



Bandai Namco Holdings Inc.

Consolidated Financial Report for the Fiscal Year Ended

March 31, 2023

May 10, 2023

DISCLAIMER

- Bandai Namco Holdings Inc. provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy, the original “Kessan Tanshin” in Japanese shall prevail.
- 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 10, 2023

Consolidated Financial Report for the Fiscal Year Ended March 31, 2023 (Japanese GAAP)

Representative: Masaru Kawaguchi, President and Representative Director
Contact: Yuji Asako, Director
Date of Ordinary General Meeting of Shareholders: June 19, 2023
Scheduled starting date for dividend payments: June 20, 2023
Scheduled filing date of the annual security report: June 19, 2023
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, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2023	990,089	11.3	116,472	(7.2)	128,006	(4.2)
Fiscal Year Ended March 31, 2022	889,270	20.0	125,496	48.2	133,608	52.5

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2023	90,345	(2.6)	136.88	-
Fiscal Year Ended March 31, 2022	92,752	89.7	140.70	-

(Note) Comprehensive income: 116,064 million yen [20.5%] (FY2023.3), 96,299 million yen [6.4%] (FY2022.3)

	ROE (Profit attributable to owners of parent / Net assets)	ROA (Recurring profit / Total assets)	Operating margin (Operating profit / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2023	14.6	14.3	11.8
Fiscal Year Ended March 31, 2022	16.9	16.7	14.1

(Reference) Gain or loss from application of equity method: 2,323 million yen (FY2023.3), 618 million yen (FY2022.3)

(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Basic earnings per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2023	926,358	652,133	70.4	987.58
As of March 31, 2022	862,650	584,233	67.7	884.94

(Reference) Equity: 651,851 million yen (as of March 31, 2023), 583,995 million yen (as of March 31, 2022)

(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Net assets per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(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
Fiscal Year Ended March 31, 2023	95,625	(40,878)	(59,524)	276,288
Fiscal Year Ended March 31, 2022	121,212	(27,136)	(25,450)	277,891

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, 2022	-	24.00	-	188.00	212.00	46,649	50.2	8.5
Fiscal Year Ended March 31, 2023	-	27.00	-	179.00	206.00	45,337	50.2	7.3
Fiscal Year Ending March 31, 2024 (Projections)	-	10.00	-	10.00	20.00		-	

(Notes) 1. Concerning the projected amounts of the end of second quarter and year-end cash dividends for the fiscal year ending March 31, 2024, 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, 2024, will be considered by the Company based on the basic policy on the distribution of profits.

2. The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. The actual amount of dividends based on before the aforementioned share split is stated for the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023. When converted based on the number of shares before the aforementioned share split, the projected annual dividends for the fiscal year ending March 31, 2024 is 60 yen per share.

3. Consolidated Projections for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2023	475,000	(0.5)	60,000	(26.5)	62,000	(32.9)	44,000	(33.9)	66.66
Full Fiscal Year	1,000,000	1.0	125,000	7.3	129,000	0.8	91,000	0.7	137.87

(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. The impact of the share split has been taken into account in calculating basic earnings per share of the consolidated projections for the fiscal year ending March 31, 2024.

*** 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, 2023 666,000,000 shares
As of March 31, 2022 666,000,000 shares
b) Number of shares of treasury stock at the end of the period
As of March 31, 2023 5,949,648 shares
As of March 31, 2022 6,069,618 shares
c) Average number of shares during the period
For the Fiscal Year Ended March 31, 2023 660,013,710 shares
For the Fiscal Year Ended March 31, 2022 659,230,755 shares
(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Total number of issued shares at the end of the period, number of shares of treasury stock at the end of the period, and average number of shares during the period have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(Reference) Non-consolidated Information

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2023	41,260	(9.6)	31,506	(14.7)	32,752	(13.1)
Fiscal Year Ended March 31, 2022	45,627	(61.0)	36,956	(66.6)	37,709	(66.1)

	Profit		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2023	32,315	(12.7)	48.95	-
Fiscal Year Ended March 31, 2022	37,026	(66.3)	56.09	-

(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Basic earnings per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2023	539,691	369,511	68.5	559.65
As of March 31, 2022	534,095	366,622	68.6	555.38

(Reference) Equity: 369,511 million yen (as of March 31, 2023), 366,622 million yen (as of March 31, 2022)

(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Net assets per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

2. Non-consolidated Projections for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Operating revenue		Recurring profit		Profit		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	60,000	45.4	48,000	46.6	48,000	48.5	72.70

(Note) The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. The impact of the share split has been taken into account in calculating basic earnings per share of the non-consolidated projections for the fiscal year ending March 31, 2024.

