



BANDAI NAMCO Holdings Inc.

Consolidated Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2021

November 6, 2020

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- This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

BANDAI NAMCO Holdings Inc.

Stock Listing: Tokyo Stock Exchange

Code Number: 7832

(URL: <https://www.bandainamco.co.jp/>)

November 6, 2020

Consolidated Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2021 (Japanese GAAP)

Representative: Mitsuaki Taguchi, President and Representative Director

Contact: Yuji Asako, Director, Division General Manager of the Corporate Planning Division

Scheduled filing date of the quarterly security report: November 10, 2020

Scheduled starting date for dividend payments: December 7, 2020

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 Second Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 to September 30, 2020)

(1) Consolidated Operating Results (For the Six Months Ended September 30, 2020)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Second Quarter of the Fiscal Year Ending March 31, 2021	337,122	(3.5)	45,930	(4.2)	47,193	(3.2)
Second Quarter of the Fiscal Year Ended March 31, 2020	349,327	4.4	47,941	9.1	48,746	6.4

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Second Quarter of the Fiscal Year Ending March 31, 2021	31,715	(8.4)	144.38	—
Second Quarter of the Fiscal Year Ended March 31, 2020	34,607	1.2	157.45	—

(Note) Comprehensive income: 44,190 million yen [46.1%] (FY2021.3 2Q), 30,236 million yen [(22.5)%] (FY2020.3 2Q)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of September 30, 2020	683,559	470,050	68.6
As of March 31, 2020	619,819	454,684	72.5

(Reference) Equity: 468,848 million yen (as of September 30, 2020), 449,292 million yen (as of March 31, 2020)

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, 2020	–	¥20.00	–	¥112.00	¥132.00
Fiscal Year Ending March 31, 2021	–	¥21.00			
Fiscal Year Ending March 31, 2021 (Projections)			–	¥21.00	¥42.00

(Note) Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2021: No
Concerning the projected amounts of the year-end cash dividends for the fiscal year ending March 31, 2021, the base dividend is stated based on the Company's basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2021, will be considered by the Company based on the basic policy on the distribution of profits.

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

(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	650,000	(10.2)	50,000	(36.5)	50,500	(36.7)	33,000	(42.8)	150.23

(Note) Revision to the projections: No

* 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
 - a) Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - b) Changes in accounting policies due to other reasons: No
 - c) Changes in accounting estimation: No
 - d) Restatement: No
- (4) Number of Issued Shares (Common Stock)
 - a) Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2020	222,000,000 shares
As of March 31, 2020	222,000,000 shares
 - b) Number of shares of treasury stock at the end of the period

As of September 30, 2020	2,327,146 shares
As of March 31, 2020	2,324,320 shares
 - c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the Second Quarter of the Fiscal Year Ending March 31, 2021	219,667,816 shares
For the Second Quarter of the Fiscal Year Ended March 31, 2020	219,807,530 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 Second 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 November 6, 2020.

Attached Material

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1. Qualitative Information Regarding Consolidated Results for the Second Quarter

(1) Explanation Regarding Operating Results

During the second quarter (six months) of the fiscal year ending March 31, 2021, the spread of the novel coronavirus disease (COVID-19) continued to have a big impact on the overall economy and consumer activity in Japan and overseas. As part of our response against the spread of COVID-19, the Group has been giving the highest priority to the safety of our stakeholders, including employees and their families, and customers, while implementing measures to prevent the spread of infection. We also promoted various measures suited to the changes in lifestyles and preferences of customers by strengthening the sales and marketing that utilize digital strategies. In accordance with our three-year Mid-term Plan started in April 2018, in which we set forth the Mid-term Vision of “CHANGE for the NEXT: Empower, Gain Momentum, and Accelerate Evolution,” we have also been taking advantage of the worldview and unique characteristics of IP (Intellectual Property: meaning characters and other intellectual property) to further evolve the “IP Axis Strategy” that aims to maximize IP value through the provision of the optimal products and services at the optimal possible times. The measures also include an initiative to strengthen development in regions and businesses with high growth potential and an initiative to realize the total capabilities of the Group in regions around the world under the ALL BANDAI NAMCO concept.

