



BANDAI NAMCO Holdings Inc.

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2022

August 5, 2021

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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/>)

August 5, 2021

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2022 (Japanese GAAP)

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Scheduled filing date of the quarterly security report: August 10, 2021

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 First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (For the Three Months Ended June 30, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
First Quarter of the Fiscal Year Ending March 31, 2022	178,049	22.8	27,021	35.7	28,754	40.9
First Quarter of the Fiscal Year Ended March 31, 2021	145,035	(8.9)	19,915	(12.8)	20,412	(14.3)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
First Quarter of the Fiscal Year Ending March 31, 2022	20,917	58.7	95.22	–
First Quarter of the Fiscal Year Ended March 31, 2021	13,181	(22.1)	60.01	–

(Note) Comprehensive income: 24,541 million yen [49.6%] (FY2022.3 1Q), 16,401 million yen [19.4%] (FY2021.3 1Q)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of June 30, 2021	716,047	515,533	71.9
As of March 31, 2021	732,782	511,433	69.7

(Reference) Equity: 515,124 million yen (as of June 30, 2021), 510,515 million yen (as of March 31, 2021)

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, 2021	–	¥21.00	–	¥91.00	¥112.00
Fiscal Year Ending March 31, 2022	–				
Fiscal Year Ending March 31, 2022 (Projections)		¥24.00	–	¥24.00	¥48.00

(Note) Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2022: No
Concerning the projected amounts of the end of second quarter and year-end cash dividends for the fiscal year ending March 31, 2022, 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, 2022, 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, 2022 (April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending September 30, 2021	380,000	12.7	43,000	(6.4)	46,000	(2.5)	32,500	2.5	147.95
Full Fiscal Year	750,000	1.2	75,000	(11.4)	76,000	(13.3)	52,000	6.4	236.72

(Note) Revision to the projections: Yes
Consolidated projections for the six months ending September 30, 2021 (announced on May 11, 2021) 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 (August 5, 2021).

* 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 June 30, 2021	222,000,000 shares
As of March 31, 2021	222,000,000 shares
- Number of shares of treasury stock at the end of the period

As of June 30, 2021	2,326,804 shares
As of March 31, 2021	2,326,752 shares
- Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the First Quarter of the Fiscal Year Ending March 31, 2022	219,673,187 shares
For the First Quarter of the Fiscal Year Ended March 31, 2021	219,663,928 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 First 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 August 5, 2021.

Attached Material

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1. Qualitative Information Regarding Consolidated Results for the First Quarter

(1) Explanation Regarding Operating Results

During the first quarter (three months) of the fiscal year ending March 31, 2022, the spread of the novel coronavirus disease (COVID-19) continued to have a big impact on the economy, society and consumer activity in Japan and overseas. As part of our response against the spread of COVID-19, the BANDAI NAMCO Group (“the Group”) has been giving the highest priority to the safety of our various stakeholders, including employees and their families and our customers, while implementing measures to prevent the spread of infection. We also promoted various measures to adapt to changes in lifestyles and preferences of customers such as by strengthening the sales and marketing that utilize digital strategies. In addition, we have been taking advantage of the worldview and unique characteristics of IP (Intellectual Property: meaning characters and other intellectual property) to further strengthen the “IP axis strategy” that aims to maximize IP value through the provision of the optimal products and services at the optimal possible times and to expand the global deployment of this strategy. 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.

The Group’s operating results for the first quarter (three months) exceeded those of the same period of the previous fiscal year when each business was significantly impacted by the temporary closure of retail stores and amusement facilities, the cancellation of events, etc. in many regions in Japan and overseas due to the spread of COVID-19. Despite the impact of the spread of COVID-19, each business has quickly promoted various measures to adapt to changes in lifestyles and preferences of customers, and the wide-ranging business portfolio of the Group has proven to be effective.