* 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 10, 2023.

Attached Material

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Period (April 1, 2022 to March 31, 2023)

During the fiscal year ended March 31, 2023, the future of the economic environment around the world remained uncertain. While restrictions on activities implemented due to the novel coronavirus disease (COVID-19) were increasingly relaxed, the spread of COVID-19 variants, changes in the social situation, fluctuations in the prices of raw materials and foreign currency exchange rates, and surging fuel prices, among other factors, affected society and the economy as well as customer lifestyles and preferences.

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

In the fiscal year ended March 31, 2023, in addition to taking swift measures in response to environmental changes, we promoted various initiatives to foster broad, deep, and multifaceted connections with fans through efforts such as strengthening collaboration among major IP development in the media and our products and services. Moreover, we stepped up Group-wide, under the ALL BANDAI NAMCO concept, working together across regions and businesses. As a result, sales of products and services with high profit margins, such as major titles of network content and repeat sales of home video games in the Digital Business, as well as products for the mature fan base and card products in the Toys and Hobby Business, contributed to performance around the world. Furthermore, live events in the IP Production Business and facilities in the Amusement Business enjoyed strong customer visits as restrictions on activities were increasingly relaxed. Meanwhile, in the Digital Business, given the intensifying competition in the market environment around the world, we thoroughly reviewed the status of the development of titles and our business plans with the goal of providing titles focused on quality, and as a result, we recorded valuation losses, etc. on certain work in process. We also recorded foreign exchange gains related to foreign currency transactions in non-operating income due to weak yen.

Consequently, the Group’s consolidated operating results for the fiscal year ended March 31, 2023 were net sales of 990,089 million yen (year-on-year increase of 11.3%), operating profit of 116,472 million yen (year-on-year decrease of 7.2%), recurring profit of 128,006 million yen (year-on-year decrease of 4.2%), and profit attributable to owners of parent of 90,345 million yen (year-on-year decrease of 2.6%).

Operating results by segment are as follows.

Effective from the fiscal year ended March 31, 2023, the Group changed the classification of its reportable segments. Accordingly, as for 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, in home video games, repeat sales were strong mainly overseas for existing titles such as *ELDEN RING*, a major title for worldwide distribution launched in the previous fiscal year, contributing to results. In addition, the sales of multiple new titles launched during this fiscal year were stable. In network content, sales were strong for key titles such as the *DRAGON BALL* series and *ONE PIECE* and for titles that commenced service in the previous fiscal year as a result of collaboration with IP development in the media and ongoing measures targeting users. Compared with the previous fiscal year, changes in the product mix, in addition to differences in the composition of the titles of home video games, affected profits. Furthermore, in this business, given the intensifying competition in the market environment around the world, we thoroughly reviewed the status of the development of titles and our business plans with the goal of providing titles focused on quality, and as a result, we recorded valuation losses, etc. on certain work in process of approximately 13.0 billion yen.

As a result, net sales in the Digital Business were 385,681 million yen (year-on-year increase of 2.0%), and segment profit was 49,339 million yen (year-on-year decrease of 29.1%).

Toys and Hobby Business

As for the Toys and Hobby Business, while it was impacted by rising prices for raw materials and fuel caused by the weakening of the yen, its overall performance remained strong due to efforts to expand the categories that are doing well, advance global business development, and strengthen production operations. Specifically, products for the mature fan base such as plastic models of the *Gundam series*, collectible figures, and character lotteries continued to perform favorably around the world mainly due to the successful outcomes produced by sales, marketing, and expansion of the product lineup. In addition to these, card products such as the *ONE PIECE* trading card game and digital cards of the *Gundam series*, confectionery products such as *Charapaki*, and capsule toys were popular. In the fourth quarter of the fiscal year ended March 31, 2023, the Business recorded valuation losses, etc. on inventories.

As a result, net sales in the Toys and Hobby Business were 447,491 million yen (year-on-year increase of 19.8%), and segment profit was 59,538 million yen (year-on-year increase of 13.8%).

