



BANDAI NAMCO Holdings Inc.

Consolidated Financial Report for the Fiscal Year Ended

March 31, 2020

May 20, 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/>)

May 20, 2020

Consolidated Financial Report for the Fiscal Year Ended March 31, 2020 (Japanese GAAP)

Representative: Mitsuaki Taguchi, President and Representative Director
 Contact: Yuji Asako, Director, Division General Manager of the Corporate Planning Division
 Date of Ordinary General Meeting of Shareholders: June 22, 2020
 Scheduled starting date for dividend payments: June 23, 2020
 Scheduled filing date of the annual security report: June 22, 2020
 The Financial Highlights of the Financial Results: Yes
 The information session of the Financial Results: Yes (for institutional investors and analysts)

* Figures are in millions of yen, rounded down

1. Consolidated Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2020	723,989	(1.1)	78,775	(6.3)	79,797	(8.1)
Fiscal Year Ended March 31, 2019	732,347	8.0	84,045	12.0	86,863	15.2

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2020	57,665	(9.0)	262.39	—
Fiscal Year Ended March 31, 2019	63,383	17.1	288.40	—

(Note) Comprehensive income: 53,312 million yen [(23.8)%] (FY2020.3), 69,952 million yen [24.9%] (FY2019.3)

	ROE (Profit attributable to owners of parent / Net assets)	ROA (Recurring profit / Total assets)	Operating margin (Operating profit / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2020	13.1	12.9	10.9
Fiscal Year Ended March 31, 2019	15.5	15.1	11.5

(Reference) Gain or loss from application of equity method: (182) million yen (FY2020.3), 242 million yen (FY2019.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2020	619,819	454,684	72.5	2,045.25
As of March 31, 2019	612,955	429,644	70.0	1,952.00

(Reference) Equity: 449,292 million yen (as of March 31, 2020), 429,031 million yen (as of March 31, 2019)

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended March 31, 2020	43,131	(23,067)	(35,258)	188,667
Fiscal Year Ended March 31, 2019	79,811	(24,899)	(28,972)	206,270

2. Cash Dividends

	Annual cash dividends					Total dividend payment (Full year) ¥ million	Payout ratio (Consolidated) %	Dividend / Net assets (Consolidated) %
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	¥	¥	¥	¥	¥			
Fiscal Year Ended March 31, 2019	–	18.00	–	127.00	145.00	31,888	50.3	7.8
Fiscal Year Ended March 31, 2020	–	20.00	–	112.00	132.00	29,034	50.3	6.6
Fiscal Year Ending March 31, 2021 (Projections)	–	21.00	–	21.00	42.00		–	

(Note) Concerning the projected amounts of the end of second quarter and year-end cash dividends for the fiscal year ending March 31, 2021, 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, 2021, will be considered by the Company based on the basic policy on the distribution of profits.

3. Consolidated Projections for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Consolidated projections for the fiscal year ending March 31, 2021 are undetermined as it is difficult to accurately calculate earnings forecasts given the diverse impacts of the spread of the novel coronavirus. The consolidated projections for the fiscal year ending March 31, 2021 will be disclosed promptly once it become possible to calculate them accurately.

* Notes

(1) Changes in Significant Subsidiaries during the Period

(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): No

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

a) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

c) Changes in accounting estimation: No

d) Restatement: No

(Note) For more details, please refer to the section of "(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" of "3. Consolidated Financial Statements and Significant Notes" on page 17 of the attached material.

(3) Number of Issued Shares (Common Stock)

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

As of March 31, 2020 222,000,000 shares

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

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

As of March 31, 2020 2,324,320 shares

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

c) Average number of shares during the period

For the Fiscal Year Ended March 31, 2020 219,770,515 shares

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

(Reference) Non-consolidated Information

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2020	32,419	26.6	26,747	29.7	27,554	29.1
Fiscal Year Ended March 31, 2019	25,604	21.5	20,616	30.0	21,341	31.5

	Profit		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2020	27,177	28.3	123.56	–
Fiscal Year Ended March 31, 2019	21,181	30.7	96.32	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2020	414,488	245,921	59.3	1,118.04
As of March 31, 2019	411,545	254,128	61.7	1,155.56

(Reference) Equity: 245,921 million yen (as of March 31, 2020), 254,128 million yen (as of March 31, 2019)

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

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

Projections are undetermined as it is difficult to accurately calculate earnings forecasts given the diverse impacts of the spread of the novel coronavirus. The projections will be disclosed promptly once it become possible to calculate them accurately.