During the second quarter (six months), although each business was impacted by the spread of COVID-19, the Toys and Hobby Business saw increased popularity for products for the mature fan base in Japan and overseas while the Network Entertainment Business enjoyed favorable performance of key titles in network content and strong repeat sales of home video game titles.

Consequently, the Group’s consolidated results for the second quarter (six months) were net sales of 337,122 million yen (year-on-year decrease of 3.5%), operating profit of 45,930 million yen (year-on-year decrease of 4.2%), recurring profit of 47,193 million yen (year-on-year decrease of 3.2%), and profit attributable to owners of parent of 31,715 million yen (year-on-year decrease of 8.4%).

Operating results by segment are as follows.

Toys and Hobby Business

As for the Toys and Hobby Business, in Japan, products for the mature fan base such as plastic models of the *Mobile Suit Gundam* series and collectible figures performed favorably as a result of getting successful outcomes from sales, marketing, etc. that utilize digital strategies. Popularity was also gained for long-established IP products such as the *KAMEN RIDER* series, as well as for toys and peripheral products utilizing new IP. However, products offered through amusement facilities were impacted by the temporary closures of facilities in response to the spread of COVID-19. Overseas, in the Asian region, products for the mature fan base performed stably while in the Americas and Europe, business was affected by the temporary closures of retail stores.

As a result, net sales in the Toys and Hobby Business were 128,858 million yen (year-on-year increase of 0.6%), and segment profit was 18,809 million yen (year-on-year increase of 6.7%).

Network Entertainment Business

As for the Network Entertainment Business, in network content, key titles being distributed worldwide such as the *DRAGON BALL* series and *ONE PIECE*, and key titles in Japan such as *The iDOLM@STER* series, continued to perform favorably due to ongoing measures targeting users. In home video games, in addition to the good start of the new title *CAPTAIN TSUBASA: RISE OF NEW CHAMPIONS*, repeat sales of existing titles such as the *DRAGON BALL* series, *TEKKEN 7*, and the *DARK SOULS* series, enjoyed popularity, primarily overseas, due to ongoing measures targeting users and increased demand for digital sales.

As a result, net sales in the Network Entertainment Business were 170,273 million yen (year-on-year increase of 11.3%), and segment profit was 34,726 million yen (year-on-year increase of 39.1%).

Real Entertainment Business

As for the Real Entertainment Business, the temporary closures of amusement facilities in Japan and overseas in response to the spread of COVID-19 had a big impact on facilities operations and the sale of arcade games. In response to these changes in the business environment, we promoted initiatives, such as offering claw crane games that can be played online and strengthening the use of Group products and services in facilities, that only BANDAI NAMCO can offer. Fixed costs incurred during the temporary closures of facilities etc. in response to the official requests from the national and local governments have been recognized under extraordinary loss as “loss on temporary store closures and other related to COVID-19.”

As a result, net sales in the Real Entertainment Business were 24,320 million yen (year-on-year decrease of 48.0%), and segment loss was 8,022 million yen (segment profit for the same period of the previous fiscal year was 1,526 million yen).

Visual and Music Production Business

As for the Visual and Music Production Business, although IP related visual and music package software, among others, including the *LoveLive!* series and *The iDOLM@STER* series, continued to be sold, live events were canceled due to the spread of COVID-19, and releases of visual and music products and the launch of their package software titles were postponed due to delays in production schedules, among other reasons, which impacted business performance. In response to these changes in the business environment, we streamed live events without spectators and carried out other new initiatives for live events that are suited to this environment.

As a result, net sales in the Visual and Music Production Business were 11,091 million yen (year-on-year decrease of 46.6%), and segment profit was 826 million yen (year-on-year decrease of 78.5%).

