Mid-term Plan of the Bandai Namco Group (From April 2022 to March 2025)

We will strive to build deep, broad, multifaceted connections among a wide range of stakeholders, including IP fans, business partners, employees, and communities, with a focus on the quality of connections.

I. Background of the new Mid-term Plan

II. Formulation of our Purpose and introduction of a new corporate logo

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Reference material: Mid-term vision and main strategies for each Unit

I. Background of the new Mid-term Plan

Under the previous three-year Mid-term Plan, which was launched in April 2018, the Bandai Namco Group worked to advance its main strategies in order to strengthen the IP axis strategy, guided by the mid-term vision of “CHANGE for the NEXT: Empower, Gain Momentum, Accelerate Evolution.” Initially, the Group intended to start a new Mid-term Plan from April 2021, but with consideration for the rapid changes in the business environment resulting from the spread of COVID-19, we determined that it would be necessary to formulate new strategies for a new era. Accordingly, we postponed the start of the new plan to April 2022. We positioned the one-year period starting in April 2021 as a time for establishing a business structure and organizational foundation for the promotion of our strategies as we prepared for the start of the new plan. We considered strategies for a new era, implemented organizational restructuring, and advanced a variety of measures to reinforce collaboration among businesses.
II. Formulation of our Purpose and introduction of a new corporate logo

1. Formulation of our Purpose

The business environment in entertainment markets is undergoing significant change, with intensifying competition in the global market and diversifying consumer preferences and lifestyles. In this setting, the Bandai Namco Group, in accordance with the IP axis strategy, decided that it would be necessary to leverage the individual characteristics of each business while increasing the sense of unity and comprehensive strength of the ALL BANDAI NAMCO concept and further building the value of the Group brand.

Accordingly, we decided to formulate our Purpose as the ultimate definition of the Group. From April 2022, the Purpose will express the meaning of our existence for society and the reason why we conduct business operations and corporate activities. In formulating the Purpose, we held repeated deliberations based on factors that were identified through external corporate image surveys, questionnaires distributed to all employees, and discussions among employees from around the world.

The result of “connecting and working together to create things,” which is an especially important element of the Purpose, is “Fun for All into the Future,” which incorporates the meaning of providing fun and inspiration to people around the world and striving to create smiles and happiness into the future.

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.

2. Introduction of a new corporate logo

In April 2022, we will introduce a new corporate logo that expresses the spirit of our Purpose. All companies with “Bandai Namco” in their names will use this logo. In addition, in principle, all companies, including those without “Bandai Namco” in their names, will display the new logo on all their products and services. This will enable us to bring together the value of all our products, services, and labels under one logo and elevate the brand value of the Bandai Namco Group in the global market.
*Concept of the new logo*

The logo's design incorporates “Bandai Namco” into a motif that brings to mind a speech bubble, called “fukidashi” in Japanese. Through this design, the logo expresses the potential of the brand to connect with people around the world through dreams, fun and inspiration and inspire them with amazing ideas. The speech bubble also represents Japan’s manga culture, which has become popular around the world. In this way, the logo stands for our determination to communicate and connect with fans worldwide as we strive to create entertainment unique to Bandai Namco.

For the motif color, we sent questionnaires to employees around the world to gather their thoughts about words that express images associated with the aims of the Group. From among the words that were frequently mentioned, we selected candidate colors through scientific methods linking words with colors. From among these candidates, we selected a bright red color that creates an impression that is enthusiastic, fun, active, and bold.

**III. Purpose-driven aims**

In accordance with the Purpose, the Bandai Namco Group aims to connect with IP fans, business partners, Group employees, and communities around the world. We will strive to connect more deeply with current fans and more broadly with new fans. In addition, we will 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 will be the quality of the connections. Under the new Mid-term Plan, we will advance a variety of initiatives focusing on deep, broad, and multifaceted connections with fans and on the quality of those connections.

**IV. Mid-term Vision**

*Connect with Fans*

In accordance with the purpose, as we work toward what we aim to be, under the new Mid-term Plan we will strive to always meet the needs of IP fans, a wide range of business partners, Group employees, and communities around the world and to foster deep, broad, multifaceted connections.
V. Main strategies and investment plan

1. IP axis strategy

The IP axis strategy, which is the Group’s strength, will be the core of the new Mid-term Plan. We will aim for sustainable growth by implementing new initiatives to foster deep, broad, 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.

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

On an IP axis, Bandai Namco will develop a metaverse for each IP 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 on an IP axis, 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 will establish communities among Bandai Namco and fans, as well as among fans themselves. Through these communities and content, we will build deep, broad, multifaceted connections that continue for long periods of time, and we will focus on the quality of those connections. In this way, we will work to maximize IP value over the medium to long term. To advance development, we will collect IP information so that we can provide a variety of information to fans, develop content that leverages Bandai Namco’s distinctive strengths by fusing physical and digital elements, and build communities that will be venues for connections with and among fans and business partners.

