December 31, 2019)
Assets		
Current assets		
Cash and time deposits	213,851	167,463
Trade receivables	93,083	90,473
Finished goods and merchandise	19,062	26,064
Work in process	42,428	56,861
Raw materials and supplies	3,580	4,908
Other current assets	26,836	31,057
Allowance for doubtful receivables	(890)	(1,174)
Total current assets	397,951	375,655
Fixed assets		
Property, plant and equipment	87,593	98,952
Intangible assets		
Goodwill	933	16,132
Other intangible assets	10,912	11,800
Total intangible assets	11,845	27,933
Investments and other assets		
Investment securities	74,023	75,285
Other investments and assets	41,907	42,840
Allowance for doubtful receivables	(366)	(404)
Total investments and other assets	115,564	117,720
Total fixed assets	215,003	244,606
Total assets	612,955	620,261

(¥ million)

	Prior Fiscal Year (As of March 31, 2019)	Current 3rd Quarter (As of December 31, 2019)
Liabilities		
Current liabilities		
Trade payables	74,804	65,959
Provision	3,505	2,725
Other current liabilities	85,583	70,739
Total current liabilities	163,893	139,424
Long-term liabilities		
Net defined benefit liability	10,383	10,749
Other long-term liabilities	9,034	11,846
Total long-term liabilities	19,417	22,595
Total liabilities	183,311	162,019
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Capital surplus	52,308	52,719
Retained earnings	369,315	391,273
Treasury stock	(2,298)	(3,632)
Total stockholders' equity	429,326	450,360
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	20,190	23,555
Deferred gains or losses on hedges, net of tax	5	100
Revaluation reserve for land, net of tax	(5,920)	(5,238)
Foreign currency translation adjustments	(8,864)	(10,200)
Remeasurements of defined benefit plans, net of tax	(5,705)	(5,230)
Total accumulated other comprehensive income	(294)	2,986
Non-controlling interests	612	4,894
Total net assets	429,644	458,242
Total liabilities and net assets	612,955	620,261

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

	(¥ million)	
	Prior 3rd Quarter (From April 1, 2018 to December 31, 2018)	Current 3rd Quarter (From April 1, 2019 to December 31, 2019)
Net sales	528,763	532,576
Cost of sales	332,945	328,646
Gross profit	195,818	203,930
Selling, general and administrative expenses	125,963	131,834
Operating profit	69,855	72,096
Non-operating income		
Interest income	389	545
Dividend income	563	644
Gain on valuation of derivatives	764	-
Other non-operating income	941	1,090
Total non-operating income	2,659	2,280
Non-operating expenses		
Foreign exchange losses	133	817
Provision of allowance for doubtful accounts	853	-
Other non-operating expenses	71	127
Total non-operating expenses	1,059	945
Recurring profit	71,455	73,431
Extraordinary income		
Gain on step acquisitions	-	1,722
Other extraordinary income	424	32
Total extraordinary income	424	1,754
Extraordinary loss		
Loss on impairment of fixed assets	376	304
Other extraordinary loss	466	546
Total extraordinary loss	843	850
Profit before income taxes	71,036	74,335
Income taxes	18,235	21,388
Profit	52,801	52,946
Profit (loss) attributable to non-controlling interests	(699)	42
Profit attributable to owners of parent	53,501	52,904

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior 3rd Quarter (From April 1, 2018 to December 31, 2018)	Current 3rd Quarter (From April 1, 2019 to December 31, 2019)
Profit	52,801	52,946
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	2,139	3,501
Deferred gains or losses on hedges, net of tax	99	94
Revaluation reserve for land, net of tax	–	682
Foreign currency translation adjustments	(888)	(1,343)
Remeasurements of defined benefit plans, net of tax	390	474
Share of other comprehensive income of associates accounted for using equity method	(217)	70
Total other comprehensive income	1,524	3,480
Comprehensive income	54,325	56,427
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	55,025	56,184
Comprehensive income attributable to non-controlling interests	(699)	242

(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 third quarter, and next by multiplying the profit before income taxes by such estimated effective tax rate.

(Changes in Accounting Policies)

(Application of US accounting standard ASU 2014-09 "Revenue from contracts with customers")

Effective from the first quarter ended June 30, 2019, the Company's consolidated subsidiaries in the United States have applied the US accounting standard ASU 2014-09 "Revenue from contracts with customers."