IP Production Business

As for the IP Production Business, we changed our organizational structure to integrate resources and know-how related mainly to visuals, music, and live events with the aim of reinforcing our IP creation. Under this new structure, we produced and distributed video works, sold visual and music package software, streamed videos, held live events, and conducted licensing business in relation to IPs. As a result, the performance of activities such as video streaming and licensing businesses related to video works, such as the *Gundam series*, the *LoveLive! series*, *That Time I Got Reincarnated as a Slime*, and *BLUELOCK*, were strong. Furthermore, with COVID-19 restrictions in Japan being increasingly relaxed, the business for live events and *GUNDAM FACTORY YOKOHAMA* exceeded that of the previous fiscal year.

As a result, net sales in the IP Production Business were 81,748 million yen (year-on-year increase of 2.2%), and segment profit was 10,645 million yen (year-on-year increase of 20.5%).

Amusement Business

As for the Amusement Business, despite the impact of the spread of COVID-19 causing closures of facilities in certain regions and the impact of rising utility costs caused by increased fuel prices, net sales for existing amusement facilities in Japan increased to 114.9% year on year. In addition, we stepped up store development through collaboration with the Group's products and services for Bandai Namco Cross Stores and GASHAPON Department Stores. Moreover, sales of arcade game machines such as CLENA3, a new product, were also strong. For the Amusement Business, we will continue to promote initiatives that only the Bandai Namco Group can offer, such as store development through collaboration with the Group's products and services, while also continuing to improve efficiency.

As a result, net sales in the Amusement Business were 104,602 million yen (year-on-year increase of 27.0%), and segment profit was 6,038 million yen (year-on-year increase of 49.0%).

Other Businesses

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

Net sales in the Other Businesses were 31,313 million yen (year-on-year increase of 13.2%), and segment profit was 1,165 million yen (year-on-year increase of 235.9%).

(2) Overview of Financial Position for the Period

At the end of the fiscal year ended March 31, 2023, total assets stood at 926,358 million yen, an increase of 63,707 million yen from the end of the previous fiscal year. The main factors were increases of 8,272 million yen in finished goods and merchandise, 18,542 million yen in work in process, 15,008 million yen in property, plant and equipment, and 27,444 million yen in investment securities, despite a decrease of 23,734 million yen in trade receivables and contract assets.

Total liabilities amounted to 274,224 million yen, a decrease of 4,192 million yen from the end of the previous fiscal year. The main factor was a decrease of 6,470 million yen in other long-term liabilities mainly due to a decrease in long-term borrowings, despite an increase of 3,131 million yen in accrued income taxes.

Total net assets stood at 652,133 million yen, an increase of 67,900 million yen from the end of the previous fiscal year. The main factors were increases of 41,775 million yen in retained earnings, 17,634 million yen in valuation difference on available-for-sale securities, net of tax, and 9,163 million yen in foreign currency translation adjustments.

As a result, the equity ratio became 70.4% compared with 67.7% 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 decreased by 1,602 million yen from the end of the previous fiscal year to 276,288 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 95,625 million yen (year-on-year decrease of 21.1%). As a breakdown of funds used, income taxes paid were 49,464 million yen (compared with 16,182 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to profit before income taxes of 126,215 million yen (compared with 130,882 million yen in the previous fiscal year) and depreciation and amortization of 28,671 million yen (compared with 25,726 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 40,878 million yen (year-on-year increase of 50.6%). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets totaling 33,808 million yen (compared with 26,798 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities totaled 59,524 million yen (year-on-year increase of 133.9%). The main breakdown of funds used was cash dividends paid of 47,310 million yen (compared with 25,271 million yen in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2019.3	FY2020.3	FY2021.3	FY2022.3	FY2023.3
Equity ratio (%)	70.0	72.5	69.7	67.7	70.4
Equity ratio (market capitalization basis) (%)	186.1	185.8	236.6	236.9	203.0
Cash flows to interest bearing debt ratio (years)	0.0	0.1	0.5	0.2	0.2
Interest coverage ratio (times)	2,180.5	345.8	296.0	321.0	279.9

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 in various regions around the world. We also expect the changes in the environment surrounding us such as the market as well as customer lifestyles and preferences to become even more intense.

