



# Bandai Namco Holdings Inc.

**Consolidated Financial Report for the Fiscal Year Ended**

**March 31, 2022**

May 11, 2022

## 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/>)

May 11, 2022

## Consolidated Financial Report for the Fiscal Year Ended March 31, 2022 (Japanese GAAP)

Representative: Masaru Kawaguchi, President and Representative Director  
Contact: Yuji Asako, Director  
Date of Ordinary General Meeting of Shareholders: June 20, 2022  
Scheduled starting date for dividend payments: June 21, 2022  
Scheduled filing date of the annual security report: June 20, 2022  
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 Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
<b>Fiscal Year Ended March 31, 2022</b>	<b>889,270</b>	<b>20.0</b>	<b>125,496</b>	<b>48.2</b>	<b>133,608</b>	<b>52.5</b>
Fiscal Year Ended March 31, 2021	740,903	2.3	84,654	7.5	87,612	9.8

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
<b>Fiscal Year Ended March 31, 2022</b>	<b>92,752</b>	<b>89.7</b>	<b>422.09</b>	-
Fiscal Year Ended March 31, 2021	48,894	(15.2)	222.58	-

(Note) Comprehensive income: 96,299 million yen [6.4%] (FY2022.3), 90,527 million yen [69.8%] (FY2021.3)

	ROE (Profit attributable to owners of parent / Net assets)	ROA (Recurring profit / Total assets)	Operating margin (Operating profit / Net sales)
	%	%	%
<b>Fiscal Year Ended March 31, 2022</b>	<b>16.9</b>	<b>16.7</b>	<b>14.1</b>
Fiscal Year Ended March 31, 2021	10.2	13.0	11.4

(Reference) Gain or loss from application of equity method: 618 million yen (FY2022.3), (31) million yen (FY2021.3)

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>As of March 31, 2022</b>	<b>862,650</b>	<b>584,233</b>	<b>67.7</b>	<b>2,654.81</b>
As of March 31, 2021	732,782	511,433	69.7	2,323.98

(Reference) Equity: 583,995 million yen (as of March 31, 2022), 510,515 million yen (as of March 31, 2021)

### (3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
<b>Fiscal Year Ended March 31, 2022</b>	<b>121,212</b>	<b>(27,136)</b>	<b>(25,450)</b>	<b>277,891</b>
Fiscal Year Ended March 31, 2021	60,483	(29,771)	(19,037)	203,698

### 2. Cash Dividends

	Annual cash dividends					Total dividend payment (Full year) ¥ million	Payout ratio (Consolidated) %	Dividend / Net assets (Consolidated) %
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	¥	¥	¥	¥	¥			
Fiscal Year Ended March 31, 2021	-	21.00	-	91.00	112.00	24,640	50.3	5.1
Fiscal Year Ended March 31, 2022	-	24.00	-	188.00	212.00	46,649	50.2	8.5
Fiscal Year Ending March 31, 2023 (Projections)	-	27.00	-	27.00	54.00		-	

(Note) Concerning the projected amounts of the end of second quarter and year-end cash dividends for the fiscal year ending March 31, 2023, 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, 2023, 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, 2023 (April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending September 30, 2022	400,000	1.6	46,000	(25.5)	46,500	(27.5)	33,000	(16.5)	150.02
Full Fiscal Year	880,000	(1.0)	100,000	(20.3)	101,000	(24.4)	70,000	(24.5)	318.22

#### \* Notes

(1) Changes in Significant Subsidiaries during the Period

(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): No

(2) 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 "(5) Notes to Consolidated Financial Statements, (Changes in Accounting Policies)" of "3. Consolidated Financial Statements and Significant Notes" on page 18 of the attached material.

(3) Number of Issued Shares (Common Stock)

a) Total number of issued shares at the end of the period (including treasury stock)	
As of March 31, 2022	222,000,000 shares
As of March 31, 2021	222,000,000 shares
b) Number of shares of treasury stock at the end of the period	
As of March 31, 2022	2,023,206 shares
As of March 31, 2021	2,326,752 shares
c) Average number of shares during the period	
For the Fiscal Year Ended March 31, 2022	219,743,585 shares
For the Fiscal Year Ended March 31, 2021	219,670,097 shares

**(Reference) Non-consolidated Information**

**1. Non-consolidated Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)**

**(1) Non-consolidated Operating Results**

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
<b>Fiscal Year Ended March 31, 2022</b>	<b>45,627</b>	<b>(61.0)</b>	<b>36,956</b>	<b>(66.6)</b>	<b>37,709</b>	<b>(66.1)</b>
Fiscal Year Ended March 31, 2021	116,975	260.8	110,761	314.1	111,194	303.5

	Profit		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
<b>Fiscal Year Ended March 31, 2022</b>	<b>37,026</b>	<b>(66.3)</b>	<b>168.28</b>	-
Fiscal Year Ended March 31, 2021	109,865	304.3	499.42	-

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>As of March 31, 2022</b>	<b>534,095</b>	<b>366,622</b>	<b>68.6</b>	<b>1,666.13</b>
As of March 31, 2021	529,866	360,694	68.1	1,639.51

(Reference) Equity: 366,622 million yen (as of March 31, 2022), 360,694 million yen (as of March 31, 2021)

**2. Non-consolidated Projections for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)**

(Percentages indicate year-on-year changes.)

	Operating revenue		Recurring profit		Profit		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	41,000	(10.1)	31,000	(17.8)	31,000	(16.3)	140.88

\* Consolidated Financial Reports are not required to be audited 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 "(4) Future Outlook" of "1. Overview of Operating Results and Others" on page 4 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 May 11, 2022.