- To Obtain Financial Highlights:

The Financial Highlights will be posted on the Company's website on May 20, 2020.

Attached Material

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Period (April 1, 2019 to March 31, 2020)

During the fiscal year ended March 31, 2020, the economy continued to moderately recover until the third quarter in Japan. However, overseas economies were showing a slowdown trend. In addition, the global economy as a whole was significantly affected by the spread of COVID-19 in the fourth quarter.

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

During this fiscal year, although there were effects from the spread of COVID-19 in the fourth quarter, 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 fiscal year ended March 31, 2020 were net sales of 723,989 million yen (year-on-year decrease of 1.1%), operating profit of 78,775 million yen (year-on-year decrease of 6.3%), recurring profit of 79,797 million yen (year-on-year decrease of 8.1%), and profit attributable to owners of parent of 57,665 million yen (year-on-year decrease of 9.0%).

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 the *ULTRAMAN* series gained in popularity. In the Americas and Europe, the Group promoted efforts to strengthen sales and marketing of products for the mature fan base.

As a result, net sales in the Toys and Hobby Business were 253,714 million yen (year-on-year increase of 4.5%), and segment profit was 26,733 million yen (year-on-year increase of 23.1%).

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, new titles such as *DRAGON BALL Z KAKAROT* and *CODE VEIN* gained in popularity, and repeat sales of existing titles such as the *DRAGON BALL* series, *TEKKEN 7*, and the *DARK SOULS* series enjoyed popularity, primarily overseas, due to ongoing measures targeting users.

As a result, net sales in the Network Entertainment Business were 328,079 million yen (year-on-year decrease of 3.8%), and segment profit was 43,879 million yen (year-on-year decrease of 7.7%).

Real Entertainment Business

As for the Real Entertainment Business, in amusement facilities, net sales in existing facilities in Japan continued to perform stably, and we promoted the development of new business formats that provide venues where customers are able to enjoy experiences that only BANDAI NAMCO can offer. However, the business was affected by the closure of facilities both in Japan and overseas due to the spread of COVID-19 in the fourth quarter. Performance of amusement machines did not reach the level seen in the previous fiscal year when a new major title and a new version of a popular title were launched, owing to factors including the postponement of the launch of new products. In light of the current market environment, we recorded a loss on valuation such as works in process for amusement machines and a loss on impairment of fixed assets related to certain facilities as extraordinary loss.

As a result, net sales in the Real Entertainment Business were 91,753 million yen (year-on-year decrease of 9.6%), and segment loss was 1,502 million yen (segment profit for the previous fiscal year was 4,264 million yen).

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 previous fiscal year when the Company launched several high-added-value package software products, due to differences in the product mix and the postponement or cancellation of events in response to the spread of COVID-19 in the fourth quarter.

As a result, net sales in the Visual and Music Production Business were 46,951 million yen (year-on-year increase of 3.1%), and segment profit was 8,032 million yen (year-on-year decrease of 8.7%).

IP Creation Business

As for the IP Creation Business, in visual production, we stirred up public attention around IP by releasing a new movie and disseminating various information for the *Mobile Suit Gundam* series, which marked its 40th anniversary, and other series, which brought greater popularity to those series. We also took steps such as those to strengthen our Group-wide initiatives and animation production structure with a view to enhancing IP creation. Profits were up year on year due to factors including differences in the product mix.

As a result, net sales in the IP Creation Business were 19,750 million yen (year-on-year decrease of 12.1%), and segment profit was 5,758 million yen (year-on-year increase of 14.7%).

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 have been making efforts to manage such operations related to group support in an efficient manner.

Net sales in the Other Businesses were 35,752 million yen (year-on-year increase of 20.1%), and segment profit was 1,864 million yen (year-on-year increase of 55.7%).

(2) Overview of Financial Position for the Period

At the end of the fiscal year ended March 31, 2020, total assets stood at 619,819 million yen, an increase of 6,864 million yen from the end of the previous fiscal year. The main factors were increases of 8,670 million yen in work in process, 9,313 million yen in property, plant and equipment such as construction in progress, 14,771 million yen in goodwill mainly due to SOTSU CO., LTD. becoming a consolidated subsidiary, despite a decrease of 23,995 million yen in cash and time deposits.

