

BANDAI NAMCO

Fun for All into the Future

BANDAI NAMCO NEWS

Bandai Namco Holdings Inc.

Bandai Namco miraikenkyusho

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Management**Interview with the President****Masaru Kawaguchi**

President and Representative Director, Group CEO

Bandai Namco Holdings Inc.

Achievement of higher sales and profits in all businesses in the first nine months of FY2023.3

Bandai Namco Holdings Inc. has announced its results for the first nine months of FY2023.3 (April to December, 2022), as well as a share split and the new officer system from FY2024.3. In this issue of the newsletter, President Masaru Kawaguchi discusses these announcements.

Would you provide an overview of the results for the first nine months of FY2023.3?

Kawaguchi: In the first nine months of FY2023.3 (April to December, 2022), we recorded net sales of ¥743.1 billion and operating profit of ¥106.2 billion. We responded rapidly to changes in the operating environment. We also worked to advance a variety of initiatives to forge broader, deeper, and more-multifaceted connections with fans, including the reinforcement of core IP* media activities and the strengthening of collaboration among products and services. As a result, we achieved higher sales and profits in each business. By business, the Toys and Hobby and Amusement businesses achieved record-high results for the first nine months of a fiscal year. Furthermore, due to the depreciation of the yen, the foreign exchange gain related to transactions denominated in foreign currencies had the effect of increasing recurring profit. In addition, profit attributable to owners of parent increased year on year.

Please discuss the circumstances in each business. What is the situation in the Digital business?

Kawaguchi: In home video games, repeat sales of existing titles were favorable, centered on overseas markets. These included *ELDEN RING*, a major title that was launched worldwide in the previous fiscal year. In addition, solid sales were recorded by multiple new titles. Looking at network content, *DRAGON BALL* and *ONE PIECE*, which are major titles, recorded favorable results due to the release of films, buzz surrounding IP for which collaborative initiatives were implemented, and ongoing measures for customers and others.

With consideration for the market environment, which was characterized by intensifying competition, this business recorded a valuation loss on certain work-in-process and took other steps in order to support the provision of quality-focused titles.

What are the circumstances in the Toys and Hobby business?

Kawaguchi: We were affected by rising prices of raw materials and fuel due to the depreciation of the yen. However, sales of products for the mature fan base, such as *Gundam* plastic models, collectible figures, and character lottery products were favorable worldwide. This was attributable to the strengthening of sales/marketing initiatives and the reinforcement of product lineups. Moreover, in addition to established IP toys, popularity was recorded by card products, such as the *ONE PIECE* trading card game and *Mobile Suit Gundam* series digital cards. Other popular products included confectionary, such as *Charapaki*, and capsule toys.

What is the situation in the IP Production business?

Kawaguchi: With the objective of strengthening IP creation, we changed our organizational structure and consolidated resources and know-how regarding visual products, music, and live events. Under the new structure, we rolled out initiatives related to a wide range of IP, such as the *Mobile Suit Gundam* series, the *Love Live!* series, *That Time I Got Reincarnated as a Slime*, and *BLUELOCK*. These initiatives included producing visual works, selling packaged visual and music products, implementing online distribution, holding live events, and conducting licensing business activities. Also, due to the relaxation of restrictions



on activities in Japan, the live event business and the GUNDAM FACTORY YOKOHAMA business were up year on year. Online distribution of visual works and overseas IP initiatives also had favorable results.

What are the circumstances in the Amusement business?

Kawaguchi: We suspended operations at some facilities in certain regions due to the spread of COVID-19, and utility costs increased as a result of higher fuel prices. Nonetheless, the facilities business recovered. For example, sales at existing amusement facilities in Japan were up year on year. Also, the amusement machine sales business had favorable results around the world. In the Amusement business, we will continue working to increase efficiency; to advance initiatives that leverage Bandai Namco's distinctive strengths, such as developing facilities in coordination with other Group products and services; and to strengthen our earnings platform.

Please discuss the results forecasts for the full fiscal year.

There is no change to the revised figures provided when we announced our results for the first half—net sales of ¥940.0 billion and operating profit of ¥128.0 billion.

We will face fluctuations, such as dramatic changes in the external environment, but by advancing the main strategies in the Mid-term Plan—IP axis strategy, personnel strategy, and

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* IP: Characters and other intellectual property

Aiming for wide-ranging connections with shareholders through the share split

sustainability—under the ALL BANDAI NAMCO concept, we will work to enhance our sense of unity and comprehensive strength and strive to achieve these targets.