IP Creation Business

As for the IP Creation Business, we stirred up public attention by disseminating information on production of video works and IP such as the *Mobile Suit Gundam* series and the *LoveLive!* series, leading to those series gaining popularity. In addition, because SOTSU CO., LTD., which became a consolidated subsidiary of the Company in the previous fiscal year, belonged to this business unit in the first quarter of the fiscal year ending March 31, 2021, goodwill was amortized despite recording the revenue of said company.

As a result, net sales in the IP Creation Business were 9,559 million yen (year-on-year increase of 21.8%), and segment profit was 1,914 million yen (year-on-year decrease of 15.1%).

Other Businesses

Other Businesses consist of companies that conduct businesses such as logistics support, printing, and other kinds of administration and operational support for each of the Group companies. We are making efforts to manage such operations related to group support in an efficient manner.

Net sales in the Other Businesses were 15,700 million yen (year-on-year increase of 2.3%), and segment profit was 661 million yen (year-on-year decrease of 29.1%).

(2) Explanation Regarding Financial Position

At the end of the second quarter of the fiscal year ending March 31, 2021, total assets stood at 683,559 million yen, an increase of 63,739 million yen from the end of the previous fiscal year. The main factors were increases of 5,833 million yen in trade receivables, 4,842 million yen in finished goods and merchandise, 12,171 million yen in work in process, and 17,008 million yen in investment securities.

Total liabilities amounted to 213,508 million yen, an increase of 48,373 million yen from the end of the previous fiscal year. The main factor was an increase of 44,478 million yen in short-term loans payable.

Total net assets stood at 470,050 million yen, an increase of 15,366 million yen from the end of the previous fiscal year. The main factors were increases of 7,109 million yen in retained earnings mainly due to the recording of 31,715 million yen in profit attributable to owners of parent despite cash dividends paid of 24,606 million yen, and 12,336 million yen in valuation difference on available-for-sale securities, net of tax.

As a result, the equity ratio became 68.6% compared with 72.5% 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 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 consolidated projections for the full fiscal year ending March 31, 2021, as the spread of COVID-19 is expected to have an impact on society and the economy overall, and the future situation is expected to remain unclear in countries around the world, it is difficult to calculate the impacts on each business properly. In addition to the impact of the spread of COVID-19 on each business, we plan to reexamine the trend for the coming Christmas and New Year selling season, which is the largest selling season of the year for the Toys and Hobby Business, progress on the development and sales schedule of home video games, and other factors when their impact on earnings has become clear; therefore, at this stage we have not revised the previous projection.

We will promptly disclose any potential impacts on earnings due to changes in the market environment and so forth going forward.

* 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

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2020)	Current 2nd Quarter (As of September 30, 2020)
Assets		
Current assets		
Cash and time deposits	189,856	190,954
Trade receivables	83,754	89,588
Finished goods and merchandise	22,282	27,124
Work in process	51,098	63,270
Raw materials and supplies	3,409	4,595
Other current assets	34,658	52,485
Allowance for doubtful receivables	(1,398)	(1,580)
Total current assets	383,662	426,439
Fixed assets		
Property, plant and equipment	96,906	99,204
Intangible assets		
Goodwill	15,704	18,160
Other intangible assets	11,718	12,532
Total intangible assets	27,423	30,693
Investments and other assets		
Investment securities	66,453	83,461
Other investments and assets	45,807	44,192
Allowance for doubtful receivables	(432)	(431)
Total investments and other assets	111,827	127,222
Total fixed assets	236,157	257,119
Total assets	619,819	683,559

(¥ million)