Total liabilities amounted to 165,135 million yen, a decrease of 18,175 million yen from the end of the previous fiscal year. The main factor was a decrease of 17,138 million yen in other current liabilities mainly due to a decrease in accrued income taxes.

Total net assets stood at 454,684 million yen, an increase of 25,040 million yen from the end of the previous fiscal year. The main factor was an increase of 25,383 million yen in retained earnings due to the recording of 57,665 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 72.5% compared with 70.0% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Period

As of the end of the fiscal year, cash and cash equivalents (“funds”) remaining on hand had decreased by 17,603 million yen from the end of the previous fiscal year to 188,667 million yen.

Below is the breakdown of cash flows by activities.

(Cash Flows from Operating Activities)

The amount of funds provided by operating activities totaled 43,131 million yen (year-on-year decrease of 46.0%). As a breakdown of funds used, income taxes paid was 36,079 million yen (compared with 21,186 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to profit before income taxes of 78,753 million yen (compared with 86,838 million yen in the previous fiscal year) and depreciation and amortization of 23,239 million yen (compared with 21,370 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 23,067 million yen (year-on-year decrease of 7.4%). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets totaling 22,629 million yen (compared with 15,341 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities totaled 35,258 million yen (year-on-year increase of 21.7%). The main breakdown of funds used was cash dividends paid of 32,328 million yen (compared with 28,366 million yen in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2016.3	FY2017.3	FY2018.3	FY2019.3	FY2020.3
Equity ratio (%)	70.6	71.3	71.5	70.0	72.5
Equity ratio (market capitalization basis) (%)	120.2	149.9	142.1	186.1	185.8
Cash flows to interest bearing debt ratio (years)	0.0	0.0	0.0	0.0	0.1
Interest coverage ratio (times)	1,123.3	1,718.0	1,468.2	2,180.5	345.8

Equity ratio: Total stockholders' equity/Total assets

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

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

Interest coverage ratio: Cash flow/Interest expenses

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

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

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

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

(4) Future Outlook

Looking ahead, the Group expects uncertainty to continue in countries around the world due to the impact of the spread of COVID-19 on society, the overall economy, people's daily lives and consumption. Furthermore, we expect the changes occurring in the market environment and in user preferences to become more extreme.

Under these circumstances, the Group will continue carrying out initiatives to prevent the spread of COVID-19, giving the highest priority to the safety of our stakeholders, including employees and their families, and customers. Moreover, as a member of society, we wish to respond to the requests from society and our customers under our Group's mission to offer "Dreams, Fun and Inspiration" to people around the world through products and services.

On the business front, the Group is working to minimize the impact that the spread of COVID-19 is having on society, the overall economy, people's daily lives and consumption, and the impact from the change in the market environment and user preferences, by continuing to collect information and take flexible countermeasures. Furthermore, the Group will clearly identify the achievements and challenges of the key strategies of the Mid-term Plan currently underway (*) and reflect them in the strategies of the next Mid-term Plan to start in April 2021.

In the fiscal year ending March 31, 2021, the outlook of the social and economic impacts from the spread of COVID-19 in countries around the world is expected to continue to be unclear. If the spread of infection continues, the Group's businesses may become subject to the following major impacts in Japan and overseas:

- Impact on consumption due to factors including the closure of sales outlets
- Postponement or cancellation of events and an associated impact on promotion
- Impact on the development schedule of products
- Impact on the production schedule of the Group's factories and other cooperating factories
- Impact on the development schedule of home video games and network content and on operation systems
- Impact from the closure of amusement facilities
- Impact on the schedules or releases of visual productions

In light of the above circumstances, projection calculations of the consolidated earnings forecasts for the fiscal year ending March 31, 2021 have been deemed too difficult and left undetermined at this present time. Going forward, the Group

will implement various initiatives to mitigate the impacts from the spread of COVID-19 and will promptly disclose the consolidated projections for the fiscal year ending March 31, 2021 once it becomes possible to calculate them reasonably.