Consequently, the Group’s consolidated results for the first quarter (three months) were net sales of 178,049 million yen (year-on-year increase of 22.8%), operating profit of 27,021 million yen (year-on-year increase of 35.7%), recurring profit of 28,754 million yen (year-on-year increase of 40.9%), and profit attributable to owners of parent of 20,917 million yen (year-on-year increase of 58.7%).

Operating results by segment are as follows.

Effective from the first quarter of the fiscal year ending March 31, 2022, the Group changed the classification of its reportable segments. Consequently, in the following year-on-year comparisons, the figures for the same period of the previous fiscal year have been restated into the figures for the classifications after the change.

Digital Business

As for the Digital Business, home video games enjoyed favorable performance with the release of the new title *SCARLET NEXUS* for which the animation was developed in conjunction with the game and strong repeat sales of existing titles due to ongoing measures targeting users. In addition, in network content, the performance of key titles was stable, but did not reach the favorable level seen in the same period of the previous fiscal year.

As a result, net sales in the Digital Business were 66,834 million yen (year-on-year decrease of 12.6%), and segment profit was 11,827 million yen (year-on-year decrease of 39.0%).

Toys and Hobby Business

As for the Toys and Hobby Business, products for the mature fan base such as plastic models of the *Mobile Suit Gundam* series and collectible figures performed favorably as a result of sales and marketing that utilize digital strategies and expansion of the Business overseas. In addition, product sales have recovered, including for prizes, etc. which were affected by the temporary closure of amusement facilities in the same period of the previous fiscal year. Moreover, in Japan, long-established IP and new IP toys, as well as confectionery, capsule toys, trading cards for overseas markets and other peripheral products were popular.

As a result, net sales in the Toys and Hobby Business were 83,059 million yen (year-on-year increase of 50.1%), and segment profit was 14,498 million yen (year-on-year increase of 125.3%).

Visual and Music Business

As for the Visual and Music Business, in addition to the sales of IP related visual and music package software, including the *LoveLive!* series and *The iDOLM@STER* series, IP related licensing revenue contributed to performance. Furthermore, we carried out new initiatives for live events that are suited to changes in the business environment, such as by streaming the events and utilizing new technologies, and the number of events held increased from the same period of the previous fiscal year.

As a result, net sales in the Visual and Music Business were 12,012 million yen (year-on-year increase of 121.6%), and segment profit was 2,362 million yen (year-on-year increase of 732.3%).

Creation Business

As for the Creation Business, in addition to production and releases of video works such as the *Mobile Suit Gundam* series and the *LoveLive!* series to generate public attention, revenue from merchandising rights was strong due to increased popularity of *Gundam*. On the other hand, *GUNDAM FACTORY YOKOHAMA*, which disseminates information on IP, was impacted by the spread of COVID-19.

As a result, net sales in the Creation Business were 7,304 million yen (year-on-year increase of 57.8%), and segment profit was 828 million yen (year-on-year increase of 1.7%).

Amusement Business

As for the Amusement Business, despite the impact of the spread of COVID-19, there were signs of a recovery and net sales of existing amusement facilities in Japan were 215.6% compared with the same period of the previous fiscal year. Net sales of amusement machines have also recovered. For this business, in addition to continuing to improve efficiency, we will promote initiatives that only BANDAI NAMCO can offer, such as strengthening the use of Group products and services, aiming to strengthen the revenue base.

As a result, net sales in the Amusement Business were 15,221 million yen (year-on-year increase of 130.5%), and segment loss was 662 million yen (segment loss for the same period of the previous fiscal year was 5,663 million yen).

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 6,656 million yen (year-on-year increase of 25.3%), and segment profit was 147 million yen (segment loss for the same period of the previous fiscal year was 2 million yen).