## Attached Material

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## 1. Overview of Operating Results and Others

### (1) Overview of Operating Results for the Period (April 1, 2021 to March 31, 2022)

During the fiscal year ended March 31, 2022, the continued spread of the novel coronavirus disease (COVID-19), changes in the social situation, and spread of digital technologies, among other factors, affected both Japanese and overseas economies and societies, as well as customer lifestyles and preferences. As part of our response against the spread of COVID-19, the Bandai Namco Group (“the Group”) has been giving the highest priority to the safety of our various stakeholders, including employees and their families and our customers, while implementing measures to prevent the spread of infection. We also promoted various measures to adapt to diversification in lifestyles and preferences of customers such as by strengthening the sales and marketing that utilize digital strategies. We have also been taking advantage of the worldview and unique characteristics of IP (Intellectual Property: meaning characters and other intellectual property) to further enhance 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 initiatives to expand global development, 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. In addition, the Company determined that in light of the rapidly changing environment, it was necessary to formulate a new strategy for a new era and has postponed the start of the new Mid-term Plan, which was originally scheduled to start in April 2021, by one year. We positioned the fiscal year ended March 31, 2022 as the period to establish a business foundation and organizational structure to promote the strategies of the new Mid-term Plan and promoted various initiatives to examine strategies, restructure organizations, and strengthen cooperation among businesses.

The Group’s operating results for the fiscal year ended March 31, 2022 exceeded those of the previous fiscal year wherein each business was severely impacted by the temporary closure of retail stores and amusement facilities in many regions both in Japan and overseas and the cancellation of events, etc. due to the spread of COVID-19. With regard to business operations, the Digital Business and the Toys and Hobby Business enjoyed favorable performance, and the Group’s wide-ranging business portfolio has produced successful outcomes, including the swift implementation of various measures to adapt to the changes in customer lifestyles and preferences in each business.

Consequently, the Group’s consolidated operating results for the fiscal year ended March 31, 2022 were net sales of 889,270 million yen (year-on-year increase of 20.0%), operating profit of 125,496 million yen (year-on-year increase of 48.2%), recurring profit of 133,608 million yen (year-on-year increase of 52.5%), and profit attributable to owners of parent of 92,752 million yen (year-on-year increase of 89.7%).

Operating results by segment are as follows.

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

#### Digital Business

As for the Digital Business, home video games enjoyed favorable performance with the strong sales of new home video game titles such as *ELDEN RING* and *Tales of ARISE* for worldwide distribution, and strong repeat sales of existing titles due to ongoing measures targeting users. In addition, in network content, new titles enjoyed favorable debuts and the performance of key titles was stable, but the favorable levels seen in the previous fiscal year were not reached. During the fiscal year ended March 31, 2022, initial expenses, such as development expenses, increased due to the increase of launches of new major titles in comparison to the previous fiscal year.

As a result, net sales in the Digital Business were 378,173 million yen (year-on-year increase of 11.9%), and segment profit was 69,634 million yen (year-on-year increase of 22.6%).

#### Toys and Hobby Business

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

As a result, net sales in the Toys and Hobby Business were 373,625 million yen (year-on-year increase of 24.2%), and segment profit was 52,319 million yen (year-on-year increase of 33.9%).

### **Visual and Music Business**

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

As a result, net sales in the Visual and Music Business were 53,941 million yen (year-on-year increase of 57.6%), and segment profit was 5,698 million yen (year-on-year increase of 267.9%).

### **Creation Business**

As for the Creation Business, we produced new video works such as the *Mobile Suit Gundam* series and the *LoveLive!* series, but the contribution to profits was limited due to the business model of recording initial expenses in advance. Although licensing revenue was strong due to increased popularity of *Gundam, etc.*, *GUNDAM FACTORY YOKOHAMA*, which disseminates information on IP, was impacted by the spread of COVID-19.

As a result, net sales in the Creation Business were 37,564 million yen (year-on-year increase of 33.1%), and segment profit was 2,830 million yen (year-on-year increase of 3.3%).

### **Amusement Business**

As for the Amusement Business, despite the impact of the spread of COVID-19, there were signs of recovery with net sales of existing amusement facilities in Japan increasing 115.5% compared with the previous fiscal year, and amusement facilities in Europe and Asia recovered compared with the previous fiscal year. For the Amusement Business, in addition to continuing to improve efficiency, we will aim to strengthen the revenue base by promoting initiatives that only the Bandai Namco Group can offer, such as strengthening the use of Group products and services.

As a result, net sales in the Amusement Business were 82,344 million yen (year-on-year increase of 28.8%), and segment profit was 4,051 million yen (segment loss for the previous fiscal year was 8,379 million yen).

### **Other Businesses**

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

As a result, net sales in the Other Businesses were 27,667 million yen (year-on-year increase of 12.2%), and segment profit was 347 million yen (year-on-year decrease of 42.4%).

## **(2) Overview of Financial Position for the Period**

At the end of the fiscal year ended March 31, 2022, total assets stood at 862,650 million yen, an increase of 129,867 million yen from the end of the previous fiscal year. The main factors were increases of 75,074 million yen in cash and time deposits, 30,976 million yen in trade receivables and contract assets (trade receivables at the end of the previous fiscal year), and 12,476 million yen in work in process.

Total liabilities amounted to 278,416 million yen, an increase of 57,067 million yen from the end of the previous fiscal year. The main factors were increases of 17,335 million yen in trade payables and 16,071 million yen in accrued income taxes.

Total net assets stood at 584,233 million yen, an increase of 72,800 million yen from the end of the previous fiscal year. The main factors were an increase of 67,660 million yen in retained earnings mainly due to the recording of 92,752 million yen in profit attributable to owners of parent despite cash dividends paid of 25,271 million yen.

As a result, the equity ratio became 67.7% compared with 69.7% at the end of the previous fiscal year.

## **(3) Overview of Cash Flows for the Period**

As of the end of the fiscal year, cash and cash equivalents (“funds”) remaining on hand increased by 74,193 million yen from the end of the previous fiscal year to 277,891 million yen. Below is the breakdown of cash flows by activities.

### **(Cash Flows from Operating Activities)**

The amount of funds provided by operating activities totaled 121,212 million yen (year-on-year increase of 100.4%). As a breakdown of funds used, increase in trade receivables was 26,577 million yen (compared with 6,653 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to profit before income taxes of 130,882 million yen (compared with 71,940 million yen in the previous fiscal year) and depreciation and amortization of 25,726 million yen (compared with 24,684 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 27,136 million yen (year-on-year decrease of 8.9%). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets totaling 26,798 million yen (compared with 23,849 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities totaled 25,450 million yen (year-on-year increase of 33.7%). The main breakdown of funds used was cash dividends paid of 25,271 million yen (compared with 29,220 million yen in the previous fiscal year).