* Mid-term Plan of the BANDAI NAMCO Group (From April 2018 to March 2021)

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

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

1. IP axis strategy “Accelerate evolution in IP axis strategy”
To further solidify the IP axis strategy, the Group’s greatest strength, we will drive creation of new IP while continuing to innovate long-established IP.
Boost capability to create IP (structural changes) / Invest aggressively in IP creation
2. Business strategy “Empower push into new entertainment”
To empower a push into new entertainment, we will upgrade and enhance our business infrastructure, expand and strengthen our business fields, and promote incubation.
Establish and enhance business infrastructure / Expand and strengthen business fields / Promote incubation
3. Region strategy “Gain momentum with ALL BANDAI NAMCO”
The regional holding companies and the business of each unit will form a unifying ALL BANDAI NAMCO concept to advance the Group’s strategies autonomously on a regional basis through their deep knowledge of the customer base in each region.
Make full-scale business expansion in the Chinese market / Establish system for ALL BANDAI NAMCO
4. Personnel strategy “Make personnel the core of the Group”
In addition to training the necessary global personnel, actively enabling personnel exchange, and establishing systems for promoting active participation of a diverse workforce, as well as various systems to enable employees to work in good mental and physical health, the Group will work on initiatives such as a proposal system for employees to take up new challenges, and systems for supporting their endeavors.
Establish environment to optimize employees’ performance by tapping their individual strengths, and to empower new ventures

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

(5) Basic Policy on the Distribution of Profits

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

For the annual cash dividend per share for the fiscal year ended March 31, 2020, a performance-based dividend of 92 yen will be added to a base dividend of 40 yen. In total, the annual cash dividend for the fiscal year will be 132 yen per share. Since the Company paid an interim dividend of 20 yen per share on December 6, 2019, the year-end dividend will be 112 yen per share. The Company’s annual dividend forecast for the fiscal year ending March 31, 2021 is 42 yen per share, which is the base dividend set in accordance with the Company’s basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2021 will be considered by the Company based on the basic policy on the distribution of profits.

2. Basic Concept Regarding Selection of Accounting Standards

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

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

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2019)	Current Fiscal Year (As of March 31, 2020)
Assets		
Current assets		
Cash and time deposits	213,851	189,856
Trade receivables	93,083	83,754
Finished goods and merchandise	19,062	22,282
Work in process	42,428	51,098
Raw materials and supplies	3,580	3,409
Other current assets	26,836	34,658
Allowance for doubtful receivables	(890)	(1,398)
Total current assets	397,951	383,662
Fixed assets		
Property, plant and equipment		
Buildings and structures	31,152	33,076
Accumulated depreciation	(16,084)	(17,676)
Buildings and structures, net	15,067	15,399
Amusement facilities and machines	72,882	72,030
Accumulated depreciation	(55,275)	(55,949)
Amusement facilities and machines, net	17,606	16,081
Land	42,677	43,156
Construction in progress	3,175	7,720
Other property, plant and equipment	103,484	126,155
Accumulated depreciation	(94,418)	(111,606)
Other property, plant and equipment, net	9,066	14,548
Total property, plant and equipment	87,593	96,906
Intangible assets		
Goodwill	933	15,704
Other intangible assets	10,912	11,718
Total intangible assets	11,845	27,423
Investments and other assets		
Investment securities	74,023	66,453
Net defined benefit asset	147	223
Deferred tax assets	24,819	27,313
Other investments and assets	16,941	18,270
Allowance for doubtful receivables	(366)	(432)
Total investments and other assets	115,564	111,827
Total fixed assets	215,003	236,157
Total assets	612,955	619,819

(¥ million)

	Prior Fiscal Year (As of March 31, 2019)	Current Fiscal Year (As of March 31, 2020)
Liabilities		
Current liabilities		
Trade payables	74,804	70,169
Provision for directors' bonuses	1,835	1,891
Other provision	1,669	2,001
Other current liabilities	85,583	68,444
Total current liabilities	163,893	142,506
Long-term liabilities		
Net defined benefit liability	10,383	9,840
Deferred tax liabilities for land revaluation	333	249
Other long-term liabilities	8,700	12,538
Total long-term liabilities	19,417	22,628
Total liabilities	183,311	165,135
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Capital surplus	52,308	52,004
Retained earnings	369,315	394,699
Treasury stock	(2,298)	(3,634)
Total stockholders' equity	429,326	453,069
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	20,190	16,837
Deferred gains or losses on hedges, net of tax	5	250
Revaluation reserve for land, net of tax	(5,920)	(3,902)
Foreign currency translation adjustments	(8,864)	(12,321)
Remeasurements of defined benefit plans, net of tax	(5,705)	(4,639)
Total accumulated other comprehensive income	(294)	(3,776)
Non-controlling interests	612	5,392
Total net assets	429,644	454,684
Total liabilities and net assets	612,955	619,819

