



Bandai Namco Holdings Inc.

Consolidated Financial Report for the Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2025

November 6, 2024

DISCLAIMER

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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/>)

November 6, 2024

Consolidated Financial Report for the Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2025 (Japanese GAAP)

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Scheduled date to file semi-annual securities report: November 8, 2024
Scheduled starting date for dividend payments: December 10, 2024
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 Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (For the Six Months Ended September 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2025	611,391	21.8	113,670	73.6	115,553	56.3
Second Quarter (Six Months) of the Fiscal Year Ended March 31, 2024	502,002	5.1	65,479	(19.8)	73,931	(20.0)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2025	80,727	54.7	123.39	-
Second Quarter (Six Months) of the Fiscal Year Ended March 31, 2024	52,167	(21.6)	79.03	-

(Note) Comprehensive income: 86,618 million yen [14.5%] (FY2025.3 2Q), 75,621 million yen [(16.7)%] (FY2024.3 2Q)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of September 30, 2024	1,059,191	753,968	71.1
As of March 31, 2024	971,838	699,823	72.0

(Reference) Equity: 753,572 million yen (as of September 30, 2024), 699,517 million yen (as of March 31, 2024)

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, 2024	–	¥10.00	–	¥50.00	¥60.00
Fiscal Year Ending March 31, 2025	–	¥11.00			
Fiscal Year Ending March 31, 2025 (Projections)			–	¥11.00	¥22.00

(Note) Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2025: No
Concerning the projected amounts of the year-end cash dividend for the fiscal year ending March 31, 2025, 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, 2025, 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, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	1,150,000	9.5	160,000	76.4	163,000	56.5	110,000	8.4	168.13

(Note) Revision to the projections: No

* Notes

(1) Significant Changes in the Scope of Consolidation during the Period: No

(2) Application of Special Accounting for Preparing the Semi-annual Consolidated Financial Statements: Yes

(Note) For more details, please refer to the section of "(3) Notes to Consolidated Financial Statements, (Notes on Special Accounting for Preparing the Semi-annual Consolidated Financial Statements)" of "2. Consolidated Financial Statements and Significant Notes" on page 12 of the attached material.

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

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 "(3) Notes to Consolidated Financial Statements, (Notes on Changes in Accounting Policies)" of "2. Consolidated Financial Statements and Significant Notes" on page 12 of the attached material.

(4) Number of Issued Shares (Common Shares)

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

As of September 30, 2024 660,000,000 shares

As of March 31, 2024 666,000,000 shares

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

As of September 30, 2024 5,735,584 shares

As of March 31, 2024 11,813,756 shares

c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2025 654,220,361 shares

For the Second Quarter (Six Months) of the Fiscal Year Ended March 31, 2024 660,108,524 shares

* Semi-annual financial results reports are exempt from review 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. Overview of Operating Results and Others" on page 3 of the attached material for matters pertaining to the earnings projections.

- To Obtain Financial Highlights:

The Financial Highlights will be posted on the Company's website on November 6, 2024.

Attached Material

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Period

During the second quarter (six months) of the fiscal year ending March 31, 2025, whereas employment and income improved in Japan, consumer spending was adversely affected by factors that include rising raw material and fuel prices along with escalating prices due to foreign exchange rate fluctuations. Meanwhile, uncertainties regarding the future persisted in Japan and overseas due to factors that include changes in the social situation and political landscape.

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

In the second quarter (six months), with the IP axis strategy at the core, the Group strengthened initiatives unified under the ALL BANDAI NAMCO concept through collaboration across regions and businesses. On the business side, there was significant performance growth in the Digital Business and the Toys and Hobby Business, mainly due to the hit successes of some highly profitable products and services. Also, the IP Production Business and the Amusement Business performed well. As a result, all businesses achieved year-on-year increases in both revenue and profit.

Consequently, the Group’s consolidated operating results for the second quarter (six months) were net sales of 611,391 million yen (year-on-year increase of 21.8%), operating profit of 113,670 million yen (year-on-year increase of 73.6%), ordinary profit of 115,553 million yen (year-on-year increase of 56.3%), and profit attributable to owners of parent of 80,727 million yen (year-on-year increase of 54.7%).

Operating results by segment are as follows.

Digital Business

As for the Digital Business, in network content, major app titles such as the *DRAGON BALL* series and *ONE PIECE* continued to show stable performance around the world due to ongoing measures for users, and a new app title, *THE IDOLM@STER Gakuen* got off to a strong start. In home console games, results showed strong performance owing to the worldwide success of *ELDEN RING SHADOW OF THE ERDTREE*, the major downloadable content *ELDEN RING*, as well as strong repeat sales of *ELDEN RING*. In the Digital Business, we will build a well-balanced and optimal title portfolio in looking toward the next Mid-term Plan, strengthen the development system, and aim to develop titles to meet the expectations of our fans with an emphasis on quality.