**(Reference) Cash Flow Indices**

	FY2018.3	FY2019.3	FY2020.3	FY2021.3	FY2022.3
Equity ratio (%)	71.5	70.0	72.5	69.7	67.7
Equity ratio (market capitalization basis) (%)	142.1	186.1	185.8	236.6	236.9
Cash flows to interest bearing debt ratio (years)	0.0	0.0	0.1	0.5	0.2
Interest coverage ratio (times)	1,468.2	2,180.5	345.8	296.0	321.0

Equity ratio: Total stockholders' equity/Total assets

Equity ratio (market capitalization basis): Market capitalization/Total assets

Cash flows to interest bearing debt ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest expenses

Note 1: All calculations are performed using consolidated financial figures.

Note 2: Market capitalization is calculated on the basis of the number of issued shares excluding treasury stock.

Note 3: Operating cash flow is used for cash flow.

Note 4: Interest-bearing debt covers all debt reported in the consolidated balance sheets for which interest is paid.

**(4) Future Outlook**

Looking ahead, the Group expects uncertainty to continue due to changes in the social situation despite anticipating that the economy and personal consumption will recover due to the promotion of measures against the spread of COVID-19 and COVID-19 vaccinations in various regions around the world.

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, adapting to escalating competitiveness in global markets and diversification in lifestyles and preferences of customers, in line with an IP axis strategy, the Bandai Namco Group will enhance sense of unity and its total capabilities under the ALL BANDAI NAMCO concept, while utilizing the characteristics of each business. From April 2022, as Purpose being the ultimate definition of who we are as a Group and the introduction of the new logo, to maintain continuous growth over medium to long term for the aims under our Purpose, the new three-year Mid-term Plan has started.

1) Formulation of Bandai Namco's Purpose and introduction of the new logo

From April 2022, we have established our new Purpose as the ultimate definition of who we are as a 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 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.



<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.

From April 2022, we have introduced a new logo that expresses the spirit of Purpose. All companies with “Bandai Namco” in their names will use this logo, and companies with and without “Bandai Namco” in their names will display this new Group logo on all their products and services, in principle. 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.

<New logo>



### 2) 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 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.

### 3) Mid-term Vision

#### ***Connect with Fans***

In accordance with the purpose, as we work toward what we aim to be, under the 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.

### 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 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.

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

Based on the 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 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 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.

- 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.

- 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.

- Investment plan for accelerating evolution in the IP axis strategy

Over the three years of the Mid-term Plan, we will implement 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, the Group strives to be a community of “Same Spirit, Diverse Talents,” where diverse companies and people of different skills, individual characteristics and values can thrive. We will further focus on recruiting and promoting individuals regardless of whether they are new graduates or mid-career hires and regardless of gender or nationality, in addition to which we will focus on developing 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 will promote initiatives to support challenges taken on by employees and the development of human resources to promote the IP axis strategy on a global scale, as well as new and diverse ways to work.

#### Sustainability: Connecting to a future of smiles

In accordance with our Purpose and the Bandai Namco Group Sustainability Policy, the Bandai Namco Group will work together with fans to advance sustainability activities for the realization of a sustainable society in ways such as working on the action plan in line with the newly identified material issues.

### 5) System for promotion of the Mid-term Plan

- 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 & Supervisory Committee on the condition that the proposal for this transition is approved and adopted at the Seventeenth Ordinary General Meeting of Shareholders to be held in June 2022.

- 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. will serve 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, shareholder return policy

- 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

In the future, Bandai Namco Group aims 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 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.

In light of the implementation of these measures, the consolidated projections of the fiscal year ending March 31, 2023 are as follows: net sales of 880,000 million yen (year-on-year decrease of 1.0%), operating profit of 100,000 million yen (year-on-year decrease of 20.3%), recurring profit of 101,000 million yen (year-on-year decrease of 24.4%), and profit attributable to owners of parent of 70,000 million yen (year-on-year decrease of 24.5%).

#### **(5) Basic Policy on the Distribution of Profits**

Bandai Namco Group ranks the return of profits to shareholders as one of its highest priorities in its management. The Group 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 the 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 providing a return to shareholders that targets a total return ratio of 50% or more based on stable dividend payments of 2% of DOE (dividends on equity), maintaining long term and stable level of dividends and increasing the focus on the capital cost, with DOE and total return ratio as indicators.

For the year-end dividend for the fiscal year ended March 31, 2022, based on this basic policy and the performance in the fiscal year, a performance-based dividend of 164 yen will be added to a base dividend of 24 yen, for a total of 188 yen per share. Since the Company paid an interim dividend of 24 yen per share on December 7, 2021, the annual cash dividend will be 212 yen per share (total return ratio of 50.2%). The Company's annual dividend forecast for the fiscal year ending March 31, 2023 is 54 yen per share, which is the base dividend set in accordance with the Company's basic policy on the distribution of profits. The year-end cash dividend for the fiscal year ending March 31, 2023 will be considered by the Company based on the basic policy on the distribution of profits.

## **2. Basic Concept Regarding Selection of Accounting Standards**

The Group plans to continue using Japanese GAAP to prepare its consolidated financial statements for the time being, as they facilitate comparison with previous consolidated financial statements and with other companies.

The Group's policy on applying International Financial Reporting Standards is to take action as appropriate based on considerations of various conditions in Japan and overseas.

### 3. Consolidated Financial Statements and Significant Notes

#### (1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2021)	Current Fiscal Year (As of March 31, 2022)
Assets		
Current assets		
Cash and time deposits	204,326	279,401
Trade receivables	91,765	-
Trade receivables and contract assets	-	122,742
Finished goods and merchandise	28,994	33,051
Work in process	73,816	86,292
Raw materials and supplies	4,075	4,905
Other current assets	53,872	52,814
Allowance for doubtful receivables	(1,639)	(2,001)
Total current assets	455,210	577,206
Fixed assets		
Property, plant and equipment		
Buildings and structures	38,643	40,416
Accumulated depreciation	(19,970)	(23,399)
Buildings and structures, net	18,672	17,017
Amusement facilities and machines	60,675	59,298
Accumulated depreciation	(54,761)	(52,625)
Amusement facilities and machines, net	5,914	6,672
Land	43,047	42,869
Other property, plant and equipment	139,509	151,528
Accumulated depreciation	(118,801)	(125,637)
Other property, plant and equipment, net	20,707	25,890
Total property, plant and equipment	88,341	92,450
Intangible assets		
Goodwill	17,069	14,887
Other intangible assets	15,944	19,540
Total intangible assets	33,014	34,428
Investments and other assets		
Investment securities	121,208	113,261
Deferred tax assets	16,310	25,732
Net defined benefit asset	407	525
Other investments and assets	18,707	19,831
Allowance for doubtful receivables	(418)	(784)
Total investments and other assets	156,215	158,565
Total fixed assets	277,571	285,443
Total assets	732,782	862,650