We will consider the year-end dividend for FY2023.3 in accordance with the basic policy for shareholder returns.

The Company has announced a share split*. Would you discuss the objective of the split?

Kawaguchi: Each share of stock held by shareholders who are listed or recorded in the final shareholders' register on the record date of March 31, 2023, will be split into three shares. In accordance with Bandai Namco's Purpose, "Fun for All into the Future," we will strive to foster broad, deep, and multifaceted connections with our various stakeholders and communities around the world, including IP fans, business partners, and Group employees. The purpose of the share split is to further increase the liquidity of the Company's shares by reducing the price per investment unit, to form broader connections with shareholders, to foster a deep understanding of the Group among shareholders, and to encourage shareholders to become long-term fans of the Group.

Would you discuss the focus topics for each business? First, please describe the topics for the Digital business.

Kawaguchi: Due to long-life initiatives for home video games and network content in recent years, we have seen the importance of development focused on quality and of ongoing connections with fans. Currently, in the home video game business, we are planning to launch a product in the *Tekken* series that is expected to create buzz in the e-sports sector. Also, as we did with *ELDEN RING*, we are planning to launch a new product in the *ARMORED CORE* series in a joint development with FromSoftware Inc. Furthermore, we are also currently developing titles originating with overseas studios. Targeting quality-focused title development, we are moving forward with such initiatives as establishing development studios and transitioning companies into subsidiaries around the world. At these studios, we will build frameworks that align approaches with those in Japan, while also promoting individuality. In addition, rather than handling everything within the Group, to forge connections with a wide range of partners and creators, we are strengthening our relationships outside the Group and using our own funds to invest in start-ups. Going forward, we will use a variety of approaches to implement quality-focused development.

Looking at IP metaverse initiatives, development is making smooth progress, and we plan to implement a closed test of *Gundam* plastic model colonies within this fiscal year. Together with a variety of partners, we will strive to make these initiatives into community venues that are linked with fans.

What are the trends in the Toys and Hobby business?

Kawaguchi: Looking at established IP, such as *Mobile Suit Gundam*, *DRAGON BALL*, *ONE PIECE*, *Ultraman*, and *Digimon*, we were able to expand product roll-outs, not just in Japan but worldwide. With *Mobile Suit Gundam*, the plastic model of the *Gundam* that played the lead role in *Mobile Suit Gundam THE WITCH FROM MERCURY* recorded strong results. Among the HG TV series lead role *Gundam* versions, it had the highest initial sales in history, and it currently continues to be popular. In addition, the *ONE PIECE* trading card game has also become a popular product worldwide.

In the same business, the categories of cards, confectionary, and capsule toys are also recording growth. In order to further expand the scope of business activities, a company that handles the stuffed toy business was made into a subsidiary. Through the establishment of this type of wide-ranging lineup, we will expand overseas development opportunities.

Going forward, we will strengthen e-commerce, reinforce collaboration and online distribution for IP works, and implement merchandising for IP originating overseas. To accommodate this business expansion, we will also work to strengthen our production system for items that are generating solid results. In regard to the strengthening of e-commerce, we plan to launch a new in-house e-commerce site in Europe in FY2024.3.

What is the future direction of the IP Production business?

Kawaguchi: We are providing a wide variety of works, including both those produced in-house and those created through collaboration with other companies. Looking at *Mobile Suit Gundam*, which is an established IP series, *Mobile Suit Gundam THE WITCH FROM MERCURY*

has acquired new fans, such as young people and women, and was able to generate substantial buzz. In addition, the new film version of *That Time I Got Reincarnated as a Slime* has become a hit in 22 countries and regions where it was opened, and furthermore, *BLUE LOCK*, which was favorably influenced by the buzz around the World Cup, became a focus of attention after ongoing broadcasts. We anticipate further growth in in-house products and services as well as in the provision of licenses to other companies.

Looking at new IP, we are advancing the production of an anime for *SAND LAND*, a comic by Akira Toriyama, and a Groupwide *SYNDUALITY* project involving collaboration between game and anime initiatives.