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

(¥ million)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Net sales	732,347	723,989
Cost of sales	469,791	463,041
Gross profit	262,555	260,948
Selling, general and administrative expenses	178,510	182,172
Operating profit	84,045	78,775
Non-operating income		
Interest income	536	692
Dividend income	584	821
Rent income	398	304
Gain on valuation of derivatives	753	–
Other non-operating income	701	643
Total non-operating income	2,973	2,461
Non-operating expenses		
Interest expense	36	124
Share of loss of entities accounted for using equity method	–	182
Foreign exchange losses	–	1,008
Other non-operating expenses	118	123
Total non-operating expenses	155	1,440
Recurring profit	86,863	79,797
Extraordinary income		
Gain on sales of fixed assets	2,109	1,931
Gain on step acquisitions	–	1,722
Other extraordinary income	228	30
Total extraordinary income	2,338	3,683
Extraordinary loss		
Loss on impairment of fixed assets	954	3,596
Loss on disposal of receivables on affiliated companies	781	–
Other extraordinary loss	627	1,131
Total extraordinary loss	2,362	4,728
Profit before income taxes	86,838	78,753
Corporate income, inhabitant and enterprise taxes	29,566	22,541
Adjustment for income taxes	(5,361)	(1,695)
Total income taxes	24,205	20,845
Profit	62,632	57,908
Profit (loss) attributable to non-controlling interests	(751)	242
Profit attributable to owners of parent	63,383	57,665

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Profit	62,632	57,908
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	8,685	(3,101)
Deferred gains or losses on hedges, net of tax	305	244
Revaluation reserve for land, net of tax	–	682
Foreign currency translation adjustments	(531)	(3,468)
Remeasurements of defined benefit plans, net of tax	(948)	1,065
Share of other comprehensive income of associates accounted for using equity method	(190)	(17)
Total other comprehensive income	7,319	(4,595)
Comprehensive income	69,952	53,312
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	70,700	52,847
Comprehensive income attributable to non-controlling interests	(747)	465

(3) Consolidated Statements of Changes in Net Assets

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

(¥ million)

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

(¥ million)

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

Current Fiscal Year (From April 1, 2019 to March 31, 2020)

(¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,308	369,315	(2,298)	429,326
Cumulative effects of changes in accounting policies			948		948
Restated balance	10,000	52,308	370,264	(2,298)	430,275
Changes during the period					
Cash dividends			(32,328)		(32,328)
Profit attributable to owners of parent			57,665		57,665
Change of scope of consolidation			433	(1,370)	(937)
Capital increase of consolidated subsidiaries		1			1
Change of scope of consolidation - foreign currency translation adjustment					-
Change in ownership interest of parent due to transactions with non-controlling interests		(715)			(715)
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock		409		42	451
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				0	0
Reversal of revaluation reserve for land			(1,335)		(1,335)
Net changes of items other than stockholders' equity					
Total changes during the period	-	(304)	24,434	(1,336)	22,794
Balance at end of year	10,000	52,004	394,699	(3,634)	453,069

(¥ million)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of tax	Deferred gains or losses on hedges, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income		
Balance at beginning of year	20,190	5	(5,920)	(8,864)	(5,705)	(294)	612	429,644
Cumulative effects of changes in accounting policies								948
Restated balance	20,190	5	(5,920)	(8,864)	(5,705)	(294)	612	430,593
Changes during the period								
Cash dividends								(32,328)
Profit attributable to owners of parent								57,665
Change of scope of consolidation							4,032	3,095
Capital increase of consolidated subsidiaries							28	30
Change of scope of consolidation - foreign currency translation adjustment				15		15		15
Change in ownership interest of parent due to transactions with non-controlling interests							274	(441)
Purchase of treasury stock								(8)
Disposal of treasury stock								451
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied								0
Reversal of revaluation reserve for land			1,335			1,335		-
Net changes of items other than stockholders' equity	(3,353)	244	682	(3,472)	1,065	(4,832)	444	(4,388)
Total changes during the period	(3,353)	244	2,017	(3,456)	1,065	(3,482)	4,779	24,091
Balance at end of year	16,837	250	(3,902)	(12,321)	(4,639)	(3,776)	5,392	454,684