With the application of ASU 2014-09, revenue is required to be recognized at the time of transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In applying this ASU, the Company used the method to recognize the cumulative effect of retrospective adjustments at the date of initial application.

As a result of this change, for the third quarter (nine months), net sales decreased by 1,469 million yen, cost of sales decreased by 483 million yen, while operating profit, recurring profit, and profit before income taxes each decreased by 986 million yen. In addition, the opening balance of retained earnings increased by 936 million yen.

(Application of IFRS 16 "Leases")

Effective from the first quarter ended June 30, 2019, some overseas consolidated subsidiaries applied IFRS 16 "Leases."

IFRS 16 requires the recognition by the lessee for all leases in principle of right-of-use assets, being the right to use the underlying asset, and lease liabilities, being the obligation to make lease payments. In applying the standard, the Company used the method to recognize the cumulative effect of retrospective adjustments at the date of initial application.

As a result of this change, in the consolidated balance sheets of the third quarter (nine months), current assets, property, plant and equipment, current liabilities, and long-term liabilities increased by 28 million yen, 3,127 million yen, 1,027 million yen, and 2,070 million yen, respectively, while investments and other assets decreased by 150 million yen. The effect of this change on operating profit, recurring profit, and profit before income taxes for the third quarter (nine months) is immaterial. In addition, the opening balance of retained earnings increased by 12 million yen.

(Segment Information)**I. Prior 3rd quarter (From April 1, 2018 to December 31, 2018)****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)
	Toys and Hobby Business	Network Entertain- ment Business	Real Entertain- ment Business	Visual and Music Production Business	IP Creation Business	Subtotal				
Net sales										
To external customers	177,671	232,937	74,290	26,074	10,692	521,667	7,096	528,763	–	528,763
Inter-segment sales and transfers	6,292	5,579	840	5,553	4,175	22,440	15,476	37,917	(37,917)	–
Total	183,963	238,517	75,130	31,627	14,867	544,107	22,572	566,680	(37,917)	528,763
Segment profit	22,099	35,383	4,145	7,241	3,562	72,433	1,024	73,458	(3,603)	69,855

- Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group companies are classified.
2. Included in the 3,603 million yen deducted from segment profit as adjustment are an addition of 547 million yen in inter-segment eliminations, and a deduction of 4,150 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 3rd quarter (From April 1, 2019 to December 31, 2019)

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)
	Toys and Hobby Business	Network Entertain- ment Business	Real Entertain- ment Business	Visual and Music Production Business	IP Creation Business	Subtotal				
Net sales										
To external customers	194,718	228,362	68,486	26,378	7,689	525,635	6,940	532,576	–	532,576
Inter-segment sales and transfers	6,262	3,672	536	5,233	4,024	19,729	16,602	36,331	(36,331)	–
Total	200,981	232,034	69,022	31,611	11,714	545,365	23,543	568,908	(36,331)	532,576
Segment profit	28,699	36,485	1,154	5,596	3,515	75,451	1,367	76,819	(4,722)	72,096

- Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group companies are classified.
2. Included in the 4,722 million yen deducted from segment profit as adjustment are an addition of 357 million yen in inter-segment eliminations, and a deduction of 5,079 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)

In “Other” segment, SOTSU CO., LTD., an affiliate of the Company to which the equity-method is applicable, became a subsidiary as a result of the additional acquisition of its shares, and said company was included in the scope of consolidation from the third quarter of the fiscal year ending March 31, 2020.

An increase in goodwill of 14,355 million yen was recognized by this event. The amount of goodwill is calculated on a provisional basis because the allocation of acquisition cost has not been completed at the end of the third quarter of the fiscal year ending March 31, 2020.

(Material gains on negative goodwill)

Not applicable.

3. Information regarding changes to reportable segments, etc.

(Application of US accounting standard ASU 2014-09 “Revenue from contracts with customers”)

As described under “Changes in Accounting Policies,” the Company’s consolidated subsidiaries in the United States have applied US accounting standard ASU 2014-09 “Revenue from contracts with customers” effective from the first quarter ended June 30, 2019. Consequently, they changed their method of revenue recognition to the method in which revenue is recognized at the time of transfer of promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services.

In accordance with this change, compared to the previous method of revenue recognition, for the third quarter (nine months) in the Network Entertainment Business, the amount of net sales recorded decreased by 1,469 million yen and the amount of segment profit decreased by 986 million yen.