Under these circumstances, adapting to escalating competitiveness in global markets and diversification in lifestyles and preferences of customers, in line with our IP axis strategy, the Bandai Namco Group will enhance sense of unity and collective strength under the ALL BANDAI NAMCO concept, while utilizing the characteristics of each business. From April 2022, with the introduction of our Purpose as 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.

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, make the Group's sense of unity and its total capabilities appeal strongly, and elevate the brand value of the Bandai Namco Group in the global market.

<New logo>



2) Purpose-driven aims

In accordance with the Purpose, the Bandai Namco Group aims to connect with IP fans, a wide range of 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 strategies and initiatives focusing on broad, deep, and multifaceted connections with fans and on the quality of those connections.

3) Mid-term Vision

Connect with Fans

In accordance with the Purpose, as we work toward what the Bandai Namco Group aims 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 broad, deep, 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 broad, deep, and multifaceted connections with fans around the world; by accelerating evolution in the IP axis strategy; and by working to build businesses as we work together under the ALL BANDAI NAMCO concept in regions around the world.

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

Based on the IP axis, Bandai Namco 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 broad, deep, 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 with various talents, personalities, and values can thrive. We will further focus on recruiting and promoting human resources regardless of whether they are new graduates or mid-career hires and regardless of gender, age, nationality, race, religion, or sexual orientation. In addition, we will focus on developing systems and environments that enable a diversity 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. In addition, we will actively engage in cooperation and collaboration with external human resources.

Sustainability: Connecting to a smile into the future

Under the “Purpose” and “Bandai Namco Group Sustainability Policy,” the Group has identified five themes that need to be addressed with particular importance as materiality. We are promoting various specific action plans linked to our businesses, such as initiatives to eliminate petroleum-derived plastics and the collection and recycling of plastic model runners and empty capsules. Furthermore, to respond to the natural environmental problems that society is facing, we will set targets and steps for reduction of carbon dioxide emissions from the use of energy and strive to advance efforts toward decarbonization.

<Bandai Namco Group’s Sustainability Policy>

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

<Bandai Namco Group’s Material Issues>

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

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 have made the transition to a company with an Audit & Supervisory Committee.

- 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, the 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 broad, deep, multifaceted connection, and each business around the world will further work as one under the ALL BANDAI NAMCO concept on the priority strategies, consisting of the IP axis strategy, Personnel strategy, and Sustainability, under the Mid-term Plan.

(5) Basic Policy on the Distribution of Profits and Dividends for the current and next fiscal year

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. Specifically, the Company follows a basic policy of providing a return to shareholders that targets a total payout ratio of 50% or more based on stable dividend payments of 2% of DOE (dividends on equity). Under this policy, the Company strives to maintain long-term and stable dividends and be more aware of capital cost.

For the year-end dividend of the fiscal year ended March 31, 2023, based on this basic policy and the performance in the fiscal year, a performance-based dividend of 152 yen will be added to a base dividend of 27 yen, for a total of 179 yen per share. Since the Company paid an interim dividend of 27 yen per share on December 9, 2022, the annual cash dividend will be 206 yen per share (total payout ratio of 50.2%).

The Company's annual dividend forecast for the fiscal year ending March 31, 2024 is 20 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, 2024 will be considered by the Company based on the basic policy on the distribution of profits. The Company implemented a three-for-one common stock split, effective April 1, 2023. When converted based on the number of shares before the aforementioned share split, the annual dividend for the fiscal year ending March 31, 2024 is 60 yen per share.

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, 2022)	Current Fiscal Year (As of March 31, 2023)
Assets		
Current assets		
Cash and time deposits	279,401	280,226
Trade receivables and contract assets	122,742	99,007
Finished goods and merchandise	33,051	41,324
Work in process	86,292	104,835
Raw materials and supplies	4,905	6,063
Other current assets	52,814	62,266
Allowance for doubtful receivables	(2,001)	(1,086)
Total current assets	577,206	592,637
Fixed assets		
Property, plant and equipment		
Buildings and structures	40,416	44,724
Accumulated depreciation	(23,399)	(25,549)
Buildings and structures, net	17,017	19,174
Amusement facilities and machines	59,298	59,443
Accumulated depreciation	(52,625)	(50,944)
Amusement facilities and machines, net	6,672	8,499
Land	42,869	46,476
Other property, plant and equipment	151,528	172,240
Accumulated depreciation	(125,637)	(138,932)
Other, property, plant and equipment, net	25,890	33,307
Total property, plant and equipment	92,450	107,458
Intangible assets		
Goodwill	14,887	14,561
Other intangible assets	19,540	21,622
Total intangible assets	34,428	36,183
Investments and other assets		
Investment securities	113,261	140,706
Deferred tax assets	25,732	27,572
Net defined benefit asset	525	596
Other investments and assets	19,831	21,860
Allowance for doubtful receivables	(784)	(656)
Total investments and other assets	158,565	190,078
Total fixed assets	285,443	333,720
Total assets	862,650	926,358