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	86,838	78,753
Depreciation and amortization	21,370	23,239
Loss on impairment of fixed assets	954	3,596
Amortization of goodwill	177	667
Increase (decrease) in allowance for doubtful receivables	(1,321)	199
Increase (decrease) in provision for directors' bonuses	31	28
Increase (decrease) in other provision	(541)	504
Increase (decrease) in net defined benefit liability	648	610
Interest and dividend income	(1,121)	(1,514)
Interest expense	36	124
Foreign exchange losses (gains)	126	232
Equity in loss (gain) of affiliated companies	(242)	182
Loss (gain) on valuation of derivatives	(753)	25
Loss on disposal of fixed assets	325	268
Loss (gain) on sales of fixed assets, net	(2,078)	(1,904)
Loss on disposal of amusement facilities and machines	161	337
Loss (gain) on sales of investment securities, net	(226)	(5)
Loss (gain) on step acquisitions	–	(1,722)
Loss on disposal of receivables on affiliated companies	781	–
Decrease (increase) in trade receivables	(4,965)	12,813
Decrease (increase) in inventories	(7,689)	(10,864)
Acquisition of amusement facilities and machines	(10,187)	(7,335)
Increase (decrease) in trade payables	5,270	(7,349)
Increase (decrease) in accounts payable-other	(196)	(4,159)
Increase (decrease) in consumption tax payables	326	89
Increase (decrease) in other current liabilities	13,972	(2,542)
Other	(1,752)	(6,487)
Subtotal	99,945	77,789
Interest and dividends received	1,088	1,545
Interest paid	(36)	(124)
Income taxes paid	(21,186)	(36,079)
Net cash provided by operating activities	79,811	43,131

(¥ million)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Cash flows from investing activities		
Payments into in time deposits	(7,510)	(165)
Proceeds from withdrawal of time deposits	4,482	7,132
Purchases of property, plant and equipment	(10,093)	(16,900)
Proceeds from sales of property, plant and equipment	2,980	2,873
Purchases of intangible assets	(5,247)	(5,728)
Purchases of investment securities	(1,574)	(901)
Proceeds from sales of investment securities	347	108
Purchase of shares of subsidiaries and associates	(4,018)	(560)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(7,531)
Payments for acquisition of businesses	(1,991)	–
Payments of loans receivable	(1,385)	(237)
Collection of loans receivable	892	24
Payments of guarantee deposits	(2,135)	(1,698)
Proceeds from refund of guarantee deposits	541	746
Other	(185)	(229)
Net cash used in investing activities	(24,899)	(23,067)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	94	(1,500)
Proceeds from long-term loans payable	639	200
Repayments of long-term loans payable	(1,266)	(249)
Repayments of lease obligations	(67)	(931)
Purchase of treasury stock	(5)	(8)
Cash dividends paid	(28,366)	(32,328)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(441)
Net cash used in financing activities	(28,972)	(35,258)
Effect of exchange rate changes on cash and cash equivalents	(501)	(2,531)
Net increase (decrease) in cash and cash equivalents	25,438	(17,726)
Cash and cash equivalents at beginning of year	180,831	206,270
Increase in cash and cash equivalents from newly consolidated subsidiary	–	123
Cash and cash equivalents at end of year	206,270	188,667

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Changes in Accounting Policies)

(Application of US GAAP Accounting Standards Update (ASU) No. 2014-09 “Revenue from Contracts with Customers”)

Effective from the fiscal year ended March 31, 2020, the Company’s consolidated subsidiaries in the United States have applied the US GAAP ASU No. 2014-09 “Revenue from Contracts with Customers.”

With the application of ASU No. 2014-09, it is required that, at the time of transfer of the promised goods or services to customers, the Company recognizes revenue 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 in which it recognizes the cumulative effect of retrospective adjustments as of the commencement date of application.

As a result of this change, in the consolidated statements of operations for the fiscal year ended March 31, 2020, net sales increased by 537 million yen, cost of sales increased by 328 million yen, and operating profit, recurring profit, and profit before income taxes each increased by 208 million yen. In addition, the balance at beginning of year of retained earnings in the consolidated statements of changes in net assets increased by 936 million yen.

(Application of IFRS 16 “Leases”)

Effective from the fiscal year ended March 31, 2020, some overseas consolidated subsidiaries applied IFRS 16 “Leases.”

IFRS 16 requires the lessee to recognize both the right-of-use assets, which is the right to use the underlying assets, and the lease liabilities, which is the obligation to make lease payments, for all leases in principle. In applying this standard, the Company used the method in which it recognizes the cumulative effect of retrospective adjustments as of the commencement date of application.