(¥ million)

	Prior Fiscal Year (As of March 31, 2021)	Current Fiscal Year (As of March 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	82,474	99,810
Short-term borrowings	385	10,810
Accrued income taxes	6,820	22,891
Contract liabilities	-	22,912
Provision for directors' bonuses	1,646	2,180
Other provision	1,900	1,565
Other current liabilities	82,692	83,191
<b>Total current liabilities</b>	<b>175,920</b>	<b>243,362</b>
<b>Long-term liabilities</b>		
Long-term borrowings	20,234	10,236
Other provision	301	249
Net defined benefit liability	7,212	5,261
Deferred tax liabilities for land revaluation	199	199
Other current liabilities	17,480	19,106
<b>Total long-term liabilities</b>	<b>45,428</b>	<b>35,053</b>
<b>Total liabilities</b>	<b>221,348</b>	<b>278,416</b>
<b>Net assets</b>		
<b>Stockholders' equity</b>		
Common stock	10,000	10,000
Capital surplus	52,232	52,574
Retained earnings	414,487	482,147
Treasury stock	(3,905)	(2,140)
<b>Total stockholders' equity</b>	<b>472,814</b>	<b>542,581</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities, net of tax	51,587	45,037
Deferred gains or losses on hedges, net of tax	988	901
Revaluation reserve for land, net of tax	(4,016)	(4,016)
Foreign currency translation adjustments	(7,438)	1,886
Remeasurements of defined benefit plans, net of tax	(3,419)	(2,394)
<b>Total accumulated other comprehensive income</b>	<b>37,701</b>	<b>41,413</b>
Non-controlling interests	917	237
<b>Total net assets</b>	<b>511,433</b>	<b>584,233</b>
<b>Total liabilities and net assets</b>	<b>732,782</b>	<b>862,650</b>

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

(¥ million)

	Prior Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Net sales	740,903	889,270
Cost of sales	458,897	533,004
Gross profit	282,006	356,265
Selling, general and administrative expenses	197,352	230,769
Operating profit	84,654	125,496
Non-operating income		
Interest income	311	217
Dividend income	1,234	1,236
Foreign exchange gains	480	5,519
Other non-operating income	1,443	2,363
Total non-operating income	3,470	9,337
Non-operating expenses		
Interest expense	229	377
Loss on valuation of derivatives	44	244
Provision of allowance for doubtful accounts	31	369
Other non-operating expenses	206	233
Total non-operating expenses	512	1,225
Recurring profit	87,612	133,608
Extraordinary income		
Gain on sales of fixed assets	464	3,318
Subsidies for employment adjustment and other related to COVID-19	1,373	909
Other extraordinary income	388	469
Total extraordinary income	2,225	4,697
Extraordinary loss		
Loss on impairment of fixed assets	11,284	2,994
Extra retirement payments	-	1,257
Loss on disposal of fixed assets	626	994
Loss on liquidation of business	1,754	-
Other extraordinary loss	4,231	2,176
Total extraordinary loss	17,897	7,423
Profit before income taxes	71,940	130,882
Income taxes - current	24,527	38,216
Income taxes for prior periods	-	6,792
Income taxes - deferred	(1,452)	(6,713)
Total income taxes	23,074	38,295
Profit	48,865	92,587
Loss attributable to non-controlling interests	(28)	(165)
Profit attributable to owners of parent	48,894	92,752

**(Consolidated Statements of Comprehensive Income)**

(¥ million)

	Prior Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Profit	48,865	92,587
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	34,636	(6,505)
Deferred gains or losses on hedges, net of tax	736	(87)
Foreign currency translation adjustments	4,892	9,323
Remeasurements of defined benefit plans, net of tax	1,220	1,025
Share of other comprehensive income of associates accounted for using equity method	175	(44)
Total other comprehensive income	41,661	3,711
Comprehensive income	90,527	96,299
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	90,486	96,464
Comprehensive income attributable to non-controlling interests	40	(165)

**(3) Consolidated Statements of Changes in Net Assets**

Prior Fiscal Year (From April 1, 2020 to March 31, 2021)

(¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,004	394,699	(3,634)	453,069
Changes during the period					
Cash dividends			(29,220)		(29,220)
Profit attributable to owners of parent			48,894		48,894
Change in ownership interest of parent due to transactions with non-controlling interests		5		(309)	(303)
Purchase of treasury stock				(9)	(9)
Disposal of treasury stock		222		48	270
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				0	0
Reversal of revaluation reserve for land			113		113
Net changes of items other than stockholders' equity					
Total changes during the period	-	228	19,787	(270)	19,745
Balance at end of year	10,000	52,232	414,487	(3,905)	472,814



	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of tax	Deferred gains or losses on hedges, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income		
Balance at beginning of year	16,837	250	(3,902)	(12,321)	(4,639)	(3,776)	5,392	454,684
Changes during the period								
Cash dividends								(29,220)
Profit attributable to owners of parent								48,894
Change in ownership interest of parent due to transactions with non-controlling interests							(4,823)	(5,127)
Purchase of treasury stock								(9)
Disposal of treasury stock								270
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied								0
Reversal of revaluation reserve for land			(113)			(113)		-
Net changes of items other than stockholders' equity	34,749	738	-	4,883	1,220	41,592	349	41,941
Total changes during the period	34,749	738	(113)	4,883	1,220	41,478	(4,474)	56,749
Balance at end of year	51,587	988	(4,016)	(7,438)	(3,419)	37,701	917	511,433

Current Fiscal Year (From April 1, 2021 to March 31, 2022)

(¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,232	414,487	(3,905)	472,814
Cumulative effects of changes in accounting policies			179		179
Restated balance	10,000	52,232	414,666	(3,905)	472,993
Changes during the period					
Cash dividends			(25,271)		(25,271)
Profit attributable to owners of parent			92,752		92,752
Change of scope of consolidation - foreign currency translation adjustment					-
Change in ownership interest of parent due to transactions with non-controlling interests		(108)			(108)
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock		451		1,772	2,224
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				0	0
Net changes of items other than stockholders' equity					
Total changes during the period	-	342	67,480	1,764	69,588
Balance at end of year	10,000	52,574	482,147	(2,140)	542,581

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of tax	Deferred gains or losses on hedges, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income		
Balance at beginning of year	51,587	988	(4,016)	(7,438)	(3,419)	37,701	917	511,433
Cumulative effects of changes in accounting policies								179
Restated balance	51,587	988	(4,016)	(7,438)	(3,419)	37,701	917	511,612
Changes during the period								
Cash dividends								(25,271)
Profit attributable to owners of parent								92,752
Change of scope of consolidation - foreign currency translation adjustment				160		160		160
Change in ownership interest of parent due to transactions with non-controlling interests							(482)	(591)
Purchase of treasury stock								(8)
Disposal of treasury stock								2,224
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied								0
Net changes of items other than stockholders' equity	(6,549)	(87)	-	9,164	1,025	3,552	(197)	3,355
Total changes during the period	(6,549)	(87)	-	9,324	1,025	3,712	(679)	72,620
Balance at end of year	45,037	901	(4,016)	1,886	(2,394)	41,413	237	584,233

**(4) Consolidated Statements of Cash Flows**

(¥ million)

	Prior Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	71,940	130,882
Depreciation and amortization	24,684	25,726
Loss on impairment of fixed assets	11,284	2,994
Amortization of goodwill	2,309	2,218
Increase (decrease) in allowance for doubtful receivables	163	610
Increase (decrease) in provision for directors' bonuses	(247)	524
Increase (decrease) in other provision	(60)	(390)
Increase (decrease) in net defined benefit liability	(126)	187
Interest and dividend income	(1,546)	(1,454)
Interest expense	229	377
Foreign exchange losses (gains)	(128)	(359)
Loss (gain) on valuation of derivatives	44	244
Loss on disposal of fixed assets	626	994
Loss (gain) on sales of fixed assets, net	(452)	(3,305)
Loss on disposal of amusement facilities and machines	1,607	105
Loss (gain) on sales of investment securities, net	(307)	(91)
Decrease (increase) in trade receivables	(6,653)	(26,577)
Decrease (increase) in inventories	(29,053)	(15,534)
Acquisition of amusement facilities and machines	(4,252)	(4,360)
Increase (decrease) in trade payables	11,308	16,184
Increase (decrease) in contract liabilities	-	22,270
Decrease (increase) in other current assets	(6,406)	(11,653)
Increase (decrease) in other current liabilities	20,674	488
Other	(1,797)	(3,757)
Subtotal	93,842	136,325
Interest and dividends received	1,560	1,447
Interest paid	(204)	(377)
Income taxes paid	(34,714)	(16,182)
Net cash provided by operating activities	60,483	121,212

(¥ million)

	Prior Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Cash flows from investing activities		
Payments into in time deposits	(31,313)	(878)
Proceeds from withdrawal of time deposits	31,907	30
Purchases of property, plant and equipment	(16,032)	(19,228)
Proceeds from sales of property, plant and equipment	863	3,874
Purchases of intangible assets	(7,816)	(7,569)
Purchases of investment securities	(7,053)	(1,604)
Proceeds from sales of investment securities	522	624
Proceeds from sales of shares of subsidiaries	-	49
Purchase of shares of subsidiaries and associates	(135)	(984)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(137)	-
Other	(575)	(1,449)
Net cash used in investing activities	(29,771)	(27,136)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500)	400
Proceeds from long-term borrowings	20,400	250
Repayments of long-term borrowings	(397)	(223)
Purchase of treasury stock	(9)	(8)
Proceeds from disposal of treasury stock	-	1,946
Cash dividends paid	(29,220)	(25,271)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8,494)	(591)
Other	(815)	(1,952)
Net cash used in financing activities	(19,037)	(25,450)
Effect of exchange rate changes on cash and cash equivalents	3,357	5,328
Net increase (decrease) in cash and cash equivalents	15,031	73,954
Cash and cash equivalents at beginning of year	188,667	203,698
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	238
Cash and cash equivalents at end of year	203,698	277,891

## **(5) Notes to Consolidated Financial Statements**

### **(Notes on Premise of Going Concern)**

Not applicable.

### **(Changes in Accounting Policies)**

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

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

The application of the Revenue Recognition Standard and other relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Revenue Recognition Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the beginning balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied from such beginning balance. However, applying the method provided for in paragraph 86 of the Revenue Recognition Standard, the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the current fiscal year.

“Trade receivables” under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in “Trade receivables and contract assets” from the consolidated balance sheet as of the end of the current fiscal year. In addition, “Other current liabilities” under current liabilities has been included in “Contract liabilities” and “Other current liabilities” from the consolidated balance sheet as of the end of the current fiscal year. However, in accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

As a result of this change, in comparison to the period before the application of the Revenue Recognition Standard, etc., for the current fiscal year, net sales increased by 83 million yen, cost of sales decreased by 1,903 million yen, and selling, general and administrative expenses increased by 2,416 million yen while operating profit, recurring profit and profit before income taxes each decreased by 429 million yen.

Due to the reflection of the cumulative effects of changes to net assets at the beginning of the current fiscal year, the beginning balance of retained earnings in the consolidated statements of changes in net assets increased by 179 million yen.

The impact of this change on per-share data is described in the relevant section.

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

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

## **(Segment Information)**

### **a. Segment Information**

#### **1. Overview of reportable segments**

The reportable segments of the Company are components of the Group whose separate financial information is available and which are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group is made up of (1) three Units, one for each business domain, namely the Entertainment Unit (Digital Business, Toys and Hobby Business), the IP Production Unit (Visual and Music Business, Creation Business), and the Amusement Unit, and (2) the affiliated business companies that mainly serve a supporting role for these Units. The business management company of each business leads the planning and promotion of the business strategies of the business for Japan and overseas.