As a result, net sales in the Digital Business were 228,550 million yen (year-on-year increase of 31.1%), and segment profit was 44,703 million yen (year-on-year increase of 188.1%).

Toys and Hobby Business

As for the Toys and Hobby Business, we continued to perform well amid growing popularity of Japanese IP in the global market driven in part by proliferation of video streaming, due to efforts that have involved the expansion of our categories of business around the world, expanding touch points through real events and stores, and strengthening production operations. Specifically, products for the mature fan base (adults) such as model kits of the *Gundam series*, and collectible figures continued to perform favorably due to the successful outcomes produced by sales, marketing, and expansion of the product lineup. In addition, card products such as trading card games of *ONE PIECE* and the *DRAGON BALL* series, capsule toys, confectionery products, and food products contributed to business performance due to the expansion of product lineups, target groups, and regions of operation, as well as the strengthening of touch points with customers. In the Toys and Hobby Business, we keep advancing global business development as well as strengthening our production operations, sales networks, and other aspects that bolster expansion.

As a result, net sales in the Toys and Hobby Business were 291,633 million yen (year-on-year increase of 16.7%), and segment profit was 59,743 million yen (year-on-year increase of 30.6%).

IP Production Business

As for the IP Production Business, box-office revenue in Japan for *Mobile Suit Gundam SEED FREEDOM*, which was the top-selling movie among all the *Gundam series* theatrical releases, was recorded in the second quarter. In addition, the segment achieved upbeat results from global development, video streaming and its license business with *BLUELOCK*, which released a new theatrical work, as well as the *LoveLive! series*, and *That Time I Got Reincarnated as a Slime*. Moreover, sales associated with live events and related goods performed well accompanying mounting demand for live entertainment. Going forward, the IP Production Business continues to strengthen its creation of quality IP centered on the IP axis strategy through visual and musical media.

As a result, net sales in the IP Production Business were 41,289 million yen (year-on-year increase of 23.9%), and segment profit was 6,711 million yen (year-on-year increase of 185.9%).

Amusement Business

As for the Amusement Business, net sales for existing amusement facilities in Japan increased to 108.8% year on year. In addition, stores unique to Bandai Namco based on collaboration with the Group's products and services, such as Bandai Namco Cross Stores and GASHAPON Department Stores, and other activity facilities performed well. In arcade games, sales of the new *Wangan Midnight MAXIMUM TUNE 6RR PLUS*, etc. were strong. We further enhance the role of touch points that connect the Group's products and services with fans in the Amusement Business, while continuing our efforts to improve efficiency in consideration of changes in the external environment, such as rising fuel prices.

As a result, net sales in the Amusement Business were 71,640 million yen (year-on-year increase of 20.9%), and segment profit was 7,292 million yen (year-on-year increase of 4.5%).

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 17,395 million yen (year-on-year increase of 8.5%), and segment profit was 1,245 million yen (year-on-year increase of 88.4%).

(2) Overview of Financial Position for the Period

At the end of the second quarter of the fiscal year ending March 31, 2025, total assets stood at 1,059,191 million yen, an increase of 87,352 million yen from the end of the previous fiscal year. The main factors were increases of 29,848 million yen in cash and deposits, 31,707 million yen in notes and accounts receivable - trade, and contract assets, 10,364 million yen in property, plant and equipment, and 20,809 million yen in investment securities.

Total liabilities amounted to 305,222 million yen, an increase of 33,208 million yen from the end of the previous fiscal year. The main factors were increases of 26,265 million yen in notes and accounts payable - trade and 12,780 million yen in income taxes payable.

Total net assets stood at 753,968 million yen, an increase of 54,144 million yen from the end of the previous fiscal year. The main factors were increases of 48,008 million yen in retained earnings, 10,075 million yen in cancellation of treasury shares, etc., and 12,005 million yen in valuation difference on available-for-sale securities, despite a decrease of 9,830 million yen in capital surplus.

As a result, the equity ratio became 71.1% compared with 72.0% at the end of the previous fiscal year.

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

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

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

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

From April 2022, we have established our new Purpose, "Fun for All into the Future," as the ultimate definition of the Group, conveying the reason for our existence, why we conduct our businesses and corporate activities, and the

meaningfulness we derive from working at Bandai Namco Group. What we believe to be particularly important elements in our Purpose, “Fun for All into the Future,” are the ideas of “Connecting and working together to create things” and we will achieve “Fun for All into the Future” by Bandai Namco Group and our fans connecting through dreams, fun and inspiration. Furthermore, the Group CEO’s desire to promote “Fun for All into the Future” is expressed in the phrase, “Creating a world of smiles and happiness together,” and we will spread this message together with Bandai Namco’s Purpose.