As a result of this change, in the consolidated balance sheets of the fiscal year ended March 31, 2020, current assets increased by 23 million yen, property, plant and equipment increased by 4,794 million yen, current liabilities increased by 1,197 million yen, and long-term liabilities increased by 3,492 million yen, while investments and other assets decreased by 149 million yen. The impact of this change on the consolidated statements of operations is immaterial. In addition, the balance at beginning of year of retained earnings in the consolidated statements of changes in net assets increased by 12 million yen.

(Segment Information)

a. Segment Information

1. Overview of reportable segments

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

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

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

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

2. Method for calculating the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment

The accounting method used for the business segments reported is the same as the accounting method stated in “Important Information Constituting the Basis for Preparation of Consolidated Financial Statements” presented in the most recent annual security report (filed on June 24, 2019).

The profit of reportable segments is measured by operating profit.

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

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

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

(¥ million)

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

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

Current Fiscal Year (From April 1, 2019 to March 31, 2020)

(¥ 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	245,880	322,872	90,983	38,742	13,291	711,770	12,219	723,989	–	723,989
Inter-segment sales and transfers	7,834	5,207	770	8,209	6,458	28,479	23,532	52,012	(52,012)	–
Total	253,714	328,079	91,753	46,951	19,750	740,249	35,752	776,001	(52,012)	723,989
Segment profit (loss)	26,733	43,879	(1,502)	8,032	5,758	82,901	1,864	84,766	(5,991)	78,775
Segment assets	121,625	168,058	62,793	24,384	17,584	394,446	71,390	465,837	153,982	619,819
Others										
Depreciation and amortization	10,815	2,555	7,974	519	46	21,910	591	22,502	737	23,239
Amortization of goodwill	215	–	14	21	56	308	359	667	–	667
Loss on impairment of fixed assets	96	–	3,478	21	–	3,596	–	3,596	–	3,596
Investment in associates accounted for using equity method	801	–	–	–	–	801	10,677	11,479	–	11,479
Increase in property, plant and equipment and intangible assets	11,908	3,692	10,160	650	979	27,392	1,193	28,585	4,820	33,406

- Notes:
- The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group companies are classified.
 - The details of adjustment amounts are as follows:
 - Included in the 5,991 million yen deducted from segment profit (loss) as adjustment are an addition of 920 million yen in inter-segment eliminations, and a deduction of 6,911 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
 - Included in the 153,982 million yen added to segment assets as adjustment are a deduction of 34,501 million yen in inter-segment eliminations, and an addition of 188,484 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
 - Included in the 737 million yen added to depreciation and amortization as adjustment are a deduction of 378 million yen in inter-segment eliminations, and an addition of 1,116 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
 - Included in the 4,820 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.
 - Segment profit (loss) is adjusted with operating profit in the consolidated statements of operations.

b. Related Information

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

1. Information by product and service

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

2. Information by region

(1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
519,068	84,274	63,384	65,619	732,347

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

(2) Property, plant and equipment

(¥ million)

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

3. Information by major customer

(¥ million)

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

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

Current Fiscal Year (From April 1, 2019 to March 31, 2020)

1. Information by product and service

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

2. Information by region

(1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
500,952	91,118	61,374	70,543	723,989

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

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
80,938	2,084	8,159	5,723	96,906

3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Apple Inc.	102,697	Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business
Google Inc.	77,590	Toys and Hobby Business, Network Entertainment Business, and Visual and Music Production Business

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

c. Information Regarding Loss on Impairment of Fixed Assets by Reportable Segment**Prior Fiscal Year (From April 1, 2018 to March 31, 2019)**

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

Current Fiscal Year (From April 1, 2019 to March 31, 2020)

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

d. Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment**Prior Fiscal Year (From April 1, 2018 to March 31, 2019)**

(¥ million)

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

Current Fiscal Year (From April 1, 2019 to March 31, 2020)

(¥ million)

	Toys and Hobby Business	Network Entertainment Business	Real Entertainment Business	Visual and Music Production Business	IP Creation Business	Other	Eliminations and Corporate	Total
Amortized amount	215	–	14	21	56	359	–	667
Unamortized balance	1,429	–	14	38	224	13,997	–	15,704

e. Information Regarding Gain on Negative Goodwill by Reportable Segment**Prior Fiscal Year (From April 1, 2018 to March 31, 2019)**

Not applicable.