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

We will 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 will redefine the optimal IP axis
strategy for IP fans and for IP itself. In these ways, we will aim to accelerate evolution in the IP axis strategy.

**Strengthening IP creation**

By reorganizing the IP Production Unit and collecting/integrating know-how related to visual, music, and live events, we will further reinforce our IP creation and production capabilities. In addition, we will implement strategic investment for the purpose of IP creation. We will strive to create IP from a variety of perspectives, including creation from products and services, creation through Groupwide initiatives, creation through the Bandai Namco Content Fund, and creation through initiatives with external business partners. In these ways, we will work to nurture IP creation through Group businesses.

**From a business axis, working to maximize IP value on an IP axis**

In working on a business axis, we aim to maximize business operations by leveraging IP with a wide range of outlets for products and services. In addition, we also work from an IP platform perspective, where we emphasize the IP axis with the objective of maximizing the value of the IP itself. One of our strengths is the ability to foster connections with both digital elements, such as games and the metaverse, and physical elements, such as amusement facilities. Leveraging that strength, we will build IP platforms that foster connections among Bandai Namco and fans, and among fans themselves, through a wide range of products and services.

Aiming to maximize the value of IP, from a longer-term perspective, we will emphasize IP value maximization and implement open collaboration with a wide range of partners. Moreover, in addition to maximizing businesses, aiming for long-term IP value maximization, we will advance initiatives to expand the potential of IP.

For IP rolled out across regions and multiple businesses, we will aim for IP value maximization through Groupwide projects that extend across businesses and regions. With IP producers as the control towers, we will focus on IP value maximization and work to roll out IP from a long-term viewpoint of overall optimization. We will gradually expand the IP used in these projects, and the Group will work together to implement these initiatives.

**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 have 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.

Following the introduction of the new logo, it will be displayed on all Group products and services. In this way, we will strive to leverage the appeal of the ALL BANDAI NAMCO brand.

In the development of marketing of products and services with an IP axis, we will take steps to further bolster collaboration among businesses. Also, for IP that is rolled out worldwide, the Group will implement projects that extend across businesses and regions. Furthermore, we will focus on creating
and nurturing IP originating in each region. In regard to organizations, with consideration for strategies and market environments, we will build the optimal systems in accordance with circumstances.

Through these initiatives, for the Group, we will aim for a percentage of overseas sales of 35% in the final year of the Mid-term Plan.

(4) Investment plan for accelerating evolution in the IP axis strategy

Over the three years of the new Mid-term Plan, we will implement a total of ¥40.0 billion in strategic investment to accelerate evolution in the IP axis strategy.

- Strategic investment to maximize IP value: ¥25.0 billion
  ➔ New IP creation, Groupwide IP projects, open innovation, etc.

- Investment to develop the IP Metaverse: ¥15.0 billion
  ➔ Establishment of data foundation (data universe), development of content

Total of ¥40.0 billion

2. Personnel strategy: Developing diverse human resources

In advancing the strategies in the new Mid-term Plan, we will work to develop diverse human resources in a variety of fields, such as marketing personnel who will advance the IP axis strategy on a global basis, creators and engineers who will be involved with the creation of IP and the development of products and services, and personnel in administrative units who will be the foundation for advancing management strategies and business strategies. In this way, we will aim for a more-balanced workforce composition.

In accordance with our Purpose, we seek to be a group in which companies and employees can act with motivation and energy to leverage varied talents, individual characteristics, and values. In this way, we will strive to be a group that demonstrates the concept of “same spirit, diverse talents.” We will secure and promote human resources without regard to whether they are new graduates or mid-career hires, their gender, or their nationality. In addition, we will further focus resources on the establishment of systems and environments that enable diverse human resources to actively participate and to work in a manner that is healthy in body and mind. Under the new Mid-term Plan, we will advance a variety of initiatives, such as supporting employees as they take on challenges and developing human resources to advance the IP axis strategy on a global basis. In addition, we will work to address diverse working styles and new working styles.

3. Sustainability: Connecting to a future of smiles

In accordance with our Purpose, the Bandai Namco Group will work together with fans to advance sustainability activities for the realization of a sustainable society.

(1) The Bandai Namco Group Sustainability Policy

Under the IP Axis Strategy, we will work with fans to promote sustainability activities corresponding to social issues that should be addressed by the Group.
(2) Promotion System
The Group recognizes that in order to fulfill our responsibility in realizing a sustainable society, the promotion of sustainability activities is important from the perspective of management strategy. Accordingly, from the new Mid-term Plan, the existing Group CSR Committee will be reorganized as the Group Sustainability Committee, which will be directly under the Board of Directors. This committee will be chaired by the President and Representative Director of BANDAI NAMCO Holdings. In accordance with the sustainability policy, the committee will rapidly advance various activities to address social issues.

