



Interview with the President

Going forward, the Group's businesses will work together under the ALL BANDAI NAMCO concept and strongly advance the IP axis strategy around the world.

BANDAI NAMCO Holdings Inc. has announced its results for the first nine months of FY2021.3 (April to December, 2020), as well as the Group's new organizational structure from FY2022.3. In this issue of the newsletter, BANDAI NAMCO Holdings' President Mitsuaki Taguchi discusses the Group's FY2021.3 results, as well as the new Unit structure and officer system, which will take effect from FY2022.3

Would you provide an overview of the results for the first nine months of FY2021.3?

Taguchi: For the nine-month period, we achieved net sales of ¥543.4 billion and operating profit of ¥72.9 billion. This marks the achievement of record high sales and profits for the first nine months of a fiscal year.

The Group has businesses that have been significantly affected by the spread of COVID-19, as seen with the closure of amusement facilities and the cancellation of live events. On the other hand, we also have businesses that have benefited from demand associated with people staying at home, such as products for the mature fan base in the Toys and Hobby business and home video games in the Network Entertainment business. In difficult circumstances, all of our employees have worked hard to confront the unprecedented COVID-19 situation, to implement countermeasures on the front lines to help prevent the spread of the infection, and to aggressively address the trend toward digitalization.

Please discuss the situation in each business. First, what are the circumstances in the Toys and Hobby business?

Taguchi: In the Toys and Hobby business, products for the mature fan base, such as *Gundam* plastic models and collectible figures, were popular around the world. We responded rapidly to digitalization, and as a result we captured demand from existing users, as well as from

previous users and new customers. Moreover, in Japan, in addition to established IP, contributions to results were also made by the rapid commercialization of new IP*, such as *Demon Slayer: Kimetsu no Yaiba* and *Disney: Twisted-Wonderland*. Favorable results were also recorded in toy-related items, such as in the confectionery category, where the *Charapaki* series became a hit. Products sold at amusement facilities were affected by the closure of facilities, especially in the first quarter, but nonetheless the Toys and Hobby business overall achieved record-high results.

In the fourth quarter, we will launch new series for established IP, such as *Super Sentai* and *PRETTY CURE!*, and will continue to address the mature fan base, where we have secured demand associated with the trend toward people staying at home. In addition, we will strengthen measures to address digitalization in each region and category. In these ways, we will work to implement initiatives that will foster growth in FY2022.3 and thereafter.

What is the situation in the Network Entertainment business?

Taguchi: As a result of continued measures to address demand from customers around the world, the Network Entertainment Business registered favorable results with mainstay network content titles, including titles in the *DRAGON BALL* series and *THE IDOLM@STER* series, and network content sales increased year on year. In home video games, there were only a few new title launches, but nonetheless



Mitsuaki Taguchi
President & Representative Director,
BANDAI NAMCO Holdings Inc.

unit sales of repeat titles for the nine-month period reached 20.69 million units, compared with 11.25 million units in the same period of the previous fiscal year. We were able to effectively meet demand associated with the trend toward people staying at home.

Moving forward, in both network content and home video games, we will continue to focus on the high-quality titles that are supported by customers and to maintain communications with customers through events and updates. We will also advance the development of major home video game titles, such as *SCARLET NEXUS* and *Elden Ring*, which we are planning to launch in the future. In addition, we will advance marketing measures and implement future-focused investment, such as research into new technologies.

What is the situation in the Real Entertainment business?

Taguchi: In the Real Entertainment business, amusement facilities around the world were closed or had shortened operating hours due to the spread of COVID-19, and this affected the amusement facility business as well as sales of amusement machines.

Looking at game centers in Japan, the various measures implemented from the first half of the fiscal year are showing results. Going forward, the COVID-19 environment is expected to remain challenging, and accordingly we will implement structural reforms in the Real Entertainment business.

* IP: Characters and other intellectual property

The Real Entertainment business will work to build a strong foundation by collaborating with other Group businesses even more closely.

Would you discuss the situation in the Visual and Music Production and IP Creation businesses?

Taguchi: The Visual and Music Production business was also significantly affected by the spread of COVID-19. Even in this setting, we achieved a solid performance in sales of music CDs, but results were affected by such factors as the cancellation and delay of live events and the postponement of launches of visual products, which in turn delayed sales of packaged products. Currently, to respond to changes in the operating environment, we are working with new ways of interacting with fans, such as streaming of live events with no customers in attendance at the event venue.