<Bandai Namco’s Purpose>

Fun for All into the Future

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

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

In April 2022, we introduced the new logo, which expresses the spirit of our Purpose, “Fun for All into the Future.” All companies with “Bandai Namco” in their names use this logo, and companies with and without “Bandai Namco” in their names display this new Group logo on all their products and services, in principle. This enables us to bring together the value of all our products, services, and labels under one logo, make the Group’s sense of unity and its total capabilities appeal strongly, and elevate the brand value of the Bandai Namco Group in the global market.

<New logo>



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

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

3) Mid-term Vision

Connect with Fans

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

4) Main strategies and investment plan

IP axis strategy

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

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

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

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

We leverage outlets for a wide range of products and services as well as our strengths in facilitating collaboration among physical and digital elements, and we redefine the optimal IP axis strategy for IP fans and for IP itself. In these ways, we aim to accelerate evolution in the IP axis strategy.

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

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

- Investment plan for accelerating evolution in the IP axis strategy

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

Strategic investment to maximize IP value: 25.0 billion yen

Investment to develop the IP Metaverse: 15.0 billion yen

Personnel strategy: Developing diverse human resources

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

Sustainability: Connecting to smiles into the future

Under the “Purpose, ‘Fun for All into the Future,’” and “Bandai Namco Group Sustainability Policy,” the Group has identified five themes that particularly require focused efforts as material issues. We are promoting various specific action plans linked to our businesses, such as initiatives to eliminate petroleum-derived plastics and the collection and recycling of model kits runners* and empty capsules. Furthermore, in order to address the problems

related to the natural environment that society is faced with, we have set targets for the reduction of CO2 emissions from the use of energy as well as steps to achieve them and strive to advance our efforts for decarbonization.

* Runners: Disposable frames that hold parts of plastic models

<Bandai Namco Group's Sustainability Policy>

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

<Material Issues that Bandai Namco Group has identified>

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

In addition, on November 1, 2023, the Bandai Namco Group Human Rights Policy was established, which clearly stipulates the Bandai Namco Group's policy regarding respect for human rights. Going forward, we will fulfill our responsibility to respect the human rights of all stakeholders involved in the Group's business activities by aiming to continue to create a brighter future with people around the world through entertainment that awakens our humanity and connects us with others, with society, and with the world, as represented by Bandai Namco's Purpose "Fun for All into the Future."

5) System for promotion of the Mid-term Plan

- Strengthening the governance system of Bandai Namco Holdings

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

- Partial changes of the Unit structure

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

6) Numerical targets in the Mid-term Plan

- Fiscal year ending March 31, 2025: Numerical targets

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

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

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

For the consolidated projections for the fiscal year ending March 31, 2025, the consolidated projections announced on May 9, 2024 were revised on October 23, 2024 in light of the significant growth seen in the actual results of the six months ended September 30, 2024 compared with the forecasts, the market environment and sales trends of product and services currently observed, and the marketing plans of the products and services of each business in the third and

fourth quarter. With the IP axis strategy at the core, the Group will continue to strengthen initiatives unified under the ALL BANDAI NAMCO concept through collaboration across regions and businesses.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2024)	Current 2nd Quarter (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	321,868	351,716
Notes and accounts receivable - trade, and contract assets	118,190	149,897
Merchandise and finished goods	40,170	49,031
Work in process	92,665	90,756
Raw materials and supplies	7,761	8,396
Other	63,042	55,742
Allowance for doubtful accounts	(1,075)	(1,063)
Total current assets	642,622	704,476
Non-current assets		
Property, plant and equipment	118,636	129,000
Intangible assets		
Goodwill	11,608	11,715
Other	20,568	20,514
Total intangible assets	32,176	32,230
Investments and other assets		
Investment securities	116,127	136,937
Other	63,019	57,255
Allowance for doubtful accounts	(744)	(710)
Total investments and other assets	178,403	193,482
Total non-current assets	329,215	354,714
Total assets	971,838	1,059,191

(¥ million)

	Prior Fiscal Year (As of March 31, 2024)	Current 2nd Quarter (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	99,254	125,520
Income taxes payable	23,192	35,972
Provisions	3,095	1,897
Other	118,577	113,504
Total current liabilities	244,119	276,894
Non-current liabilities		
Retirement benefit liability	4,925	4,836
Other	22,969	23,491
Total non-current liabilities	27,895	28,328
Total liabilities	272,014	305,222
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	53,321	43,491
Retained earnings	579,417	627,425
Treasury shares	(19,293)	(9,218)
Total shareholders' equity	623,445	671,698
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49,262	61,267
Deferred gains or losses on hedges	1,022	(2,141)
Revaluation reserve for land	(4,016)	(4,016)
Foreign currency translation adjustment	29,637	26,513
Remeasurements of defined benefit plans	166	250
Total accumulated other comprehensive income	76,071	81,873
Non-controlling interests	306	396
Total net assets	699,823	753,968
Total liabilities and net assets	971,838	1,059,191