Accordingly, the Group has the following five reportable segments: Digital Business, Toys and Hobby Business, Visual and Music Business, Creation Business, and Amusement Business.

The Digital Business conducts planning, development and distribution of network content, and planning, development and sales of home video games. The Toys and Hobby Business conducts planning, development, production and sales of toys, capsule toys, cards, confectionery and foods, apparel, sundries, plastic models, prizes, stationery, and other products. The Visual and Music Business conducts planning, production, and management of visual and music content, artist discovery and development, and live entertainment operations. The Creation Business conducts planning and production of animations, management and administration of copyrights and other rights, and production of music related to animations and management and administration of music and masters related to animations. The Amusement Business conducts planning, development, production and sales of amusement machines, and planning and operation of amusement facilities, etc.

From the fiscal year ended March 31, 2022, the Group reorganized its structure from its previous five Unit structure to a three Unit structure ahead of the start of the Mid-term Plan from April 2022.

In conjunction with this organizational restructure, the reportable segments were changed from the Toys and Hobby Business, Network Entertainment Business, Real Entertainment Business, Visual and Music Production Business, and IP Creation Business to the Digital Business, Toys and Hobby Business, Visual and Music Business, Creation Business, and Amusement Business from the fiscal year ended March 31, 2022.

Segment information of the prior fiscal year is prepared and disclosed based on the reportable segment classifications after the change.

#### **2. Method for calculating the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment**

Except for the accounting treatment for revenue recognition, the accounting method used for the business segments reported is the same as the accounting method stated in “Important Information Constituting the Basis for Preparation of Consolidated Financial Statements” presented in the most recent annual security report (filed on June 21, 2021).

The profit of reportable segments is measured by operating profit.

The inter-segment transactions are based on prevailing market prices.



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

As described in “(Changes in Accounting Policies),” the Company has applied the “Accounting Standard for Revenue Recognition” and other relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of business segments.

For the current fiscal year, as a result of this change, and compared with the figures obtained by the previous method, net sales decreased by 1,739 million yen and segment profit decreased by 422 million yen in the Digital Business; net sales increased by 2,289 million yen and segment profit decreased by 7 million yen, respectively, in the Toys and Hobby Business; net sales increased by 73 million yen in the Visual and Music Business; net sales decreased by 369 million yen in the Creation Business; and net sales decreased by 170 million yen in the Amusement Business.

### 3. Information regarding the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment

Prior Fiscal Year (From April 1, 2020 to March 31, 2021)

(¥ million)

	Reportable segments						Other (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated Total (Note 3)
	Digital Business	Toys and Hobby Business	Visual and Music Business	Creation Business	Amuse- ment Business	Subtotal				
Net sales										
To external customers	334,303	292,099	29,535	16,416	62,703	735,059	5,844	740,903	-	740,903
Inter-segment sales and transfers	3,660	8,715	4,684	11,796	1,219	30,076	18,810	48,887	(48,887)	-
Total	337,964	300,815	34,219	28,213	63,923	765,136	24,655	789,791	(48,887)	740,903
Segment profit (loss)	56,776	39,086	1,549	2,740	(8,379)	91,772	602	92,374	(7,720)	84,654
Segment assets	208,475	144,095	28,462	45,633	56,631	483,298	26,438	509,736	223,045	732,782
Others										
Depreciation and amortization	2,331	11,972	607	657	6,816	22,385	458	22,844	1,840	24,684
Amortization of goodwill	-	333	15	1,951	8	2,309	-	2,309	-	2,309
Loss on impairment of fixed assets	821	9	0	-	10,496	11,328	-	11,328	(43)	11,284
Investment in associates accounted for using equity method	-	915	-	-	-	915	10,285	11,200	-	11,200
Increase in property, plant and equipment and intangible assets	5,243	16,329	578	1,413	6,374	29,940	785	30,725	782	31,507

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. The details of adjustment amounts are as follows:

- (1) Included in the 7,720 million yen deducted from segment profit (loss) as adjustment are an addition of 250 million yen in inter-segment eliminations, and a deduction of 7,970 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.
- (2) Included in the 223,045 million yen added to segment assets as adjustment are a deduction of 41,803 million yen in inter-segment eliminations, and an addition of 264,848 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
- (3) Included in the 1,840 million yen added to depreciation and amortization as adjustment are a deduction of 137 million yen in inter-segment eliminations, and an addition of 1,977 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
- (4) Included in the 43 million yen deducted from loss on impairment of fixed assets as adjustment is related to inter-segment eliminations.

- (5) Included in the 782 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.
- 3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of operations.

**Current Fiscal Year (From April 1, 2021 to March 31, 2022)**

(¥ million)

	Reportable segments						Other (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated Total (Note 3)
	Digital Business	Toys and Hobby Business	Visual and Music Business	Creation Business	Amuse- ment Business	Subtotal				
Net sales										
To external customers	373,509	361,884	43,853	22,922	81,165	883,336	5,933	889,270	-	889,270
Inter-segment sales and transfers	4,663	11,740	10,087	14,641	1,178	42,312	21,733	64,045	(64,045)	-
Total	378,173	373,625	53,941	37,564	82,344	925,648	27,667	953,315	(64,045)	889,270
Segment profit	69,634	52,319	5,698	2,830	4,051	134,534	347	134,881	(9,384)	125,496
Segment assets	265,662	185,166	36,918	56,826	54,052	598,626	26,463	625,090	237,559	862,650
Others										
Depreciation and amortization	3,096	13,866	638	1,225	3,125	21,952	586	22,539	3,187	25,726
Amortization of goodwill	-	344	15	1,859	-	2,218	-	2,218	-	2,218
Loss on impairment of fixed assets	51	600	40	164	2,122	2,979	15	2,994	-	2,994
Investment in associates accounted for using equity method	-	1,384	-	-	-	1,384	10,106	11,490	-	11,490
Increase in property, plant and equipment and intangible assets	7,180	16,117	703	1,980	6,414	32,396	1,650	34,046	2,507	36,554

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. The details of adjustment amounts are as follows:

- (1) Included in the 9,384 million yen deducted from segment profit as adjustment are an addition of 650 million yen in inter-segment eliminations, and a deduction of 10,035 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.
- (2) Included in the 237,559 million yen added to segment assets as adjustment are a deduction of 58,641 million yen in inter-segment eliminations, and an addition of 296,200 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
- (3) Included in the 3,187 million yen added to depreciation and amortization as adjustment are a deduction of 27 million yen in inter-segment eliminations, and an addition of 3,214 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
- (4) Included in the 2,507 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

3. Segment profit is adjusted with operating profit in the consolidated statements of operations.

**b. Related Information****Prior Fiscal Year (From April 1, 2020 to March 31, 2021)****1. Information by product and service**

This information is omitted because the same information has been presented in Segment Information.