(2) Explanation Regarding Financial Position

At the end of the first quarter of the fiscal year ending March 31, 2022, total assets stood at 716,047 million yen, a decrease of 16,735 million yen from the end of the previous fiscal year. The main factor was a decrease of 26,869 million yen in cash and time deposits mainly due to cash dividends paid, despite increases of 3,854 million yen in finished goods and merchandise, and 8,445 million yen in work in process.

Total liabilities amounted to 200,513 million yen, a decrease of 20,835 million yen from the end of the previous fiscal year. The main factors were decreases of 6,869 million yen in trade payables and 12,645 million yen in other current liabilities mainly due to a decrease in accounts payable-other.

Total net assets stood at 515,533 million yen, an increase of 4,100 million yen from the end of the previous fiscal year. The main factors were increases of 1,100 million yen in retained earnings mainly due to the recording of 20,917 million yen in profit attributable to owners of parent despite cash dividends paid of 19,996 million yen, and 2,520 million yen in valuation difference on available-for-sale securities, net of tax.

As a result, the equity ratio became 71.9% compared with 69.7% 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 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 and expectation 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.

For the fiscal year ending March 31, 2022, the Group will accelerate the integration and cooperation more than before on a global scale for all businesses worldwide under the ALL BANDAI NAMCO concept to prepare the business foundation and organizational structure for the next Mid-term Plan to start in April 2022 and sustainable growth in the medium to long term. In addition, the Group will strengthen the creation of new IP and development of existing IP, further expand the IP axis strategy utilizing the Group's wide range of businesses and promote business development in global markets.

For the consolidated projections for the second quarter (six months) of the fiscal year ending March 31, 2022, the consolidated projections announced on May 11, 2021 have been revised as stated in the table below in light of the actual results for the first quarter (three months) of the fiscal year ending March 31, 2022, the current market environment, the marketing plans of the products and services in the second quarter, etc. The consolidated projections for the full fiscal year are not revised in light of factors that include the continuation of uncertainties and dramatic changes in the market environment mainly due to the continuing COVID-19 pandemic both in Japan and overseas, and the coming Christmas and New Year selling season and the planned launches of major titles in home video games in the third quarter (nine months) and thereafter.

*For your reference, we are experiencing or expect to experience the following impacts on business operations from the spread of COVID-19.

- 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 and package launch scheduled

Revisions to consolidated projections for the second quarter (six months) of the fiscal year ending March 31, 2022
(April 1, 2021 to September 30, 2021)

	Net sales	Operating profit	Recurring profit	Profit attributable to owners of parent	Basic earnings per share
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	(¥)
Previous projections (A)	350,000	35,000	35,500	25,000	113.81
Revised projections (B)	380,000	43,000	46,000	32,500	147.95
Change in amount (B-A)	30,000	8,000	10,500	7,500	–
Change (%)	8.6	22.9	29.6	30.0	–
(Reference) Results for the second quarter (six months) of the previous fiscal year (ended March 31, 2021)	337,122	45,930	47,193	31,715	144.38

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2021)	Current 1st Quarter (As of June 30, 2021)
Assets		
Current assets		
Cash and time deposits	204,326	177,456
Trade receivables	91,765	–
Trade receivables and contract assets	–	82,773
Finished goods and merchandise	28,994	32,849
Work in process	73,816	82,262
Raw materials and supplies	4,075	4,368
Other current assets	53,872	54,877
Allowance for doubtful receivables	(1,639)	(1,787)
Total current assets	455,210	432,800
Fixed assets		
Property, plant and equipment	88,341	90,770
Intangible assets		
Goodwill	17,069	16,515
Other intangible assets	15,944	16,140
Total intangible assets	33,014	32,656
Investments and other assets		
Investment securities	121,208	124,922
Other investments and assets	35,425	35,312
Allowance for doubtful receivables	(418)	(415)
Total investments and other assets	156,215	159,819
Total fixed assets	277,571	283,246
Total assets	732,782	716,047

(¥ million)