(¥ million)

	Prior Fiscal Year (As of March 31, 2022)	Current Fiscal Year (As of March 31, 2023)
Liabilities		
Current liabilities		
Trade payables	99,810	99,244
Short-term borrowings	10,810	10,770
Accrued income taxes	22,891	26,022
Contract liabilities	22,912	22,567
Provision for directors' bonuses	2,180	2,119
Other provision	1,565	1,958
Other current liabilities	83,191	84,638
Total current liabilities	243,362	247,323
Long-term liabilities		
Other provision	249	118
Net defined benefit liability	5,261	3,710
Deferred tax liabilities for land revaluation	199	199
Other long-term liabilities	29,342	22,872
Total long-term liabilities	35,053	26,901
Total liabilities	278,416	274,224
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Capital surplus	52,574	52,897
Retained earnings	482,147	523,923
Treasury stock	(2,140)	(2,102)
Total stockholders' equity	542,581	584,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	45,037	62,671
Deferred gains or losses on hedges, net of tax	901	(656)
Revaluation reserve for land, net of tax	(4,016)	(4,016)
Foreign currency translation adjustments	1,886	11,049
Remeasurements of defined benefit plans, net of tax	(2,394)	(1,915)
Total accumulated other comprehensive income	41,413	67,132
Non-controlling interests	237	282
Total net assets	584,233	652,133
Total liabilities and net assets	862,650	926,358

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

(¥ million)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Net sales	889,270	990,089
Cost of sales	533,004	621,433
Gross profit	356,265	368,656
Selling, general and administrative expenses	230,769	252,183
Operating profit	125,496	116,472
Non-operating income		
Interest income	217	1,178
Dividend income	1,236	1,460
Share of profit of entities accounted for using equity method	618	2,323
Foreign exchange gains	5,519	5,010
Other non-operating income	1,745	2,122
Total non-operating income	9,337	12,095
Non-operating expenses		
Interest expense	377	332
Loss on valuation of derivatives	244	-
Loss on investments in deferred compensation plan	-	144
Other non-operating expenses	603	84
Total non-operating expenses	1,225	561
Recurring profit	133,608	128,006
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	2	510
Subsidies for employment adjustment and other related to COVID-19	909	132
Other extraordinary income	3,785	153
Total extraordinary income	4,697	796
Extraordinary loss		
Loss on impairment of fixed assets	2,994	1,251
Loss on valuation of investment securities	-	553
Extra retirement payments	1,257	-
Loss on disposal of fixed assets	994	506
Other extraordinary loss	2,176	276
Total extraordinary loss	7,423	2,587
Profit before income taxes	130,882	126,215
Income taxes - current	38,216	42,669
Income taxes for prior periods	6,792	-
Income taxes - deferred	(6,713)	(6,799)
Total income taxes	38,295	35,870
Profit	92,587	90,345
Profit (loss) attributable to non-controlling interests	(165)	0
Profit attributable to owners of parent	92,752	90,345

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Profit	92,587	90,345
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(6,505)	17,688
Deferred gains or losses on hedges, net of tax	(87)	(1,554)
Foreign currency translation adjustments	9,323	9,164
Remeasurements of defined benefit plans, net of tax	1,025	478
Share of other comprehensive income of associates accounted for using equity method	(44)	(57)
Total other comprehensive income	3,711	25,719
Comprehensive income	96,299	116,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	96,464	116,063
Comprehensive income attributable to non-controlling interests	(165)	0

(3) Consolidated Statements of Changes in Net Assets

Prior 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 in 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 in 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