In the IP Creation business, as seen at the GUNDAM FACTORY YOKOHAMA, we took steps to create buzz about mainstay IP, such as the *Gundam* and *Love Live!* series. In addition, we produced a variety of new visual products.

The stay-at-home trend is advancing, and looking at products related to Visual and Music Production and IP Creation, there are an increasing number of customers who have reconsidered a product, or taken a look at it for the first time. We will approach this as an opportunity and continue working to create buzz and to provide high-quality products.

The Group is advancing a variety of *Gundam* projects around the world.

Taguchi: For *Gundam*, the Group is working together across the value chain, from IP creation to the roll-out of products and services. The opening of the *Moving Gundam Statue* at GUNDAM FACTORY YOKOHAMA is

also having a positive knock-on effect on sales of products, such as *Gundam* plastic models.

Moving forward, in addition to on-line streaming and releases of visual products, we will continue to take steps to create buzz around the world. These initiatives will include installing a life-size *Freedom Gundam* statue in Shanghai, China; having *Gundam* serve as ambassador of the Japan Pavilion at the Dubai Expo; and participating in the production of a live-action *Gundam* film.

Looking at products and services, a new version of a popular arcade game, *Mobile Suit Gundam: Senjo no Kizuna II*, is currently in development, and we are expanding the world-wide roll-out of *Gundam* plastic models, such as in Asia and North America. All of our regions will work together under the ALL BANDAI NAMCO concept, and we will strive to maximize IP value by fostering close collaboration between visual products and other products and services.

What is the outlook for full-year results?

Taguchi: For the fiscal year, as of August 2020 our forecasts were for ¥650.0 billion in net sales, ¥50.0 billion in operating profit, and ¥33.0 billion in profit attributable to owners of parent. In comparison, as of February 2021 we have increased our forecasts to ¥720.0 billion in net sales, ¥72.0 billion in operating profit, and ¥36.0 billion in profit attributable to owners of parent.

The revision of the full-year forecasts was based on our results in the first nine months, the current trends in each business, and the marketing plans for the products and services

that we are planning for the fourth quarter, as well as the assumption that the spread of COVID-19 would continue around the world. Furthermore, in the Real Entertainment business, which is the most significantly affected by COVID-19, in the fourth quarter we will record an extraordinary loss of approximately ¥13.0 billion for expenses associated with structural reforms. Specifically, this will include impairment losses on fixed assets in the facilities business around the world, as well as other losses. In addition to these accounting allowances, we are also working to reduce fixed expenses and increase operational efficiency. In business operations, we are implementing the principles of selection and concentration for operations that leverage IP and the resources of the Group's businesses, such as *Capsule Toy Stores* and *Toruno*. By further enhancing unity among the Group's businesses, we will work to build a strong business foundation that can generate profits even in environments that lack transparency.

Please discuss the dividend forecast.

Taguchi: Our basic policy for shareholder return calls for both stable dividends over the long term and an enhanced emphasis on cost of capital. Specifically, our basic policy is to implement shareholder return with target of a total return ratio of 50% or more based on stable dividend payments of 2% of DOE (dividends on equity). In accordance with this basic policy, the dividend forecast for FY2021.3, on an annual per-share basis, is a base dividend of ¥42 per share and a performance-based dividend of ¥40 per share, for a total of ¥82 per share. We have already paid an interim dividend of ¥21 per share, and accordingly the year-end dividend forecast is ¥61 per share.

The Unit system will be changed.

Taguchi: The BANDAI NAMCO Group has positioned FY2022.3 as a period for formulating our strategy for the next Mid-term Plan, which will start from FY2023.3, and for bolstering our foundation. Accordingly, we decided to change the Unit structure and officer system one year in advance of the next Mid-term Plan.

There will be three business Units. The Toys and Hobby Unit and the Network Entertainment Unit will be combined to form the Entertainment Unit, while the Visual and Music Production Unit and the IP Creation Unit will be combined to form the IP Production Unit. The Real Entertainment Unit will change its name to the Amusement Unit.

In the Entertainment Unit, BANDAI NAMCO Entertainment Inc. will oversee the Digital Business, including network content, home video games, etc., and BANDAI CO., LTD., will oversee the Toys and Hobby business, such as toys, plastic models, etc. These two companies will work together to manage the overall Unit.