**2. Information by region**

## 1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
489,994	102,983	72,602	75,323	740,903

Note: Net sales are classified by country and region based on customer location.

## (2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
72,327	457	8,058	7,497	88,341

**3. Information by major customer**

(¥ million)

Name of customer	Net sales	Names of related segments
Apple Inc.	105,334	Digital Business, Toys and Hobby Business, and Visual and Music Business
Google Inc.	75,272	Digital Business, Toys and Hobby Business, Visual and Music Business, and Creation Business

Note: Apple Inc. and Google Inc. are both platform-provision companies. The actual results of sales to these companies are usage fees, etc. for users (ordinary users) of game services provided by the Group.

**Current Fiscal Year (From April 1, 2021 to March 31, 2022)****1. Information by product and service**

This information is omitted because the same information has been presented in Segment Information.

**2. Information by region**

## (1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
514,739	158,596	102,824	113,109	889,270

Note: Net sales are classified by country and region based on customer location.

## (2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
73,535	1,845	8,727	8,341	92,450

### 3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Apple Inc.	99,579	Digital Business, Toys and Hobby Business, and Visual and Music Business

Note: Apple Inc. is a platform-provision company. The actual results of sales to this company is usage fees, etc. for users (ordinary users) of game services provided by the Group.

#### c. Information Regarding Loss on Impairment of Fixed Assets by Reportable Segment

##### Prior Fiscal Year (From April 1, 2020 to March 31, 2021)

This information is omitted because the same information has been presented in Segment Information.

##### Current Fiscal Year (From April 1, 2021 to March 31, 2022)

This information is omitted because the same information has been presented in Segment Information.

#### d. Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment

##### Prior Fiscal Year (From April 1, 2020 to March 31, 2021)

(¥ million)

	Digital Business	Toys and Hobby Business	Visual and Music Business	Creation Business	Amusement Business	Other	Eliminations and Corporate	Total
Amortized amount	-	333	15	1,951	8	-	-	2,309
Unamortized balance	-	1,100	22	15,946	-	-	-	17,069

##### Current Fiscal Year (From April 1, 2021 to March 31, 2022)

(¥ million)

	Digital Business	Toys and Hobby Business	Visual and Music Business	Creation Business	Amusement Business	Other	Eliminations and Corporate	Total
Amortized amount	-	344	15	1,859	-	-	-	2,218
Unamortized balance	-	792	7	14,087	-	-	-	14,887

#### e. Information Regarding Gain on Negative Goodwill by Reportable Segment

##### Prior Fiscal Year (From April 1, 2020 to March 31, 2021)

Not applicable.

##### Current Fiscal Year (From April 1, 2021 to March 31, 2022)

Not applicable.

**(Per-Share Data)**

	Prior Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Net assets per share	2,323.98 yen	2,654.81 yen
Basic earnings per share	222.58 yen	422.09 yen

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.

2. The basis of calculating basic earnings per share is as follows:

	Prior Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	48,894	92,752
Amount not applicable to common stockholders (¥ million)	-	-
Profit attributable to owners of parent available to common stock (¥ million)	48,894	92,752
Average number of common stock outstanding (shares)	219,670,097	219,743,585

3. As described in “(Changes in Accounting Policies),” the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other relevant ASBJ regulations and complies with the transitional treatment provided for in the proviso to paragraph 84 of the “Accounting Standard for Revenue Recognition.” As a result, net assets per share and basic earnings per share for the current fiscal year decreased by 0.54 yen and 1.36 yen, respectively.

### (Significant Subsequent Events)

(Change to reportable segments)

From April 2022, Units of the Group comprising operating companies have been restructured such that the Visual and Music Business and the Creation Business of the IP Production Unit are integrated into the IP Production Business. In the IP Production Unit, Bandai Namco Filmworks Inc. will serve 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.

In conjunction with this organizational restructure, effective from the following fiscal year, the reportable segments will be changed from the Digital Business, Toys and Hobby Business, Visual and Music Business, Creation Business, and Amusement Business to the Digital Business, Toys and Hobby Business, IP Production Business, and Amusement Business.

Information regarding the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment for the fiscal year ended March 31, 2022, assuming the classification of its reportable segments after the organizational change is as follows.

Current Fiscal Year (From April 1, 2021 to March 31, 2022)

(¥ 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	373,509	361,884	66,776	81,165	883,336	5,933	889,270	-	889,270
Inter-segment sales and transfers	4,663	11,740	13,187	1,178	30,770	21,733	52,504	(52,504)	-
Total	378,173	373,625	79,964	82,344	914,107	27,667	941,774	(52,504)	889,270
Segment profit	69,634	52,319	8,833	4,051	134,839	347	135,186	(9,689)	125,496
Segment assets	265,662	185,166	86,062	54,052	590,944	26,463	617,408	245,241	862,650
Others									
Depreciation and amortization	3,096	13,866	1,864	3,125	21,952	586	22,539	3,187	25,726
Amortization of goodwill	-	344	1,874	-	2,218	-	2,218	-	2,218
Loss on impairment of fixed assets	51	600	204	2,122	2,979	15	2,994	-	2,994
Investment in associates accounted for using equity method	-	1,384	-	-	1,384	10,106	11,490	-	11,490
Increase in property, plant and equipment and intangible assets	7,180	16,117	2,683	6,414	32,396	1,650	34,046	2,507	36,554

- 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. The details of adjustment amounts are as follows:



- (1) Included in the 9,689 million yen deducted from segment profit as adjustment are an addition of 346 million yen in inter-segment eliminations, and a deduction of 10,035 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.
  - (2) Included in the 245,241 million yen added to segment assets as adjustment are a deduction of 50,958 million yen in inter-segment eliminations, and an addition of 296,200 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
  - (3) Included in the 3,187 million yen added to depreciation and amortization as adjustment are a deduction of 27 million yen in inter-segment eliminations, and an addition of 3,214 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
  - (4) Included in the 2,507 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.
3. Segment profit is adjusted with operating profit in the consolidated statements of operations.