	Prior Fiscal Year (As of March 31, 2020)	Current 2nd Quarter (As of September 30, 2020)
Liabilities		
Current liabilities		
Trade payables	70,169	77,830
Short-term loans payable	946	45,425
Provision	3,892	2,050
Other current liabilities	67,498	64,015
Total current liabilities	142,506	189,321
Long-term liabilities		
Net defined benefit liability	9,840	9,496
Other long-term liabilities	12,788	14,691
Total long-term liabilities	22,628	24,187
Total liabilities	165,135	213,508
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Capital surplus	52,004	52,220
Retained earnings	394,699	401,808
Treasury stock	(3,634)	(3,899)
Total stockholders' equity	453,069	460,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	16,837	29,174
Deferred gains or losses on hedges, net of tax	250	(56)
Revaluation reserve for land, net of tax	(3,902)	(3,902)
Foreign currency translation adjustments	(12,321)	(12,212)
Remeasurements of defined benefit plans, net of tax	(4,639)	(4,283)
Total accumulated other comprehensive income	(3,776)	8,718
Non-controlling interests	5,392	1,202
Total net assets	454,684	470,050
Total liabilities and net assets	619,819	683,559

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

(¥ million)

	Prior 2nd Quarter (From April 1, 2019 to September 30, 2019)	Current 2nd Quarter (From April 1, 2020 to September 30, 2020)
Net sales	349,327	337,122
Cost of sales	215,437	206,645
Gross profit	133,889	130,477
Selling, general and administrative expenses	85,947	84,546
Operating profit	47,941	45,930
Non-operating income		
Dividend income	569	1,145
Share of profit of entities accounted for using equity method	343	–
Other non-operating income	802	631
Total non-operating income	1,716	1,777
Non-operating expenses		
Foreign exchange losses	818	354
Other non-operating expenses	92	159
Total non-operating expenses	911	514
Recurring profit	48,746	47,193
Extraordinary income		
Gain on sales of investment securities	–	276
Reversal of provision for loss on liquidation of affiliated companies	21	–
Subsidies for employment adjustment and other related to COVID-19	–	916
Other extraordinary income	29	87
Total extraordinary income	51	1,280
Extraordinary loss		
Loss on impairment of fixed assets	36	946
Loss on temporary store closures and other related to COVID-19	–	2,275
Other extraordinary loss	218	193
Total extraordinary loss	255	3,415
Profit before income taxes	48,542	45,059
Income taxes	13,853	13,411
Profit	34,688	31,647
Profit (loss) attributable to non-controlling interests	80	(68)
Profit attributable to owners of parent	34,607	31,715

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior 2nd Quarter (From April 1, 2019 to September 30, 2019)	Current 2nd Quarter (From April 1, 2020 to September 30, 2020)
Profit	34,688	31,647
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(719)	12,248
Deferred gains or losses on hedges, net of tax	(63)	(306)
Foreign currency translation adjustments	(3,995)	95
Remeasurements of defined benefit plans, net of tax	292	356
Share of other comprehensive income of associates accounted for using equity method	33	148
Total other comprehensive income	(4,451)	12,543
Comprehensive income	30,236	44,190
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	30,172	44,211
Comprehensive income attributable to non-controlling interests	64	(20)

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

(Segment Information)

I. Prior 2nd Quarter (From April 1, 2019 to September 30, 2019)

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)
	Toys and Hobby Business	Network Entertain- ment Business	Real Entertain- ment Business	Visual and Music Production Business	IP Creation Business	Subtotal				
Net sales										
To external customers	123,889	150,785	46,514	18,123	5,533	344,847	4,479	349,327	–	349,327
Inter-segment sales and transfers	4,155	2,250	295	2,637	2,316	11,655	10,862	22,517	(22,517)	–
Total	128,044	153,036	46,810	20,761	7,850	356,502	15,342	371,844	(22,517)	349,327
Segment profit	17,620	24,964	1,526	3,837	2,255	50,203	932	51,136	(3,194)	47,941

- Notes: 1. The "Other" category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group companies are classified.
2. Included in the 3,194 million yen deducted from segment profit as adjustment are an addition of 277 million yen in inter-segment eliminations, and a deduction of 3,472 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 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.