(3) Identification of Material Issues (Reselection of Important Themes)
The Group formulated its Important Group CSR Themes in 2010, and has verified their appropriateness and applied them in each Mid-term Plan. For the new Mid-term Plan, the Group identified material issues (reslected Important Themes) aligned to the issues facing the Group and new themes in society. Material issues were identified through a process of listing items, analyzing their importance from the perspectives of external stakeholders and management, and holding discussions with outside experts. Moving forward, we will advance a detailed action plan in line with material issues.

<Specified material issues>
- 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

(4) Medium to long term targets for decarbonization
To address environmental issues faced by society, the Bandai Namco Group has established numerical objectives and steps to be taken in the period up to 2050 in order to support decarbonization through reductions in energy-related emissions of carbon dioxide. Under the new Mid-term Plan, we will advance initiatives in line with the characteristics of each business, such as further advancing energy-saving initiatives and introducing renewable energy.

<table>
<thead>
<tr>
<th>Target: By 2050</th>
<th>Reduce the amount of energy-related carbon dioxide emissions at Group business sites (offices, own plants, directly operated amusement facilities, etc.) to net-zero</th>
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<tbody>
<tr>
<td>Medium-term target: By 2030</td>
<td>A 35% reduction compared with fiscal year ended March 2020 (a 50% reduction compared with fiscal year ended March 2014) in energy-related carbon dioxide emissions at Group business sites</td>
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<tr>
<td>Major initiatives</td>
<td>Further promotion of energy-saving initiatives and introduction of renewable energy, etc.</td>
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VI. System for promotion of the Mid-term Plan

1. Strengthening the governance system of BANDAI NAMCO Holdings

In order to further increase corporate value by strengthening our corporate governance system and implementing rapid decision-making and business execution, we will transition to a company with an audit and supervisory committee. A proposal for this transition will be submitted for the approval of the shareholders at the 17th Ordinary General Meeting of Shareholders, which is scheduled to be held in June 2022.

- We will establish an audit and supervisory committee, of which a majority of the members will be outside directors, and directors who are members of the audit and supervisory committee will have the right to vote at meetings of the Board of Directors. Accordingly, the Board auditing and supervisory functions will be strengthened.

- Through the delegation of Board authority for certain matters, we will implement more-rapid decision-making and business execution in rapidly changing entertainment markets.

2. Certain changes to Unit system

From April 2022, we will reorganize the IP Production Unit. In addition, we will combine the Visual and Music production business and the Creation business, and combine them to establish the IP Production business. BANDAI NAMCO Filmworks Inc., which will have responsibility as the business management company in the IP Production Unit, will combine three companies in the Unit with visual business operations (SUNRISE INC., the visual business operations of BANDAI NAMCO Arts Inc., and BANDAI NAMCO Rights Marketing Inc.)
VII. Numerical targets, shareholder return policy

**FY2025.3: Numerical targets**
- Consolidated net sales: ¥1,100 billion
- Consolidated operating profit: ¥125.0 billion
- ROE: 12% or more

**Shareholder return policy**

The Bandai Namco Group places the return of profits to shareholders as one of its highest priorities in its management. The Company aims to further strengthen the Group’s competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Group’s corporate value. In embarking on a new Mid-term Plan, the Company has considered its basic policy on returning profits to shareholders from various perspectives, taking into account the Mid-term Plan’s main strategies and investment plan as well as the market environment. As a result, the Company decided to continue its basic policy of maintaining a stable level of dividends over the long term and increasing the focus on the cost of capital, with dividends on equity (DOE) and total payout ratio as indicators. We target a total return ratio of 50% or more based on stable dividend payments with a DOE of 2%. 
Reference material: Overview of each Unit’s Mid-term Plan

**Entertainment Unit**

(1) Unit-wide  
Unit Mid-term Vision: Connect with Fans  
Unit main strategies:  
- Large-scale, long-term investment x short-cycle, rapid investment  
- Acquiring a focus on maximizing IP value

(2) Digital business  
Main strategies:  
- Realizing the metaverse concept  
- Worldwide title organization, large-scale development  
- Strengthening content originating overseas

(3) Toys and Hobby business  
Main strategies:  
- Global IP merchandising roll-outs  
- Strengthening business in North America and China  
- Global strategy for digital marketing and direct marketing

**IP Production Unit**

Mid-term Vision:  
Evolving into the leading IP production group that continues to provide a wide variety of stories that bring the world together  
Main strategies:  
- Accelerating the creation of hits by strengthening multifaceted production capabilities  
- Maximizing IP value by strengthening multifaceted management capabilities  
- Establishing strong Unit structure for the implementation and continued development of strategies

**Amusement Unit**

Mid-term Vision:  
Responsive to Change — Becoming a Unit that can address change as we move into the future  
Main strategies:  
- TRANSFORM: Change method of implementing businesses  
- UNITE: Continually work together as a Unit to foster optimization  
- CONTROL: Address circumstances rapidly and flexibly

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