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(¥ million)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at beginning of year	10,000	52,574	482,147	(2,140)	542,581
Changes during the period					
Cash dividends			(47,310)		(47,310)
Profit attributable to owners of parent			90,345		90,345
Change in scope of consolidation			(1,258)		(1,258)
Change in scope of consolidation - foreign currency translation adjustment					-
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		323		42	365
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	-	323	41,775	38	42,136
Balance at end of year	10,000	52,897	523,923	(2,102)	584,718

	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	45,037	901	(4,016)	1,886	(2,394)	41,413	237	584,233
Changes during the period								
Cash dividends								(47,310)
Profit attributable to owners of parent								90,345
Change in scope of consolidation							44	(1,214)
Change in scope of consolidation - foreign currency translation adjustment				223		223		223
Purchase of treasury stock								(4)
Disposal of treasury stock								365
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	17,634	(1,557)	-	8,940	478	25,495	0	25,495
Total changes during the period	17,634	(1,557)	-	9,163	478	25,718	44	67,900
Balance at end of year	62,671	(656)	(4,016)	11,049	(1,915)	67,132	282	652,133

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	130,882	126,215
Depreciation and amortization	25,726	28,671
Loss on impairment of fixed assets	2,994	1,251
Amortization of goodwill	2,218	2,431
Increase (decrease) in allowance for doubtful receivables	610	(1,169)
Increase (decrease) in provision for directors' bonuses	524	(71)
Increase (decrease) in other provision	(390)	263
Increase (decrease) in net defined benefit liability	187	138
Interest and dividend income	(1,454)	(2,639)
Interest expense	377	332
Foreign exchange losses (gains)	(359)	(21)
Share of loss (profit) of entities accounted for using equity method	(618)	(2,323)
Loss (gain) on valuation of derivatives	244	(309)
Loss on disposal of fixed assets	994	506
Loss on disposal of amusement facilities and machines	105	228
Loss (gain) on sale of shares of subsidiaries and associates	(2)	(510)
Loss (gain) on sales of investment securities, net	-	553
Decrease (increase) in trade receivables	(26,577)	28,484
Decrease (increase) in inventories	(15,534)	(26,107)
Acquisition of amusement facilities and machines	(4,360)	(5,180)
Increase (decrease) in trade payables	16,184	(1,595)
Increase (decrease) in contract liabilities	22,270	(894)
Decrease (increase) in other current assets	(10,690)	(1,769)
Increase (decrease) in other current liabilities	(1,380)	(2,013)
Other	(5,627)	(1,618)
Subtotal	136,325	142,852
Interest and dividends received	1,447	2,579
Interest paid	(377)	(341)
Income taxes paid	(16,182)	(49,464)
Net cash provided by operating activities	121,212	95,625

(¥ million)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Payments into time deposits	(878)	(2,824)
Proceeds from withdrawal of time deposits	30	438
Purchases of property, plant and equipment	(19,228)	(25,376)
Proceeds from sales of property, plant and equipment	3,874	99
Purchases of intangible assets	(7,569)	(8,431)
Purchases of investment securities	(1,604)	(513)
Proceeds from sales of investment securities	624	2
Proceeds from sales of shares of subsidiaries	49	-
Purchase of shares of subsidiaries and associates	(984)	(551)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,019)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(114)
Other	(1,449)	(1,587)
Net cash used in investing activities	(27,136)	(40,878)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	400	(179)
Proceeds from long-term borrowings	250	180
Repayments of long-term borrowings	(223)	(10,382)
Purchase of treasury stock	(8)	(4)
Proceeds from disposal of treasury stock	1,946	0
Cash dividends paid	(25,271)	(47,310)
Proceeds from share issuance to non-controlling shareholders	-	9
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(591)	-
Other	(1,952)	(1,837)
Net cash used in financing activities	(25,450)	(59,524)
Effect of exchange rate changes on cash and cash equivalents	5,328	3,174
Net increase (decrease) in cash and cash equivalents	73,954	(1,602)
Cash and cash equivalents at beginning of year	203,698	277,891
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	238	-
Cash and cash equivalents at end of year	277,891	276,288

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Changes in Accounting Policies)

(Application of US GAAP Accounting Standards Update (ASU) No. 2016-02 “Leases”)

Effective from the beginning of the fiscal year ended March 31, 2023, the Company’s consolidated subsidiaries in the United States have applied the US GAAP ASU No. 2016-02 “Leases.”