Current Fiscal Year (From April 1, 2019 to March 31, 2020)

Not applicable.

(Per-Share Data)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Net assets per share	1,952.00 yen	2,045.25 yen
Basic earnings per share	288.40 yen	262.39 yen

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.

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

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	63,383	57,665
Amount not applicable to common stockholders (¥ million)	–	–
Profit attributable to owners of parent available to common stock (¥ million)	63,383	57,665
Average number of common stock outstanding (shares)	219,781,288	219,770,515

(Significant Subsequent Events)

(Change to reportable segments)

In order to advance the main strategies outlined in the Mid-term Plan, namely “Accelerate evolution in IP axis strategy,” more reliably and promptly, the Group changed its organizational structure in April 2020.

In the fiscal year ended March 31, 2020, SOTSU CO., LTD., which became a consolidated subsidiary upon its shares being acquired through tender offer, has been classified as a business under the “Other” category. However, in order to strengthen IP axis strategy, the Group has reclassified it as a business under the “IP Creation Business” from the following fiscal year.

Information regarding the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment for the current fiscal year, assuming the classification of its reportable segments after the organizational change is as follows.

Current Fiscal Year (From April 1, 2019 to March 31, 2020)

(¥ 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	245,880	322,872	90,983	38,742	16,084	714,563	9,426	723,989	–	723,989
Inter-segment sales and transfers	7,834	5,207	770	8,209	7,412	29,433	21,628	51,061	(51,061)	–
Total	253,714	328,079	91,753	46,951	23,497	743,996	31,054	775,051	(51,061)	723,989
Segment profit (loss)	26,733	43,879	(1,502)	8,032	6,269	83,412	1,346	84,759	(5,983)	78,775
Segment assets	121,625	168,058	62,793	24,384	55,489	432,351	32,408	464,760	155,059	619,819
Others										
Depreciation and amortization	10,815	2,555	7,974	519	48	21,913	588	22,502	737	23,239
Amortization of goodwill	215	–	14	21	415	667	–	667	–	667
Loss on impairment of fixed assets	96	–	3,478	21	–	3,596	–	3,596	–	3,596
Investment in associates accounted for using equity method	801	–	–	–	–	801	10,677	11,479	–	11,479
Increase in property, plant and equipment and intangible assets	11,908	3,692	10,160	650	979	27,392	1,193	28,585	4,820	33,406

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

2. The details of adjustment amounts are as follows:

- (1) Included in the 5,983 million yen deducted from segment profit (loss) as adjustment are an addition of 928 million yen in inter-segment eliminations, and a deduction of 6,911 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
- (2) Included in the 155,059 million yen added to segment assets as adjustment are a deduction of 33,424

million yen in inter-segment eliminations, and an addition of 188,484 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.

- (3) Included in the 737 million yen added to depreciation and amortization as adjustment are a deduction of 378 million yen in inter-segment eliminations, and an addition of 1,116 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
 - (4) Included in the 4,820 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.
3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of operations.

(Additional acquisition of stock of a subsidiary)

The Company acquired court permission and implemented an acquisition of fractional shares pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same act with respect to fractional shares that arose from the share consolidation that SOTSU CO., LTD. carried out with an effective date of March 1, 2020. As a result, SOTSU CO., LTD. became a wholly owned subsidiary of the Company.

1. Overview of Business Combination

(1) Name and Description of Business of the Company Involved in the Combination

Name: SOTSU CO., LTD.

Description of business: Media business, rights business and sport business

(2) Date of Business Combination

May 15, 2020

(3) Legal Form of Business Combination

Acquisition of shares in consideration for cash

(4) Company Name After Combination

No change

2. Overview of Accounting Process

The additional acquisition is treated as part of a single transaction together with the acquisition of shares by public tender conducted on December 2, 2019, in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), and the goodwill on equity interests that were additionally acquired after controlling interest acquisition is calculated on the assumption that the goodwill was recognized at the time of controlling interest acquisition.

3. Acquisition cost of the acquired company, and consideration for the acquisition and breakdown thereof by consideration type

Consideration for the acquisition:	Cash	8,154 million yen
Acquisition Cost:		8,154 million yen

4. Other

Changes in Directors and Audit & Supervisory Board Members

(1) Change in Representative

Not applicable.

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

Not applicable.

(3) Responsible Area of Directors (Effective June 22, 2020)

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