	Prior Fiscal Year (As of March 31, 2021)	Current 1st Quarter (As of June 30, 2021)
Liabilities		
Current liabilities		
Trade payables	82,474	75,604
Provision	3,547	550
Other current liabilities	89,898	77,253
Total current liabilities	175,920	153,408
Long-term liabilities		
Long-term borrowings	20,234	20,198
Provision	301	301
Net defined benefit liability	7,212	6,963
Other long-term liabilities	17,679	19,640
Total long-term liabilities	45,428	47,104
Total liabilities	221,348	200,513
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Capital surplus	52,232	52,123
Retained earnings	414,487	415,587
Treasury stock	(3,905)	(3,906)
Total stockholders' equity	472,814	473,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	51,587	54,107
Deferred gains or losses on hedges, net of tax	988	618
Revaluation reserve for land, net of tax	(4,016)	(4,016)
Foreign currency translation adjustments	(7,438)	(6,115)
Remeasurements of defined benefit plans, net of tax	(3,419)	(3,273)
Total accumulated other comprehensive income	37,701	41,320
Non-controlling interests	917	408
Total net assets	511,433	515,533
Total liabilities and net assets	732,782	716,047

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

(¥ million)

	Prior 1st Quarter (From April 1, 2020 to June 30, 2020)	Current 1st Quarter (From April 1, 2021 to June 30, 2021)
Net sales	145,035	178,049
Cost of sales	86,861	103,278
Gross profit	58,173	74,771
Selling, general and administrative expenses	38,257	47,749
Operating profit	19,915	27,021
Non-operating income		
Dividend income	562	629
Share of profit of entities accounted for using equity method	–	455
Other non-operating income	351	755
Total non-operating income	913	1,840
Non-operating expenses		
Interest expense	37	92
Share of loss of entities accounted for using equity method	93	–
Foreign exchange losses	220	–
Other non-operating expenses	65	14
Total non-operating expenses	417	107
Recurring profit	20,412	28,754
Extraordinary income		
Gain on sales of fixed assets	18	2,724
Other extraordinary income	198	197
Total extraordinary income	216	2,922
Extraordinary loss		
Extra retirement payments	–	946
Loss on temporary store closures and other related to COVID-19	1,977	445
Other extraordinary loss	18	382
Total extraordinary loss	1,995	1,774
Profit before income taxes	18,633	29,902
Income taxes	5,402	8,978
Profit	13,231	20,923
Profit attributable to non-controlling interests	49	5
Profit attributable to owners of parent	13,181	20,917

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior 1st Quarter (From April 1, 2020 to June 30, 2020)	Current 1st Quarter (From April 1, 2021 to June 30, 2021)
Profit	13,231	20,923
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	2,947	2,537
Deferred gains or losses on hedges, net of tax	(67)	(368)
Foreign currency translation adjustments	59	1,322
Remeasurements of defined benefit plans, net of tax	180	146
Share of other comprehensive income of associates accounted for using equity method	51	(18)
Total other comprehensive income	3,170	3,618
Comprehensive income	16,401	24,541
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	16,296	24,536
Comprehensive income attributable to non-controlling interests	105	5

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

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of those goods or services. As a result of this application, revenue mainly for network content and home video games with online functions, which was previously recognized when items used in the content or video game software was sold, etc., will be recognized by calculating the estimated sales value for undelivered elements if there were elements that were not delivered to customers and recognizing an amount equivalent to that value as the revenue over the reasonably estimated period for which performance obligations are expected to be satisfied.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the beginning balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such beginning balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the first quarter of the current fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition. Furthermore, modifications to contracts carried out prior to the beginning of the first quarter of the current fiscal year were accounted for based on the contractual terms existing after all contract modifications were made, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition. Consequently, this cumulative effect was added to or deducted from the beginning balance of retained earnings of the first quarter of the current fiscal year.