In the IP Production Unit, BANDAI NAMCO Arts Inc. will oversee the Visual and Music Business, including visual and music content, live entertainment, etc., and SUNRISE INC. will oversee the Creation Business, such as animation production, etc. These two companies will work together to manage the overall Unit. In the Amusement Unit, BANDAI NAMCO Amusement Inc. will manage the business.

In addition, a director of BANDAI NAMCO Holdings Inc. will be responsible for and supervise each Unit. This will reduce the distance between management and business execution and enable us to leverage the synergies from these combinations.

What direction will the Group take under the new system?

Taguchi: Under the new Unit system, we will strongly advance the IP axis strategy by stepping up collaboration among our businesses and unifying the efforts in each region under the ALL BANDAI NAMCO concept.

In the Entertainment Unit, by leveraging a wide range of outlets for digital and physical products and dynamically rolling out the IP

axis strategy, we will aim to enhance our presence in global markets. The IP Production Unit will consolidate the studio and production functions and aim to step up the creation of a wide range of IP. The Amusement Unit will work to create a strong business foundation for the next Mid-term Plan.

Please discuss the director system for BANDAI NAMCO Holdings Inc.

Taguchi: On April 1, Masaru Kawaguchi, who is currently BANDAI NAMCO Holdings' Executive Vice President and Director, will become the Company's President and Representative Director. I will become Chairman and Director, and from that position I will support Mr. Kawaguchi from an optimal overall perspective. Mr. Kawaguchi has a strong track record as a leader, including the repeated achievement of record-high results as the leader of the Toys and Hobby Unit. In addition, he has a wide range of experience, including Groupwide management experience as Executive Vice-President of BANDAI NAMCO Holdings and Director of BANDAI NAMCO Entertainment. Moreover, Mr. Kawaguchi excels not only in delegating authority but also in drawing out the front-line capabilities of young employees, encouraging them to work with a sense of responsibility as they tackle their jobs. In this way, employees on the front lines can work in a free and open-minded manner. Among employees and organizations, he is



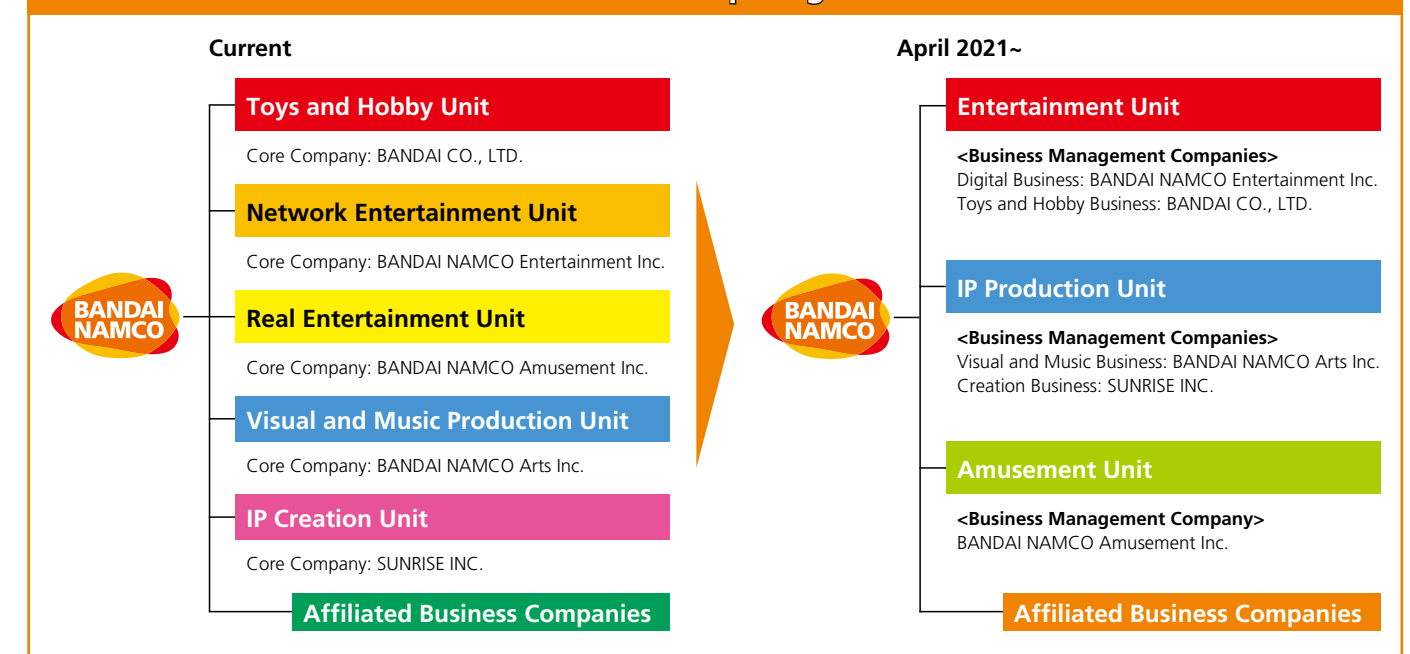
highly skilled at linking one successful initiative to the next. Mr. Kawaguchi has a cheerful personality and enjoys the confidence of those around him. I believe that he is an excellent choice for the leader of the BANDAI NAMCO Group.