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

(¥ million)

	Prior 2nd Quarter (From April 1, 2023 to September 30, 2023)	Current 2nd Quarter (From April 1, 2024 to September 30, 2024)
Net sales	502,002	611,391
Cost of sales	304,749	356,470
Gross profit	197,253	254,920
Selling, general and administrative expenses	131,773	141,249
Operating profit	65,479	113,670
Non-operating income		
Interest income	1,173	1,598
Share of profit of entities accounted for using equity method	1,095	1,777
Foreign exchange gains	4,060	-
Other	2,403	1,606
Total non-operating income	8,733	4,981
Non-operating expenses		
Foreign exchange losses	-	1,929
Loss on valuation of derivatives	82	-
Penalty	-	893
Other	198	276
Total non-operating expenses	280	3,099
Ordinary profit	73,931	115,553
Extraordinary income		
Gain on sale of non-current assets	31	428
Compensation income	508	-
Other	64	161
Total extraordinary income	603	589
Extraordinary losses		
Impairment losses	67	254
Loss on valuation of investment securities	291	157
Other	172	68
Total extraordinary losses	530	480
Profit before income taxes	74,004	115,661
Income taxes	21,823	34,840
Profit	52,180	80,821
Profit attributable to non-controlling interests	13	93
Profit attributable to owners of parent	52,167	80,727

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior 2nd Quarter (From April 1, 2023 to September 30, 2023)	Current 2nd Quarter (From April 1, 2024 to September 30, 2024)
Profit	52,180	80,821
Other comprehensive income		
Valuation difference on available-for-sale securities	5,333	12,022
Deferred gains or losses on hedges	2,866	(3,152)
Foreign currency translation adjustment	14,972	(3,127)
Remeasurements of defined benefit plans, net of tax	183	84
Share of other comprehensive income of entities accounted for using equity method	83	(28)
Total other comprehensive income	23,440	5,797
Comprehensive income	75,621	86,618
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	75,606	86,529
Comprehensive income attributable to non-controlling interests	14	89

(3) Notes to Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes and other relevant ASBJ regulations)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the second quarter (six months) of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Implementation Guidance of 2022”). This has no impact on the semi-annual consolidated financial statements.

Furthermore, the Company has applied the Revised Implementation Guidance of 2022 from the beginning of the second quarter (six months) of the fiscal year ending March 31, 2025, with respect to revisions associated with review of the treatment in the consolidated financial statements when deferring tax on gains or losses arising from the sale of subsidiary shares, etc. between consolidated companies. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. This has no impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year.

(Notes on Special Accounting for Preparing the Semi-annual Consolidated Financial Statements)

(Calculation of taxes)

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

(Notes on Segment Information, Etc.)

I Prior 2nd Quarter (From April 1, 2023 to September 30, 2023)

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

(¥ million)

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

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

2. Information regarding impairment losses of non-current assets and goodwill by reportable segment

(Material impairment losses of non-current assets)

Not applicable.

(Material changes in the amount of goodwill)

Not applicable.

(Material gains on negative goodwill)

Not applicable.

II Current 2nd Quarter (From April 1, 2024 to September 30, 2024)

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

(¥ million)

	Reportable segments					Other (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated Total (Note 3)
	Digital Business	Toys and Hobby Business	IP Produc- tion Business	Amuse- ment Business	Subtotal				
Net sales									
To external customers	226,202	280,256	35,272	66,269	608,001	3,390	611,391	-	611,391
Inter-segment sales and transfers	2,347	11,377	6,016	5,370	25,112	14,005	39,118	(39,118)	-
Total	228,550	291,633	41,289	71,640	633,113	17,395	650,509	(39,118)	611,391
Segment profit	44,703	59,743	6,711	7,292	118,452	1,245	119,697	(6,026)	113,670

- 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 6,026 million yen deducted from segment profit as adjustment are a deduction of 51 million yen in inter-segment eliminations, and a deduction of 5,974 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
3. Segment profit is adjusted with operating profit in the consolidated statements of operations.

2. Information regarding impairment losses of non-current assets and goodwill by reportable segment

(Material impairment losses of non-current assets)

Not applicable.

(Material changes in the amount of goodwill)

Not applicable.

(Material gains on negative goodwill)

Not applicable.

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

The Company canceled 6,000,000 treasury shares on May 21, 2024, per resolution at its Board of Directors meeting held on May 9, 2024. As a result, capital surplus and treasury shares stood at 43,491 million yen and 9,218 million yen, respectively, at the end of the second quarter of the fiscal year ending March 31, 2025, with capital surplus and treasury shares each having decreased by 9,942 million yen during the second quarter (six months) of the fiscal year ending March 31, 2025.

(Notes on Premise of Going Concern)

Not applicable.