In addition, due to the relaxation of restrictions on activities, we also have high expectations for live events. At *THE IDOLM@STER* and *Love Live!* events held in February, we lifted the restriction on vocal support for the first time since the start of the COVID-19 crisis. We will strive to provide new value by leveraging our know-how in the fusion of digital and physical elements, which we acquired by addressing demand associated with people staying at home.

What are the trends in the Amusement business?

Kawaguchi: Due to such factors as the market recovery resulting from the relaxation of restrictions on activities and the roll-out of original initiatives for collaboration among Group IP, products, and services, the amusement facility business is recording favorable results. On the other hand, this is a business that is highly susceptible to the influence of changes in the operating environment, and currently we face such factors as rising utility costs. Accordingly, going forward we will work to achieve both the development/provision of content that leverages our distinctive strengths and the implementation of initiatives targeting increased efficiency. At this point, family-oriented facilities in shopping centers are the core of our operations in this business, but going forward we will open different types of large-scale facilities. We plan to open one in Akihabara in March and another in the Tokyu Kabukicho Tower in Shinjuku in April. Also, we will open two Bandai Namco Cross Store facilities in March. These stores offer a collection of official shops for Group products and services.

Looking at amusement machines, the *CLENA 3*, a new model prize machine that was

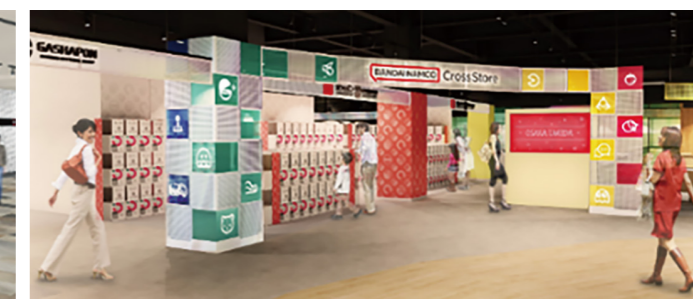


▲ TV anime *BLUELOCK*, which was favorably influenced by the buzz around the World Cup, was a focus of attention.

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launched at the end of 2022, is recording favorable results. Going forward, we will continue taking steps to address changes in the fan base. These will include updating popular established series, such as the *Mobile Suit Gundam VS.* series.

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▲ Illustrations of Bandai Namco Cross Store Tokyo (left) and Bandai Namco Cross Store Osaka Umeda (right), which will open in March 2023

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*For more information, please refer to the Company's web site.



▲ *DRAGON BALL Legends*

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▲ Plastic model of the *Gundam* that played the lead role in *Mobile Suit Gundam: THE WITCH FROM MERCURY* HG 1/144 *Gundam Aerial*



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◆ Consolidated Financial Results in First Nine Months of FY2023. 3 (million yen)

	Net Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Results	743,187	106,203	116,961	84,444
Year-on-year changes	118.3%	115.2%	122.4%	136.9%

◆ Full-year Consolidated Results Forecast for FY2023.3 and Results in Previous Year (million yen)

	Net Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Revised projections* (as of November 2022)	940,000	128,000	139,000	95,000
Results in previous year (April 2021 to March 2022)	889,270	125,496	133,608	92,752

* Forward-looking statements are based on a variety of assumptions and are not promises or guarantees that the stated future forecasts/ measures will be realized. Note: These figures were disclosed on February 8.

◆ Consolidated Financial Results by Segment in First Nine Months of FY2023. 3 (million yen)

Business Segment	Net Sales	Segment Profit
Digital	288,571	46,642
Toys and Hobby	345,128	52,953
IP Production	55,023	6,350
Amusement	75,478	6,936
Other	23,529	1,140
Elimination and corporate	(44,543)	(7,821)
Consolidated total	743,187	106,203

Working together under the ALL BANDAI NAMCO concept to aim for sustainable growth

Please discuss the Group's officer system for FY2024.3.

Kawaguchi: There will be some changes from April. Nao Udagawa, who is currently the Representative Director at Bandai Spirits Co., Ltd., will become the Representative Director at Bandai Namco Entertainment Inc., which is the business management company for the Digital business. Ms. Udagawa is well versed not only in the Toys and Hobby business but also in the Digital business. We expect her to leverage her wide-ranging business experience in the Digital and Toys and Hobby businesses

and to advance collaboration under the ALL BANDAI NAMCO concept. Yasuo Miyakawa, who is currently the Representative Director at Bandai Namco Entertainment Inc., will leverage his experience in a range of businesses to provide advice as a senior adviser at Bandai Namco Holdings Inc.