▲ We are planning to install the life-size *Freedom Gundam* Statue in front of the LaLaport Shanghai Jinqiao in Shanghai, China.

©創通・サンライズ

BANDAI NAMCO Group Organization Chart



The leaders of the BANDAI NAMCO Group will work together to achieve further growth and to guide the Group into a new era.

In addition, plans call for Toshio Shimada to become a new outside director following the Ordinary General Meeting of Shareholders. Mr. Shimada has worked in such positions as the president and representative director of CAC Holdings Corporation. He has experience as a corporate leader, and is also well-versed in IT. Accordingly, we felt that Mr. Shimada would be able to provide appropriate advice, etc., as the Group strongly advances digitalization.

There will also be changes in the representative directors of the business companies.

Taguchi: In the Entertainment Unit, BANDAI NAMCO Entertainment Inc. will transition to a system of two representative directors. Yasuo Miyakawa, who will continue as president and representative director, and Naoki Katashima, who will become representative senior managing director. Mr. Katashima will leverage abundant experience in global business and take steps to advance business expansion on a global basis, such as strengthening IP originating overseas. By transitioning to a system of two representative directors, BANDAI NAMCO Entertainment Inc. will implement more-rapid decision-making and implementation in an industry marked by rapid changes in the operating environment.

Kazuhiro Takenaka, who has a wide range of experience, including in the departments handling products for the mature fan base and collaboration initiatives with IP rights holders, will become president and representative director of BANDAI CO., LTD. Nao Udagawa, who has contributed to the growth of BANDAI NAMCO Entertainment Inc. as a managing director, will become president and representative director of BANDAI SPIRITS CO., LTD.

In the IP Production Unit, Satoshi Kono, who has abundant experience in visual and music operations, will become president and representative director of BANDAI NAMCO Arts Inc. In the Amusement Unit, Hiroshi Kawasaki, who has a wide range of experience in such areas as toys and facilities, will become president and representative director of BANDAI NAMCO Amusement Inc.

These new representative directors are all excellent choices to lead BANDAI NAMCO

into a new era. As a result of the advancement of personnel exchanges at the level of representative directors and directors, extending across business lines, I expect to see further activation of combinations and collaborative activities in the future.

Do you have a message for stakeholders?

Taguchi: Even during the next Mid-term Plan, there will be no change to the Group's strategy of leveraging the IP axis strategy to expand our business in global markets. Nonetheless, with the operating environment undergoing significant change, we have to compete in new ways rather than simply extend previous ways of doing things. Under the new system, we will aim for sustained growth and formulate a strategy of leveraging new ways for BANDAI NAMCO to compete in a new era.

In the midst of the COVID-19 crisis, I believe that entertainment that enriches people's lives is increasingly important. We will continue to maintain a sense of pride and responsibility for our mission of providing "Dreams, Fun and Inspiration" through the Group's products and services. On that basis, we will strive to forge connections with fans in global markets and contribute to the creation of a world that is full of smiles and happiness.

BANDAI NAMCO Holdings Inc. New Outside Director Candidate

Scheduled to take office after approval at the Ordinary General Meeting of Shareholders planned for June 2021



Toshio Shimada
Director (Outside)



New Presidents and Representative Directors

Taking office on April 1, 2021 (planned)

BANDAI NAMCO Entertainment Inc.



Naoki Katashima
Representative
Senior Managing
Director



BANDAI CO., LTD.



Kazuhiro Takenaka
President and
Representative
Director



BANDAI SPIRITS CO., LTD.



Nao Udagawa
President and
Representative
Director



BANDAI NAMCO Arts Inc.



Satoshi Kono
President and
Representative
Director



BANDAI NAMCO Amusement Inc.