As a result of this change, for the first quarter (three months) of the current fiscal year, net sales decreased by 1,412 million yen, cost of sales decreased by 1,398 million yen, and selling, general and administrative expenses increased by 582 million yen. Operating profit, recurring profit and profit before income taxes each decreased by 596 million yen. In addition, the beginning balance of retained earnings increased by 179 million yen.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, “Trade receivables” under current assets of the consolidated balance sheets as of the end of the previous fiscal year has been included in “Trade receivables and contract assets” under current assets from the consolidated balance sheets as of the end of the first quarter of the current fiscal year. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending March 31, 2022 and, in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policy provided for in the accounting standard and relevant ASBJ regulations will be applied prospectively. There is no impact on the quarterly consolidated financial statements.

(Segment Information)**I. Prior 1st Quarter (From April 1, 2020 to June 30, 2020)****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	Visual and Music Business	Creation Business	Amuse- ment Business	Subtotal				
Net sales										
To external customers	75,807	54,217	5,024	2,111	6,492	143,653	1,381	145,035	–	145,035
Inter-segment sales and transfers	633	1,127	395	2,517	109	4,783	3,929	8,713	(8,713)	–
Total	76,441	55,344	5,419	4,628	6,602	148,437	5,311	153,748	(8,713)	145,035
Segment profit (loss)	19,390	6,435	283	814	(5,663)	21,261	(2)	21,258	(1,342)	19,915

- 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 1,342 million yen deducted from segment profit (loss) as adjustment are an addition of 150 million yen in inter-segment eliminations, and a deduction of 1,493 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 (loss) 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 the Creation Business, goodwill increased 3,676 million yen due to the acquisition of additional shares of SOTSU CO., LTD., a consolidated subsidiary of the Company.

(Material gains on negative goodwill)

Not applicable.

II. Current 1st Quarter (From April 1, 2021 to June 30, 2021)

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	Visual and Music Business	Creation Business	Amuse- ment Business	Subtotal				
Net sales										
To external customers	66,005	80,871	10,323	4,336	15,042	176,579	1,469	178,049	–	178,049
Inter-segment sales and transfers	829	2,187	1,689	2,967	179	7,853	5,186	13,040	(13,040)	–
Total	66,834	83,059	12,012	7,304	15,221	184,433	6,656	191,090	(13,040)	178,049
Segment profit (loss)	11,827	14,498	2,362	828	(662)	28,854	147	29,001	(1,980)	27,021

- 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 1,980 million yen deducted from segment profit (loss) as adjustment are an addition of 40 million yen in inter-segment eliminations, and a deduction of 2,020 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 (loss) 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.

3. Information regarding changes to reportable segments, etc.

(Change to reportable segments)

The Group reorganized the structure based on Units comprising operating companies from the first quarter of the fiscal year ending March 31, 2022, from its previous five Unit structure to a three Unit structure ahead of the start of the next Mid-term Plan from April 2022.

In conjunction with this organizational restructure, the reportable segments were changed from the Toys and Hobby Business, Network Entertainment Business, Real Entertainment Business, Visual and Music Production Business, and IP Creation Business to the Digital Business, Toys and Hobby Business, Visual and Music Business, Creation Business, and Amusement Business.

Segment information of the prior first quarter (from April 1, 2020 to June 30, 2020) is prepared and disclosed based on the reportable segment classifications after the change.

(Application of Accounting Standard for Revenue Recognition, etc.)

As described in “(Changes in Accounting Policies),” the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending

March 31, 2022, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of business segments.

For the first quarter (three months) of the current fiscal year, as a result of this change, and compared with the figures obtained by the previous method, net sales and segment profit decreased by 1,834 million yen and 638 million yen, respectively, in the Digital Business; net sales and segment profit increased by 582 million yen and 41 million yen, respectively, in the Toys and Hobby Business; net sales increased by 37 million yen in the Visual and Music Business; net sales decreased by 165 million yen in the Creation Business; and net sales decreased by 32 million yen in the Amusement Business.