(Reorganization of subsidiaries)

In order to further strengthen the IP axis strategy that is a core strategy of the Group, the Company decided at its Board of Directors meeting held October 19, 2021 to reorganize the companies belonging to the Visual and Music Business and Creation Business of the IP Production Unit by combining three companies in the visual business into one company and combining three companies in the music and live event businesses into one company. The Company implemented the reorganization on April 1, 2022.

(1) Purpose

The IP Production Unit, whose most important mission is to create IP, produces and develops worldviews for IP through coordination among the visual, music and live event businesses. Furthermore, the Company aims to maximize the value of IP by coordinating with each Unit in the Group.

By combining the companies in the visual, music and live event businesses of the IP Production Unit, the companies will be able to share the different expertise, strengths, external partner networks, etc. of each company engaged in creating and developing IP, and effectively utilize the Company's IP and music. In addition, through personnel exchanges, etc., the Company will strengthen the development of human resources involved in IP creation and production. With these initiatives, the Company aims to further strengthen the IP creation and production capabilities, which are at the core of the IP axis strategy.

(2) Reorganization in the visual business

Transactions conducted by commonly controlled entities

(i) Overview of transaction

(i) Overview of absorption-type company split with SUNRISE INC. as the successor company

a) Name and description of business involved in absorption-type company split

Name of business: Visual business of Bandai Namco Arts Inc.

Description of business: Planning, production, management, etc. of visual content

b) Date of business combination

April 1, 2022

c) Legal form of business combination

Absorption-type company split with Bandai Namco Arts Inc. as the splitting company and SUNRISE INC. as the successor company

d) Company name after combination

Bandai Namco Filmworks Inc.

(ii) Overview of absorption-type merger with SUNRISE INC. as the surviving company

a) Name and description of business of the company involved in combination

Merging company (surviving company)

Name: SUNRISE INC.

Description of business: Planning and production of animation; management and administration of copyrights

Merged company (disappearing company)

Name: Bandai Namco Rights Marketing Inc.

Description of business: Development, operation and sales of online video distribution platform services; development, operation, and sales of various community services and related tools

b) Date of business combination

April 1, 2022

c) Legal form of business combination

Absorption-type merger with SUNRISE INC. as the surviving company and Bandai Namco Rights Marketing Inc. as the disappearing company

d) Company name after combination

Bandai Namco Filmworks Inc.

(ii) Overview of accounting process

The accounting process has been carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations and the Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures.

(3) Reorganization in the music and live event businesses

Transactions conducted by commonly controlled entities

(i) Overview of transaction

(i) Name and description of business of the company involved in combination

Merging company (surviving company)

Name: Bandai Namco Arts Inc.

Description of business: Planning, production, and management of visual and music content, artist discovery and development, production of live events, etc.

Merged company (disappearing company)

Name: Bandai Namco Live Creative Inc.

Description of business: Planning and production of live performances and events; ticket sales; planning, production, and sales of goods; management of live viewings, etc.

Merged company (disappearing company)

Name: SUNRISE Music INC.

Description of business: Production of music related to animations and planning and use of music and masters, centered on SUNRISE INC. and Bandai Namco Pictures Inc.

(ii) Date of business combination

April 1, 2022

(iii) Legal form of business combination

Absorption-type merger with Bandai Namco Arts Inc. as the surviving company and Bandai Namco Live Creative Inc. and SUNRISE Music INC. as the disappearing companies

(iv) Company name after combination

Bandai Namco Music Live Inc.

(ii) Overview of accounting process

The accounting process has been carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations and the Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures.

## 4. Other

### Changes in Directors and Audit & Supervisory Board Members

1) Change in Representative

Not applicable.

2) Other Changes in Directors and Audit & Supervisory Board Members

New candidates for Director

Director Nobuhiko Momoi (current position: Executive Officer and General Manager of Group Business Strategy Department)

Director (Part-time) Kazuhiro Takenaka (current position: Executive Officer)

Director and Audit & Supervisory Committee Member Masataka Nagaike (current position: Audit & Supervisory Board Member)

Director and Audit & Supervisory Committee Member (Outside) Toru Shinoda (current position: Audit & Supervisory Board Member [Outside])

Director and Audit & Supervisory Committee Member (Part-time and Outside) Satoko Kuwabara (current position: Director [Part-time and Outside])

Director and Audit & Supervisory Committee Member (Part-time and Outside) Takayuki Komiya (current position: Representative Director of KEY Consulting Co., Ltd.)

Retiring Director

Director (Part-time) Mitsuaki Taguchi

Director (Part-time) Satoshi Kono

Director (Part-time and Outside) Mikiharu Noma

3) Scheduled Date of Assuming Office and Retirement

June 20, 2022

4) Responsible Area of Directors (Effective June 20, 2022)

New candidates for Director

Masaru Kawaguchi	President and Representative Director, Group CEO
Yuji Asako	Director, CFO, CISO, and CSO (Chief Sustainability Officer) in charge of Corporate Planning Division and Group Administrative Headquarters
Nobuhiko Momoi	Director and General Manager of Group Business Strategy Department
Yasuo Miyakawa	Director (Part-time) in charge of Digital Business of Entertainment Unit
Kazuhiro Takenaka	Director (Part-time) in charge of Toys and Hobby Business of Entertainment Unit
Makoto Asanuma	Director (Part-time) in charge of IP Production Unit
Hiroshi Kawasaki	Director (Part-time) in charge of Amusement Unit
Shuji Ohtsu	Director (Part-time) and CIO in charge of Bandai Namco Business Arc Inc.
Koichi Kawana	Director (Part-time and Outside)
Toshio Shimada	Director (Part-time and Outside)
Masataka Nagaike	Director and Audit & Supervisory Committee Member
Toru Shinoda	Director and Audit & Supervisory Committee Member (Outside)
Satoko Kuwabara	Director and Audit & Supervisory Committee Member (Part-time and Outside)
Takayuki Komiya	Director and Audit & Supervisory Committee Member (Part-time and Outside)