ASU No. 2016-02 requires the lessee to recognize both the right-of-use assets, which is the right to use the underlying assets, and the lease liabilities, which is the obligation to make lease payments, for all leases in principle. In applying this update, the Company used the method in which it recognizes the cumulative effect of retrospective adjustments as of the commencement date of application.

As a result of this change, in the consolidated balance sheets for the fiscal year ended March 31, 2023, property, plant and equipment increased by 2,755 million yen, current liabilities increased by 681 million yen, and long-term liabilities increased by 2,073 million yen. The application of the update had only a minimal effect on operating profit, recurring profit, and profit before income taxes in the consolidated statements of operations for the fiscal year ended March 31, 2023. Moreover, the application had no impact on the opening balance of retained earnings in the consolidated statement of changes in net assets for the fiscal year ended March 31, 2023.

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Implementation Guidance”) from the beginning of the fiscal year ended March 31, 2023, and, in accordance with the transitional treatment provided for in paragraph 27-2 of the Fair Value Measurement Implementation Guidance, it has decided to apply the new accounting policy set out therein 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, 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 four reportable segments: Digital Business, Toys and Hobby Business, IP Production 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 IP Production Business conducts planning, production and operation of visual and music content such as animation, operation and management of copyrights, artist discovery and development, and live entertainment operations. The Amusement Business conducts planning, development, production and sales of amusement machines, and planning and operation of amusement facilities, etc.

From April 2022, the Visual and Music Business and the Creation Business of the IP Production Unit have been integrated into the IP Production Business.

In conjunction with this organizational restructure, the reportable segments were 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.

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

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 20, 2022).

The profit of reportable segments is measured by operating profit.

The inter-segment transactions are based on prevailing market prices

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

Prior 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.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(¥ 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	381,146	432,705	66,300	103,172	983,324	6,764	990,089	-	990,089
Inter-segment sales and transfers	4,535	14,786	15,448	1,429	36,199	24,548	60,748	(60,748)	-
Total	385,681	447,491	81,748	104,602	1,019,524	31,313	1,050,837	(60,748)	990,089
Segment profit	49,339	59,538	10,645	6,038	125,561	1,165	126,726	(10,254)	116,472
Segment assets	263,030	217,095	82,493	64,775	627,395	27,835	655,231	271,127	926,358
Others									
Depreciation and amortization	4,640	16,562	1,220	3,652	26,074	772	26,846	1,825	28,671
Amortization of goodwill	168	396	1,866	-	2,431	-	2,431	-	2,431
Loss on impairment of fixed assets	-	58	3	1,188	1,251	-	1,251	-	1,251
Investment in associates accounted for using equity method	-	3,008	-	-	3,008	10,250	13,259	-	13,259
Increase in property, plant and equipment and intangible assets	7,570	27,000	1,992	7,210	43,773	741	44,514	1,223	45,737

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 10,254 million yen deducted from segment profit as adjustment are an addition of 872 million yen in inter-segment eliminations, and a deduction of 11,126 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 271,127 million yen added to segment assets as adjustment are a deduction of 32,587 million yen in inter-segment eliminations, and an addition of 303,714 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 1,825 million yen added to depreciation and amortization as adjustment are a deduction of 35 million yen in inter-segment eliminations, and an addition of 1,860 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
- (4) Included in the 1,223 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, 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 IP Production Business

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

Current Fiscal Year (From April 1, 2022 to March 31, 2023)**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
577,998	172,517	117,526	122,047	990,089

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

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
85,557	5,021	8,377	8,500	107,458

3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Apple Inc.	113,099	Digital Business and Toys and Hobby Business

Note: Apple Inc. is a platform-provision company. The actual results of sales to this company are 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, 2021 to March 31, 2022)

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

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

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, 2021 to March 31, 2022)

(¥ million)

	Digital Business	Toys and Hobby Business	IP Production Business	Amusement Business	Other	Eliminations and Corporate	Total
Amortized amount	-	344	1,874	-	-	-	2,218
Unamortized balance	-	792	14,094	-	-	-	14,887

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(¥ million)

	Digital Business	Toys and Hobby Business	IP Production Business	Amusement Business	Other	Eliminations and Corporate	Total
Amortized amount	168	396	1,866	-	-	-	2,431
Unamortized balance	1,565	767	12,227	-	-	-	14,561

e. Information Regarding Gain on Negative Goodwill by Reportable Segment

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

Not applicable.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

Not applicable.