II. Current 2nd Quarter (From April 1, 2020 to September 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)
	Toys and Hobby Business	Network Entertain- ment Business	Real Entertain- ment Business	Visual and Music Production Business	IP Creation Business	Subtotal				
Net sales										
To external customers	125,454	168,711	23,922	9,572	4,637	332,299	4,823	337,122	–	337,122
Inter-segment sales and transfers	3,403	1,561	397	1,519	4,921	11,803	10,876	22,680	(22,680)	–
Total	128,858	170,273	24,320	11,091	9,559	344,102	15,700	359,803	(22,680)	337,122
Segment profit (loss)	18,809	34,726	(8,022)	826	1,914	48,253	661	48,914	(2,984)	45,930

- Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group companies are classified.
2. Included in the 2,984 million yen deducted from segment profit (loss) as adjustment are an addition of 180 million yen in inter-segment eliminations, and a deduction of 3,164 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 IP 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.

3. Information regarding changes to reportable segments, etc.

Effective the first quarter of the fiscal year ending March 31, 2021, the classification of SOTSU CO., LTD., which previously was classified as a business belonging to the Other segment, was changed to a business belonging to the IP Creation Business in order to strengthen the IP Axis Strategy.

As SOTSU CO., LTD. changed from being an associate accounted for using the equity method to a consolidated subsidiary in the previous fiscal year on the deemed acquisition date of November 30, 2019, the operating results of that company are not included in the second quarter of the fiscal year ended March 31, 2020.

(Significant Subsequent Events)

(Business combination through acquisition)

The Company's consolidated subsidiary BANDAI NAMCO Entertainment Europe S.A.S. ("BNEE"), which belongs to the Network Entertainment Unit, concluded an agreement to acquire 100% of the issued shares of Reflector Entertainment Ltd. ("Reflector") in accordance with the resolution passed at the Board of Directors meeting of the Company held on September 16, 2020 and acquired the shares on October 22, 2020.

1. Overview of business combination

(1) Name and description of business of the acquired company

Name of the acquired company: Reflector Entertainment Ltd.
Description of business: Content planning and production, and development of home video games, etc.

(2) Main reasons for business combination

In accordance with our three-year Mid-term Plan started in April 2018, the Group is strengthening the IP Axis Strategy in the global market, continuing to empower, gain momentum, and accelerate evolution without being bound by previous business models and established ideas, and aiming for the next stage as an entertainment company.

Currently, the Network Entertainment Business, in order to increase the presence of the home video game business and network content business in the global market, is working to improve the quality of its titles, enhance the development system and strengthen its marketing.

Reflector possesses high technical development capabilities in the development of home video game titles, and is currently developing the new title "Unknown 9: Awakening" in partnership with BNEE. Through this share acquisition where Reflector, an important business partner, became a subsidiary of BNEE, the Company aims to build a portfolio of home video games for the Americas and Europe with a proper balance of Japan-developed and locally developed titles by strengthening the development system necessary to create and expand locally developed home video game titles.

(3) Date of business combination

October 22, 2020

(4) Legal form of business combination

Acquisition of shares

(5) Company name after combination

Reflector Entertainment Ltd.

(6) Ratio of voting rights acquired

100%

(7) Identification of the acquiring company

BNEE was identified as the acquirer since it acquired the shares in exchange for cash.

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

Consideration for the acquisition:	Cash	1,862 million yen
Acquisition cost:		1,862 million yen

(Note) Consideration for the acquisition does not include contingent consideration for acquisition. Contingent consideration for acquisition is not determined at this time because it is specified in the agreement that additional consideration for the acquisition shall be paid based on performance levels, etc. of the acquired company over a certain period of time.

3. Amount, cause, amortization method, and amortization period of goodwill arising on the acquisition
Not determined at this time.

4. Amounts and breakdown of assets acquired and liabilities assumed on the date of the business combination
Not determined at this time.