Hiroshi Kawasaki
President and
Representative
Director



Message from Masaru Kawaguchi, who is scheduled to become the President and Representative Director of BANDAI NAMCO Holdings Inc.

In April 2021, BANDAI NAMCO Holdings Inc. will commence full-scale preparations for the next Mid-term Plan. As the new president, my mission will be to advance collaboration and combinations among our businesses so that the BANDAI NAMCO Group can achieve sustained growth.

With a spirit of independence, the businesses in the BANDAI NAMCO Group have drawn on each company's distinctive characteristics to develop distinctive management skills. However, our operating environment is changing rapidly. Moving forward, our principal strategy will entail advancing the ALL BANDAI NAMCO concept while maintaining respect for the individual characteristics of each company. By combining the Group's wide-ranging business fields and the extensive know-how of our diverse employees, we will expand opportunities for the Group. Going forward, the BANDAI NAMCO Group will aim to further strengthen collaboration between management and business execution and to encourage people on the front lines to take action with an even greater degree of independence.



Directors at Major Companies in the BANDAI NAMCO Group (as of April 1, 2021)

BANDAI NAMCO Holdings Inc.

Chairman and Director	Mitsuaki Taguchi *
President and Representative Director	Masaru Kawaguchi *
Director	Shuji Ohtsu
Director	Yuji Asako
Director (Part-time)	Yasuo Miyakawa
Director (Part-time)	Makoto Asanuma
Director (Part-time)	Hitoshi Hagiwara
Director (Part-time)	Kazumi Kawashiro
Director (Outside)	Yuzuru Matsuda
Director (Outside)	Satoko Kuwabara
Director (Outside)	Mikiharu Noma
Director (Outside)	Koichi Kawana

Following the General Meeting of Shareholders scheduled for June 2021

Chairman and Director	Mitsuaki Taguchi
President and Representative Director	Masaru Kawaguchi
Director	Shuji Ohtsu
Director	Yuji Asako
Director (Part-time)	Yasuo Miyakawa
Director (Part-time)	Satoshi Kono *
Director (Part-time)	Makoto Asanuma
Director (Part-time)	Hiroshi Kawasaki *
Director (Outside)	Koichi Kawana
Director (Outside)	Satoko Kuwabara
Director (Outside)	Mikiharu Noma
Director (Outside)	Toshio Shimada *

BANDAI NAMCO Entertainment Inc.

President and Representative Director	Yasuo Miyakawa
Representative Senior Managing Director	Naoki Katashima *
Managing Director	Koji Fujiwara *
Director	Toru Konno
Director	Masahiro Shimizu
Director (Part-time)	Daisuke Uchiyama
Director (Part-time)	Masaru Kawaguchi

BANDAI CO., LTD.

Chairman and Director	Masaru Kawaguchi *
President and Representative Director	Kazuhiro Takenaka *
Managing Director	Nobuhiko Momoi *
Director	Shinjiro Kaji
Director	Akira Togashi
Director (Part-time)	Taro Tsuji
Director (Part-time)	Yasuo Miyakawa

BANDAI SPIRITS CO., LTD.

President and Representative Director	Nao Udagawa *
Director	Hiroshi Sakakibara *
Director	Takahiro Mizuno
Director	Daiki Miyatani
Director	Akira Togash *
Director (Part-time)	Kazuhiro Takenaka *
Director (Part-time)	Shin Sasaki

BANDAI NAMCO Arts Inc.

President and Representative Director	Satoshi Kono *
Director	Hideyuki Kurita
Director	Yuuka Sakurai
Director	Kenji Hamada
Director	Kimikazu Ueyama
Director (Part-time)	Takaaki Suzuki
Director (Part-time)	Makoto Asanuma

SUNRISE INC.

President and Representative Director	Makoto Asanuma
Managing Director	Shin Sasaki
Director	Naoya Masaki
Director (Part-time)	Masayuki Ozaki
Director (Part-time)	Daiki Miyatani *
Director (Part-time)	Hirofumi Inagaki
Director (Part-time)	Yoshiyasu Horiuchi
Director (Part-time)	Satoshi Kono

BANDAI NAMCO Amusement Inc.

Chairman and Director	Hitoshi Hagiwara *
President and Representative Director	Hiroshi Kawasaki *
Managing Director	Seiji Kagawa
Director	Haruo Iwayaguchi
Director	Yoshiyasu Horiuchi
Director (Part-time)	Takahiro Mizuno
Director (Part-time)	Yuji Asako *

☆ Newly appointed ★ Change in position