(Per-Share Data)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Net assets per share	884.94 yen	987.58 yen
Basic earnings per share	140.70 yen	136.88 yen

- Notes: 1. Diluted earnings per share is not presented since no potential shares exist.
2. The Company conducted a share split with a ratio of three shares for every one share of common stock on April 1, 2023. Net assets per share and basic earnings per share were calculated assuming that the share split was conducted at the beginning of the previous financial year.
3. The basis of calculating basic earnings per share is as follows:

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	92,752	90,345
Amount not applicable to common stockholders (¥ million)	-	-
Profit attributable to owners of parent available to common stock (¥ million)	92,752	90,345
Average number of common stock outstanding (shares)	659,230,755	660,013,710

(Significant Subsequent Events)

(Share Split and Partial Amendments to the Articles of Incorporation in Conjunction with Share Split)

The Company conducted a share split and made partial amendments to its Articles of Incorporation as of April 1, 2023 pursuant to the resolution at the meeting of the Board of Directors held on February 7, 2023.

1. Purpose of share split

In accordance with the Purpose of “Fun for All into the Future,” the Bandai Namco Group aims to foster broad, deep, multifaceted connections with society and all stakeholders, such as IP fans around the world, various business partners and Group employees. The Company aims to further increase the liquidity of its shares and broaden its shareholder base in addition to connecting with shareholders in an even broader manner by lowering the price per investment unit through this share split.

2. Overview of share split

(1) Method of share split

The Company conducted a share split at a ratio of three shares for every one share of common stock held by shareholders listed or recorded on the final shareholder register on March 31, 2023, the record date.

(2) Number of shares increased by share split

Total number of issued shares before the share split	222,000,000 shares
Number of shares increased by the share split	444,000,000 shares
Total number of issued shares after the share split	666,000,000 shares
Total number of shares authorized to be issued after the share split	2,500,000,000 shares

(3) Timetable of share split

Date of public notice of record date	March 13, 2023
Record date	March 31, 2023
Effective date	April 1, 2023

(4) Effect on per-share information

The effect of the share split on per-share data is stated in (Per Share Data).

3. Partial amendments to the Articles of Incorporation in conjunction with share split

(1) Reason for the amendments

As a result of this share split, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, the total number of shares authorized to be issued in Article 5 of the Company’s Articles of Incorporation was amended effective April 1, 2023.

(2) Detail of the amendments

The amendments are as follows.

(Amendments shown by underlines.)

Before amendments	After amendments
(Total number of shares authorized to be issued) Article 5 The total number of shares authorized to be issued by the Company shall be <u>1,000,000,000 shares.</u>	(Total number of shares authorized to be issued) Article 5 The total number of shares authorized to be issued by the Company shall be <u>2,500,000,000 shares.</u>

(3) Timetable of the amendments to the Articles of Incorporation

Date of resolution of the Board of Directors	February 7, 2023
Effective date of the amendments to the Articles of Incorporation	April 1, 2023

4. Other

(1) Change in the amount of capital

There will be no change to the amount of the Company's capital as a result of the share split.

(2) Dividends

As the effective date for this share split is April 1, 2023, the year-end dividends for the fiscal year ended March 31, 2023, the record date for which is March 31, 2023, are based on the number of shares before the share split.

There is no change to the Company's basic policy for shareholder returns. The Company continues to rank the return of profits to shareholders as one of its highest priorities in its management. The Company aims to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value. Specifically, the Company follows a 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). Under this policy, the Company strives to maintain long-term and stable dividends and be more aware of capital cost.

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 (Part-time) Nao Udagawa (current position: Executive Officer)

Retiring Director

Director Yasuo Miyakawa

3) Scheduled Date of Assuming Office and Retirement

June 19, 2023

4) Responsible Area of Directors (Effective June 19, 2023)

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
Nao Udagawa	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, Audit & Supervisory Committee Member
Toru Shinoda	Director, Audit & Supervisory Committee Member (Outside)
Satoko Kuwabara	Director, Audit & Supervisory Committee Member (Part-time and Outside)
Takayuki Komiya	Director, Audit & Supervisory Committee Member (Part-time and Outside)