Do you have a message for readers?

Kawaguchi: For Bandai Namco to advance to a new stage and record sustainable growth in global markets, we need to look ten years ahead and then work backwards from that

point in order to determine what we need to achieve over this year and the three-year period of the Mid-term Plan. Then, on that basis, we will need to implement the various initiatives that we formulate. The Group's touch-points in both physical and digital businesses give us distinctive strengths, and we will strive to leverage those strengths, connect with fans around the world, and work together to create the future. To that end, we are aiming for sustainable growth by working to build businesses in a unified manner under the ALL BANDAI NAMCO concept. We believe that the future of the Bandai Namco Group will continue to be filled with exciting developments.

Directors at principal companies in the Bandai Namco Group

(as of April 1, 2023)

Bandai Namco Holdings Inc.

* Following the General Meeting of Shareholders scheduled for June 2023

President and Representative Director	Masaru Kawaguchi
Director	Yuji Asako
Director	Nobuhiko Momoi
Director (Part-time)	Nao Udagawa ☆
Director (Part-time)	Kazuhiro Takenaka
Director (Part-time)	Makoto Asanuma
Director (Part-time)	Hiroshi Kawasaki
Director (Part-time)	Shuji Ohtsu
Director (Part-time, Outside)	Koichi Kawana
Director (Part-time, Outside)	Toshio Shimada
Director (Audit and Supervisory Committee Member)	Masataka Nagaike
Director (Audit and Supervisory Committee Member, Outside)	Toru Shinoda
Director (Audit and Supervisory Committee Member, Part-time, Outside)	Satoko Kuwabara
Director (Audit and Supervisory Committee Member, Part-time, Outside)	Takayuki Komiya



Nao Udagawa
President and Representative Director (planned)
Bandai Namco Entertainment Inc.



Hiroshi Sakakibara
President and Representative Director (planned)
BANDAI SPIRITS CO., LTD.

Bandai Namco Entertainment Inc.

President and Representative Director	Nao Udagawa ◇
Managing Director	Koji Fujiwara
Director	Toru Konno
Director	Akira Togashi ☆
Director	Masayuki Ishii ☆
Director (Part-time)	Daisuke Uchiyama
Director (Part-time)	Arnaud Muller

BANDAI CO., LTD.

President and Representative Director	Kazuhiro Takenaka
Director	Takahiro Mizuno ☆
Director	Shinjiro Kaji
Director	Akira Togashi
Director	Keisuke Furusawa
Director	Noriko Fujita ☆
Director (Part-time)	Nobuhiko Momoi ◇
Director (Part-time)	Taro Tsuji
Director (Part-time)	Daiki Miyatani ◇

BANDAI SPIRITS CO., LTD.

President and Representative Director	Hiroshi Sakakibara ◇
Director	Takahiro Mizuno
Director	Keisuke Furusawa
Director	Noriko Fujita ☆
Director (Part-time)	Kotaro Hama ☆
Director (Part-time)	Kazuhiro Takenaka

Bandai Namco Filmworks Inc.

President and Representative Director	Makoto Asanuma
Vice President and Director	Satoshi Kono
Managing Director	Shin Sasaki
Director	Kazunori Goka
Director	Naoya Masaki
Director	Kimikazu Ueyama
Director (Part-time)	Yoshitaka Tao
Director (Part-time)	Yuji Asako ☆
Director (Part-time)	Koji Fujiwara
Director (Part-time)	Keisuke Furusawa
Director (Part-time)	Yoshiyasu Horiuchi

Bandai Namco Music Live Inc.

President and Representative Director	Yoshitaka Tao
Managing Director	Takaaki Suzuki
Director	Masayuki Ozaki
Director	Manabu Kuroda ☆
Director	Atsushi Arai ☆
Director (Part-time)	Kimikazu Ueyama
Director (Part-time)	Kai Tanaka

Bandai Namco Amusement Inc.

President and Representative Director	Hiroshi Kawasaki
Managing Director	Seiji Kagawa
Managing Director	Haruo Iwayaguchi
Director	Yoshiyasu Horiuchi
Director	Hiroshi Ikeda
Director (Part-time)	Takahiro Mizuno

☆ New appointment ◇ Change in position